

OFFICIAL STATEMENT DATED MAY 15, 2025

NEW ISSUE

**RATING: S&P: "AA-"
(See "RATING" herein)**

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

**\$6,630,000
TOWNSHIP OF WATERFORD
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2025
Consisting of:
\$5,445,000 General Improvement Bonds
\$1,185,000 Water and Sewer Utility Bonds
(Bank Qualified) (Book-Entry-Only) (Callable)**

Dated: Date of Delivery

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

The Township of Waterford, County of Camden, New Jersey ("Township"), is issuing \$6,630,000 aggregate principal amount of its General Obligation Bonds, Series 2025 ("Bonds"). The Bonds consist of: (i) \$5,445,000 General Improvement Bonds; and (ii) \$1,185,000 Water and Sewer Utility Bonds.

The Bonds shall be issued in fully registered book-entry-only form without coupons. Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The principal of the Bonds shall be paid on the maturity dates thereof upon presentation and surrender of the Bonds by the Township or a duly designated paying agent. Interest on the Bonds is payable semi-annually on March 1 and September 1, commencing March 1, 2026, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions contained herein.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2020-9, 2020-10, 2021-12, 2022-19, 2023-22, 2024-12A, and 2024-13, each duly and finally adopted by the Mayor and Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Mayor and Township Committee on April 9, 2025; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 15, 2025.

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

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

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

The Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, David Patterson, Esquire, of Maressa, Patterson, LLC, Berlin, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. The Bonds are expected to be available for delivery in definitive form through DTC in Brooklyn, New York on or about May 29, 2025.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

\$6,630,000
TOWNSHIP OF WATERFORD,
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2025
Consisting of:
\$5,445,000 General Improvement Bonds
\$1,185,000 Water and Sewer Utility Bonds

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

<u>Year (March 1)</u>	<u>General Improvement</u>	<u>Water and Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$250,000	\$70,000	\$320,000	3.00%	3.20%	941490FJ8
2027	250,000	85,000	335,000	5.00	2.83	941490FK5
2028	485,000	85,000	570,000	5.00	2.83	941490FL3
2029	490,000	90,000	580,000	5.00	2.86	941490FM1
2030	495,000	95,000	590,000	5.00	2.91	941490FN9
2031	495,000	95,000	590,000	5.00	2.95	941490FP4
2032	495,000	100,000	595,000	5.00	3.02	941490FQ2
2033	495,000	105,000	600,000	4.00	3.10*	941490FR0
2034	495,000	105,000	600,000	4.00	3.20*	941490FS8
2035	495,000	110,000	605,000	4.00	3.35*	941490FT6
2036	500,000	120,000	620,000	4.00	3.45*	941490FU3
2037	500,000	125,000	625,000	4.00	3.55*	941490FV1

* Priced at the stated yield to the first optional redemption date of March 1, 2032 at a redemption price of 100%.

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

**TOWNSHIP OF WATERFORD
COUNTY OF CAMDEN, NEW JERSEY**

Elected Officials

Robert Doney	Mayor
Thomas Giangliulo, Jr.	Deputy Mayor
Andrew Wade	Committee person
Stephanie Jones-Freitag	Committee person
Joel Thompson	Committee person

**Daniel Cormaney
Administrator**

**Dawn M. Liedtka
Township Clerk**

**Donelle Bright
Chief Financial Officer**

**Solicitor
David Patterson, Esquire
Maressa, Patterson, LLC
Berlin, New Jersey**

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

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

**Municipal Advisor
Phoenix Advisors
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey**

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

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

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

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

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

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

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
AUTHORIZATION AND PURPOSE OF THE BONDS	1
THE BONDS	3
General.....	3
Redemption Provisions	3
BOOK-ENTRY-ONLY SYSTEM.....	4
General.....	4
Discontinuation of Book-Entry Only System.....	6
SECURITY AND SOURCE OF PAYMENT	6
MARKET PROTECTION.....	6
GENERAL INFORMATION REGARDING THE TOWNSHIP	7
General.....	7
Financial.....	7
CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES	
RELATING TO GENERAL OBLIGATION DEBT	7
Local Bond Law	7
Local Fiscal Affairs Law	8
The Local Budget Law	8
Miscellaneous Revenues	9
Real Estate Taxes	10
Deferral of Current Expenses.....	10
Budget Transfers.....	11
Capital Budget.....	11
Related Constitutional and Statutory Provisions.....	11
Rights and Remedies of Owners of Bonds	11
Limitation of Remedies Under Federal Bankruptcy Code.....	12
TAXATION.....	12
Procedure for Assessment and Collection of Taxes.....	12
Tax Appeals	13
CONTINUING DISCLOSURE.....	13
LITIGATION.....	13
TAX MATTERS.....	14
Federal.....	14
New Jersey	15
Changes in Federal and State Tax Law.....	15
RATING	15
NO DEFAULT.....	16
CERTAIN RISK FACTORS.....	16
Recent Healthcare Developments	16
Cyber Security.....	16
Climate Change.....	16
UNDERWRITING.....	17
MUNICIPAL ADVISOR.....	17
APPROVAL OF LEGAL PROCEEDINGS.....	17
LEGALITY FOR INVESTMENT	18
PREPARATION OF OFFICIAL STATEMENT	18
ADDITIONAL INFORMATION	18
MISCELLANEOUS.....	19
APPENDIX A	GENERAL INFORMATION REGARDING THE TOWNSHIP OF WATERFORD
APPENDIX B	FINANCIAL STATEMENTS OF THE TOWNSHIP OF WATERFORD
APPENDIX C	FORM OF BOND COUNSEL OPINION
APPENDIX D	FORM OF CONTINUING DISCLOSURE AGREEMENT

OFFICIAL STATEMENT
Relating to the

\$6,630,000
TOWNSHIP OF WATERFORD
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2025
Consisting of:
\$5,445,000 General Improvement Bonds
\$1,185,000 Water and Sewer Utility Bonds
(Bank Qualified) (Book-Entry-Only) (Callable)

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and the appendices attached hereto, has been prepared by the Township of Waterford, County of Camden, New Jersey ("Township"), in connection with the issuance and sale of \$6,630,000 aggregate principal amount of its General Obligation Bonds, Series 2025 ("Bonds"). The Bonds consist of: (i) \$5,445,000 General Improvement Bonds; and (ii) \$1,185,000 Water and Sewer Utility Bonds. This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey ("State"), as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2020-9, 2020-10, 2021-12, 2022-19, 2023-22, 2024-12A, and 2024-13 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Mayor and Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Mayor and Township Committee on April 9, 2025; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 15, 2025.

The proceeds of the Bonds, along with available funds of the Township, will be used to: (i) permanently finance the costs of various capital improvements by the repayment, at maturity, of Bond Anticipation Notes of the Township due May 30, 2025; (ii) permanently finance the costs of various improvements for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

Bond Ordinances
General Improvements

Ordinance Number	Purpose	Obligations Authorized	Notes Outstanding	Available Funds	Amounts Funded by Bond Proceeds
2020-9	Acquisition of Various Capital Equipment for the Solid Waste Collection Project	\$1,458,250	\$1,304,181	0	\$1,304,181
2020-10	Completion of Various Improvements to the Waterford Township Free Public Library	522,500	369,444	0	369,444
2021-12	Acquisition of Various Capital Equipment and the Completion of Various Capital Improvements	667,375	623,375	0	623,375
2022-19	Acquisition of Various Capital Equipment and the Completion of Various Capital Improvements	1,805,000	1,805,000	0	1,805,000
2023-22	Acquisition of Various Capital Equipment and the Completion of Various Capital Improvements	1,104,000	1,104,000	\$160,000	944,000
2024-12A	Acquisition of Various Capital Equipment and the Completion of Various Capital Improvements	1,397,011	500,000	0	660,000
TOTAL		\$6,954,136	\$5,706,000	\$160,000	\$5,706,000*

* Represents \$5,445,000 principal amount of General Improvement Bonds plus a \$261,000 in bid premium.

Water and Sewer Utility

Ordinance Number	Purpose	Obligations Authorized	Notes Outstanding	Available Funds	Amounts Funded by Bond Proceeds
2024-13	Acquisition of Various Equipment and Completion of Various Improvements to the Water and Sewer Utility System	\$1,235,000	\$700,000	\$0	\$1,235,000
TOTAL		\$1,235,000	\$700,000	\$0	\$1,235,000*

* Represents \$1,185,000 principal amount of Water and Sewer Utility Bonds plus a \$50,000 in bid premium.

Combined

	Obligations Authorized	Notes Outstanding	Available Funds	Amounts Funded by Bond Proceeds
TOTAL	\$8,189,136	\$6,406,000	\$160,000	\$6,941,000*

* Represents \$6,630,000 principal amount of Bonds plus a \$311,000 in bid premium.

THE BONDS

General

The Bonds will be issued in the aggregate principal amounts as shown on the inside front cover page hereof. The Bonds will be dated their date of delivery and bear interest from that date at the rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on March 1 and September 1 (each an "Interest Payment Date"), commencing March 1, 2026, in each year until maturity or earlier redemption. Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

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

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds by the Township or a duly designated paying agent. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of the Township or its hereafter designated Paying Agent, if any, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, Brooklyn, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Township or its hereafter designated paying agent, if any.

Redemption Provisions

The Bonds maturing on and after March 1, 2033, are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township or its hereinafter designated paying agent, if any) shall determine and within any such maturity by lot) on any date on or after March 1, 2032, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

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

principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

BOOK-ENTRY-ONLY SYSTEM

General

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

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

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

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

Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township, or its Paying 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, the Township, or its Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township, or its Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NEITHER THE TOWNSHIP NOR ITS PAYING AGENT, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR

WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

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

Discontinuation of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Township, or its Paying Agent; (ii) the transfer of the Bonds may be registered on the books maintained by the Township, or its Paying Agent, for such purposes only upon the surrender thereof to the Township, or its Paying Agent, together with the duly executed assignment in form satisfactory to the Township, or its Paying Agent; and (iii) for every exchange or registration of transfer of the Bonds, the Township, or its Paying Agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY AND SOURCE OF PAYMENT

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

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

MARKET PROTECTION

The Township does not anticipate issuing any additional bonds within the next ninety (90) days. The Township may issue bond anticipation notes, as necessary, during the balance of the calendar year 2025.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

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

Financial

Appendix "B" to this Official Statement contains compiled financial statements of the Township for the year ended December 31, 2024 and also contains audited financial statements of the Township for the years ended December 31, 2023 and 2022. The financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

Local Bond Law

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

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

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

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

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

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

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

Local Fiscal Affairs Law

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

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

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

The Local Budget Law

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

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

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

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

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

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

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

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

Miscellaneous Revenues

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

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

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

Real Estate Taxes

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

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

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

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

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

Deferral of Current Expenses

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

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost

or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three (3) years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five (5) years.

Budget Transfers

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly

assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 65.95%. 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 Township was effective for the year 2015.

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

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

Tax Appeals

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

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 Township has undertaken to provide certain secondary market disclosure information, pursuant to Continuing Disclosure Agreement, in the form attached as Appendix "D" to this Official Statement.

The Township has previously entered into secondary market disclosure undertakings in accordance with the Rule with respect to its own obligations and obligations of the Camden County Improvement Authority for which the Township is an obligated person. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

LITIGATION

To the knowledge of the Township Solicitor for the Township, David Patterson, Esquire, of Maressa, Patterson, LLC, Berlin, New Jersey ("Township Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority

or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Solicitor, no litigation is presently pending that, in the opinion of the Township Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

TAX MATTERS

Federal

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

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

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

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

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

increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

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

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

New Jersey

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

Changes in Federal and State Tax Law

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

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

RATING

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

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

NO DEFAULT

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

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 on March 12, 2021 and provided \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. The Plan provided funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the Township received \$1,118,278.84 in funding ("Plan Funds"). The deadline to obligate the Plan Funds was December 31, 2024 and to spend the Plan Funds is December 31, 2026. Such Plan 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.

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

Cyber Security

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

Climate Change

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

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by Roosevelt & Cross, Inc., as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated May 15, 2025 at a purchase price of \$6,945,590.89. The purchase price of the Bonds reflects the principal amount of the Bonds, plus a bid premium of \$315,590.89. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

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

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

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

LEGALITY FOR INVESTMENT

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

PREPARATION OF OFFICIAL STATEMENT

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

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

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.

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Accountant's Compilation Report and Independent Auditor's Report.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Donelle Bright, Chief Financial Officer, Township of Waterford, at 856-768-2300, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers of holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

TOWNSHIP OF WATERFORD, COUNTY OF CAMDEN, NEW JERSEY

By: /s/ *Donelle Bright*
DONELLE BRIGHT, Chief Financial Officer

Dated: May 15, 2025

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP OF WATERFORD

GENERAL INFORMATION ON THE TOWNSHIP

History

Waterford Township ("Township") was established in New Jersey by charter granted on June 1, 1694, and incorporated in 1883. Located in the eastern section of Camden County, it borders Burlington and Atlantic Counties and is bound on the south by Winslow Township and Chesilhurst Borough and on the west by Berlin Borough and Berlin Township. The overall area of the Township is 36.11 square miles.

The Township is a sprawling mix of commercial, suburban, and rural environments. There has been steady growth in the Township since the 1950's. The Township was granted relief from a seven-year sewer hookup moratorium in 1995. Much of the anticipated commercial growth will occur around the intersection of Routes 73 and 30, two major State thoroughfares. The intersection underwent a \$15 million reconstruction. The Township has completed construction of a \$2.6 million access road through 137 acres of under development commercially zoned property adjoining this intersection. This road will lead to a minimum of 600,000 square feet of new commercial development in the next few years. Route 30 serves as a major connection between Philadelphia and Atlantic City, while Route 73 is a main route between Northern Philadelphia County and all major New Jersey Shore points.

The Township is situated approximately 45 miles from Atlantic City and is close to Philadelphia as well. Moreover, the Township is home to a modern train station that is a key stop on the route to Atlantic City and Philadelphia. The train station's strategic location to both the Atlantic City Line as well as the commercial area described above puts the Township in a very favorable position to be a key stopover for people visiting the shore points and engaging in metropolitan excursions.

Pinelands

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978 ("Pinelands Act") signed by President Carter. The Pinelands Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of 56 municipalities. This includes the Camden County municipalities of Waterford Township, Winslow Township, Berlin Township, Berlin Borough, and Chesilhurst Borough. All of Waterford Township lies within the Pinelands area. Approximately 50% of the Township is in the preservation area and is overseen by the State as the Wharton State Forrest. The remainder of the Township is within the protection area.

The New Jersey Pinelands Commission, established in 1979 by the Pinelands Protection Act, adopted the Pinelands Comprehensive Management Plan in 1981. The Pinelands Comprehensive Management Plan consists of recommendations and regulations for the protection, preservation, regulation, and development of the Pinelands region.

Library

The Township has its own library facility located on the White Horse Pike. The library is free to Township residents and incorporates multiple programs for youth groups, adults, and families. The Southern Branch of the Camden County Library is located on Cooper Folly Road just over the Township border in Winslow Township.

Police, Emergency Medical and Fire Protection

The Township's Police Department ("Department") offers residents 24-hour a day protection from the centrally located Township Municipal Building. The Department consists of a Police Chief, two (2) Lieutenants, four (4) Sergeants, thirteen (13) Patrol Officers, two (2) SLEO II Officers, and SLEO III School Resource Officers. The Department has a very active community awareness program, funded by a Municipal Alliance Grant. Programs that have developed are Senior Awareness, National Night Out, and Bicycle Helmet Safety.

The Waterford Township Emergency Medical Squad operates two ambulances, has forty (40) trained volunteers and supplies emergency medical services. The Township's financial support is used to purchase equipment and supplies and maintain training for the volunteers.

The Waterford Township Fire Department consists of more than fifty (50) volunteers and eighteen (18) pieces of vehicular firefighting equipment operating out of one fire station. All fire personnel must meet vigorous training requirements before becoming a member of the Fire Department.

All of these services are supplemented through the use of mutual aid agreements with neighboring municipalities and State services.

Public Works Department

The Public Works Department is comprised of 22 employees (2 part time) under the direction of the Public Works Director. The department is responsible for the maintenance and beautification of Township recreation areas and other public grounds, repair and upkeep of over 100+ miles of Township roads, as well as the continued maintenance of all Township owned vehicles. This Public Works Department is also responsible for garbage and recycling pickup and operates a weekend convenience center on the weekends for residents free of charge.

Recreation Areas

The Township owns and maintains four recreational areas conveniently located throughout the municipality. Currently, these facilities cover more than 37 acres in total. Available year round to residents, these facilities offer playgrounds, basketball courts, tennis courts, baseball fields, soccer fields, football fields, and other various use open spaces. The Township has recently approved vendors for the installation of pickleball courts and a hockey rink. All of these facilities contain underground sprinkler systems and lighting for use during nighttime hours.

The Township offers a variety of youth recreational programs through the WTAA and Atco Lions Football organizations. Programs include in house and travel soccer, basketball, baseball, softball and deck hockey programs.

The Township also has an active Senior Citizens group that holds daily programs and trips headquartered at a township owned Senior Citizen Recreational Building.

Township Employees

	December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Full-time	52	52	51	45	45
Part-time	<u>31</u>	<u>30</u>	<u>30</u>	<u>22</u>	<u>22</u>
Total	<u>83</u>	<u>82</u>	<u>81</u>	<u>67</u>	<u>67</u>

Employee Collective Bargaining Units

Eighteen Police Officers are represented by the FOP Lodge 56. The current contract expires December 31, 2026.

The United Food and Commercial Workers International Union Local 360 represents 16 clerical, public works personnel. The current contract expires December 31, 2027.

Managerial employees of the Township are not represented by a collective bargaining unit.

Compensated Absences

Full-time employees with at least one year of service are entitled to varying days of vacation and sick leave. Unused sick leave may be paid to the employee from a budget appropriation at year-end or in January of the following year. For additional information on compensated absences, see Appendix B: Audited Financial Statements of the Township, Note 12 to Financial Statements.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by Acts of the State Legislature. Currently, Township employees are either enrolled in the Police and Firemen's Retirement System or the Public Employees' Retirement System. Benefit contributions, means of funding and the manner of administration are determined by the State of New Jersey. For additional information on pension plans, see Appendix B: Audited Financial Statements of the Township, Note 9 to Financial Statements.

Population (1)

2020 Federal Census	10,421
2010 Federal Census	10,649
2000 Federal Census	10,494
1990 Federal Census	10,940
1980 Federal Census	8,126

Selected Census 2023 Data for the Township (1)

Median household income	\$107,862
Per capita income	\$47,221

Labor Force (2)

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Township					
Labor Force	5,820	5,822	5,831	5,953	6,070
Employment	5,585	5,241	5,421	5,689	5,791
Unemployment	235	581	410	264	279
Unemployment Rate	4.0%	10.0%	7.0%	4.4%	4.6%
County					
Labor Force	263,172	263,515	264,992	269,575	276,187
Employment	252,749	237,908	246,076	258,219	262,852
Unemployment	10,423	25,607	18,916	11,356	13,335
Unemployment Rate	4.0%	9.7%	7.1%	4.2%	4.8%
State					
Labor Force	4,687,390	4,638,386	4,648,814	4,736,213	4,829,671
Employment	4,525,044	4,200,980	4,337,793	4,552,563	4,615,722
Unemployment	162,346	437,406	311,021	183,650	213,949
Unemployment Rate	3.5%	9.4%	6.7%	3.9%	4.4%

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

(2) Source: New Jersey Department of Labor

Housing

The Township is a New Jersey Pinelands Community of 36.11 square miles with most of the population concentrated in the regional growth area. Residential construction reached its peak between 1995 and 1999. Two major housing developments were completed, one with a total of 253 homes and the other with 89. Because roughly 55% of the land within the Township is owned by the State of New Jersey, preserved as part of the Wharton State Forest, there is little vacant land left for residential development and population growth is expected to slow considerably. With 3,608 residential units and 4 apartment complexes, Waterford's population is still under 11,000 residents.

Business and Industry

A diversified economic structure within the Township strengthens the growing community. Businesses include multiple banks, various restaurants, two breweries, a large raceway property ripe for redevelopment, and a large salvage business. Yet even with these larger prospering businesses, the smaller shops and public service businesses are the backbone of the economic skeleton of the Township.

The Township is also the home of Archway Programs, a non-profit special education teaching facility supported by the State of New Jersey and private donations from supporters who understand the special services this facility provides. The Archway School is located on the Mullica River in the northern edge of the Township. Archway recently sold some of its land, returning such land to the tax rolls.

With most of the remaining vacant land zoned for commercial use, Township officials are taking a proactive approach to attract new businesses and aid those existing businesses in the township. An ordinance implementing an economic development plan has helped the Township greatly. One site, roughly 9 acres on Jackson Road, is eligible under this program. Another site, with roughly 136 acres, bordered by U.S. Route 30, Route 73, and the Atco Railway station, will soon be eligible. To further promote this area, the Township was successful in obtaining 2.6 million dollars from various grants to build an access road, named the C. William Haines Boulevard. The Township also obtained State highway access permits for a minimum of 600,000 square feet of retail commercial space for this area. This has assisted potential developers by eliminating one part of the permitting process. As a result, the Township is currently in negotiations for a redevelopment plan for Haines Boulevard with redeveloper AASMWF Property, LLC. This property is a proposed warehouse use, which would bring additional revenue into the Township through a PILOT agreement. The Township is actively engaged in discussions with developers from the area as well as internally to discuss properties along White Horse Pike and other areas of the Township that could be slated for redevelopment.

TEN LARGEST EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Waterford Board of Education	Public School Facility	210
Archway Programs	Special Education Facility for Children	198
Universal Forest Products	Manufacture Trusses	65
Township of Waterford	Municipality	64
USPS Office/Distribution Center	Mail Delivery	50+
Rite Aid	Pharmacy	20+
TD Bank	Financial Institution	20+
Racks Pub and Grill	Restaurant	20+
Truist Bank	Financial Institution	20+
Not Available		

Building, Zoning and Development Codes

The Township has established development regulations governing the size of lots for various types of construction and proposed uses. The Township building codes conform to standards of the New Jersey Uniform Construction Code. These codes and other Municipal Ordinances are codified as a basis for improved administration and regulation.

The Township adopted a Land Use, Development and Zoning Ordinance. This ordinance provides an avenue for businesses to work with the Township's Department of Planning and Zoning Administration, which provides technical assistance to the applicant's professionals in order to facilitate the State and Municipal regulatory approval process.

The Township's Master Plan underwent its required reexamination in 2010 by the Township Planning Board at which time minor amendments were made to the Master Plan and the Zoning Map. The Township adopted the Haines Boulevard Redevelopment Plan in April 2016 with further amendments to it in October 2016 defining the goals and objectives for multi- use development within those 146 acres. The Township continues to meet with possible developers for development of this area. The Township Planning Board is presently undertaking its statutory required Master Plan reexamination to determine where any zoning district changes may be relevant and to update the Zoning Map.

Building Permits Issued (1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2025 (2)	100	\$2,102,265.00
2024	534	19,332,861.00
2023	491	6,095,384.00
2022	481	6,166,209.00
2021	489	5,845,156.00
2020	404	4,323,842.00

Primary and Secondary Education

The public school system in the Township is operated by the Waterford Township Board of Education ("Board of Education") as a Type II school district. It functions independently through a nine member board, elected by the voters in alternate three year terms.

The Board of Education prepares annually an operating and maintenance, capital outlay and debt service budget. The amounts to be raised by taxation for operating and maintenance expenses and capital outlay projects are submitted to the voters for approval. If the amounts are disapproved, the Township Committee fixes an amount and certifies the same to the Board of Education and to the County Board of Taxation. If the Board of Education determines that the amount certified by the Township is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commission of Education to restore the local funds eliminated.

(1) Source: Township's Construction office

(2) As of March 15, 2025

**TOWNSHIP OF WATERFORD SCHOOL DISTRICT
SCHOOL ENROLLMENTS (1)**

<u>Grade</u>	<u>2024</u>	<u>2023</u>	<u>As of October 15,</u> <u>2022</u>	<u>2021</u>	<u>2020</u>
Pre-K	133	128	141	136	85
K	97	101	95	84	90
1	102	95	83	98	103
2	87	77	88	104	80
3	81	87	105	80	100
4	86	106	87	100	97
5	103	94	107	94	101
6	90	103	96	100	84
Spec. Ed. (2)	<u>135</u>	<u>135</u>	<u>136</u>	<u>117</u>	<u>117</u>
Totals	<u>914</u>	<u>926</u>	<u>938</u>	<u>913</u>	<u>857</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY (1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Date of Renovation</u>	<u>Grades</u>	<u>Enrollment 10/15/24</u>	<u>Capacity</u>
Atco Elementary	1962	1973	1-2	225	236
Thomas Richards	1979	---	P-K	257	294
Waterford	1987	---	3-6	<u>432</u>	<u>465</u>
Totals				<u>914</u>	<u>995</u>

HIGH SCHOOL STUDENTS (1) (3)

<u>Grade</u>	<u>2024</u>	<u>2023</u>	<u>As of October 15,</u> <u>2022</u>	<u>2021</u>	<u>2020</u>
Special Education	128	127	132	129	131
7	98	93	100	83	78
8	89	102	83	84	93
9	90	72	85	91	86
10	68	85	94	82	75
11	78	93	84	76	77
12	<u>91</u>	<u>80</u>	<u>71</u>	<u>78</u>	<u>103</u>
Total	<u>642</u>	<u>652</u>	<u>649</u>	<u>623</u>	<u>643</u>

(1) Source: School District officials

(2) Includes students sent to private schools for disabilities

(2) Waterford Township students only

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2023-2024 school year, there were approximately 3,922 undergraduate students and 1,854 graduate students.

Camden County College

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

As of the Spring of 2024, full time enrollment was 3,508 and part-time enrollment was 7,598 for a total of 11,106.

Camden County Technical Schools

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

For high school students, there are over 30 career programs from which to choose. For the 2023-2024 school year, 1,417 students are enrolled at the Gloucester Township Campus, and 766 at the Pennsauken Campus. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	2025	
		<u>Assessed</u>	<u>Valuation</u>
National Amusement Inc.	Movie Theater	\$	2,948,500
Black Horse LLC	Construction		2,095,500
Atco Equities % Rite Aid Corp.	Drug Store		2,090,500
Broadway Square Realty LLC	Retail Stores-Murphy Plaza		2,000,000
Meisenzahl Partners LLC	Offices		1,998,600
Onyx Properties LLC	Real Estate		1,992,600
Singh Investments LLC	Real Estate		1,476,000
UFP Eastern DIV % UFP Berlin LLC	Manufacturing		1,304,200
K & K Associates	Apartments		1,222,200
Campbell Foundry Co.	Develop and Design Castings		1,170,200

CURRENT TAX COLLECTIONS (2)

<u>Year</u>		<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	
			<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2024	(3) \$	31,253,811	\$ 30,700,753	98.23%	\$ 470,631	1.51%
2023		30,497,832	29,937,061	98.16%	481,108	1.58%
2022		29,109,336	28,568,311	98.14%	409,828	1.41%
2021		28,977,034	28,404,541	98.02%	454,576	1.57%
2020		28,799,709	28,156,112	97.77%	564,703	1.96%

DELINQUENT TAXES (2)

<u>Year</u>		<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
		<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2024	(3) \$	481,108	\$ 9,348	\$ 482,434	98.36%	\$ -	\$ 8,022	\$ -
2023		411,846	14,122	413,807	97.15%	12,161	-	-
2022		454,576	2,988	446,788	97.65%	8,757	-	2,018
2021		569,801	3,000	565,842	98.79%	6,959	-	-
2020		601,899	2,020	594,507	98.44%	4,313	-	5,099

(1) Source: Township Tax Assessor

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

(3) Source: Information from Annual Compiled Financial Statement

TAX TITLE LIENS (1)

<u>Year</u>		<u>Balance</u> <u>Jan. 1</u>	<u>Added by</u> <u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	<u>Transfers/</u> <u>Other</u> <u>Credits</u>	<u>Balance</u> <u>Dec. 31</u>
2024	(2) \$	521,068	\$ 35,061	\$ -	\$ -	\$ 556,129
2023		528,156	58,651	65,739	-	521,068
2022		523,098	65,108	49,326	10,724	528,156
2021		603,578	68,671	20,394	128,757	523,098
2020		572,517	62,631	15,750	15,820	603,578

FORECLOSED PROPERTY (1)(3)

<u>Year</u>		<u>Balance</u> <u>Jan. 1</u>	<u>Added By</u> <u>Transfer</u>	<u>Adjustment to</u> <u>Assessed</u> <u>Valuation</u>	<u>Cancellation</u> <u>of</u> <u>Balance</u>	<u>Adjustments</u>	<u>Balance</u> <u>Dec. 31</u>
2024	(2) \$	1,111,000	\$ -	\$ -	\$ 80,000	\$ -	\$ 1,031,000
2023		1,111,000	-	-	-	-	1,111,000
2022		1,111,000	-	-	-	-	1,111,000
2021		1,058,900	128,757	-	-	76,657	1,111,000
2020		1,018,900	15,820	24,180	-	-	1,058,900

WATER AND SEWER UTILITY COLLECTIONS (1)

<u>Year</u>		<u>Balance</u> <u>Jan. 1</u>	<u>Levy</u>	<u>Collected</u>	<u>Other</u> <u>Credits</u>	<u>Balance</u> <u>Dec. 31</u>
2024	(2) \$	102,863	\$ 1,259,432	\$ 1,239,119	\$ 12,852	\$ 110,324
2023		123,658	1,241,215	1,259,743	2,266	102,863
2022		78,479	1,240,812	1,193,046	2,588	123,658
2021		63,776	1,229,458	1,213,121	1,633	78,479
2020		36,445	1,219,509	1,191,359	819	63,776

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

(2) Source: Information from Annual Compiled Financial Statement

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

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

		<u>Tax Rate (2)</u>				
<u>Year</u>	<u>Net Valuation</u>			<u>Local</u>		
	<u>Taxable</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>School</u>	
2024	\$ 707,411,665	\$ 4.406	\$ 1.292	\$ 0.941	\$ 2.173	
2023	708,649,972	4.297	1.231	0.940	2.126	
2022	707,842,300	4.106	1.141	0.898	2.067	
2021	707,639,000	4.086	1.138	0.906	2.042	
2020	706,870,300	4.066	1.138	0.884	2.044	

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA (3)

<u>Year</u>	<u>Real Property</u>		<u>Percentage</u>		<u>True Value</u>	<u>True Value</u>
	<u>Assessed</u>	<u>of True</u>	<u>Value</u>	<u>Value</u>		<u>per Capita (4)</u>
2024	\$ 707,411,600	65.95%	\$ 1,072,648,370	\$ 102,931		
2023	708,649,900	72.11%	982,734,572	94,303		
2022	707,842,100	82.03%	862,906,376	82,805		
2021	707,638,800	87.76%	806,334,093	77,376		
2020	706,870,100	90.44%	781,590,115	75,001		

REAL PROPERTY CLASSIFICATION (5)

<u>Assessed Value</u>							
<u>of Land and</u>							
<u>Year</u>	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>
2024	\$ 707,411,600	\$ 13,464,100	\$ 629,369,700	\$ 45,809,800	\$ 1,295,400	\$ 3,580,900	\$13,891,700
2023	708,727,700	13,649,400	630,215,800	46,153,800	1,295,400	3,580,900	13,832,400
2022	707,842,100	13,853,900	629,135,600	45,656,700	1,295,400	3,580,900	14,319,600
2021	707,638,800	14,058,700	629,207,400	45,944,900	1,295,400	3,601,400	13,531,000
2020	706,870,100	14,162,700	627,559,500	45,957,900	1,295,400	3,601,400	14,293,200

(1) Source: Camden County Board of Taxation

(2) Per \$100 of assessed valuation

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

(4) Based upon 2020 Federal Census of 10,421

(5) Source: Township Assessor

**TOWNSHIP OF WATERFORD
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2024**

The following table summarizes the direct debt of the Township as of December 31, 2024 in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued, debt authorized but not issued, including General and Water and Sewer Utility debt. Deductions from gross debt to arrive at net debt include reserve for payment of debt, as well as debt considered to be self-liquidating. The resulting net debt of \$12,898,583 represents 1.195% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	<u>Debt Issued</u>		<u>Debt Authorized</u>		<u>Deductions</u>		
	<u>Bonds and Notes</u>		<u>But Not Issued</u>	<u>Gross Debt</u>	<u>Self-Liquidating Debt</u>	<u>Reserve for Payment of Debt</u>	<u>Net Debt</u>
General	\$ 8,214,000	\$	4,797,411	\$ 13,011,411		\$ 112,828	\$ 12,898,583
Water and Sewer Utility	3,166,185		2,335,000	5,501,185	\$ 5,501,185		
	<u>\$ 11,380,185</u>	<u>\$</u>	<u>7,132,411</u>	<u>\$ 18,512,596</u>	<u>\$ 5,501,185</u>	<u>\$ 112,828</u>	<u>\$ 12,898,583</u>

Source: Township Auditor

DEBT RATIOS AND VALUATIONS (1)

Average of Equalized Valuations of Real Property with Improvements for 2022, 2023 and 2024	\$	1,079,635,033
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2022, 2023, and 2024		1.195%
2024 Net Valuation Taxable	\$	707,411,665
2024 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	1,072,648,435
Gross Debt (2)		
As a Percentage of 2024 Net Valuation Taxable		2.62%
As a Percentage of 2024 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.73%
Net Debt (2)		
As a Percentage of 2024 Net Valuation Taxable		1.82%
As a Percentage of 2024 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.20%
Gross Debt per Capita(3)	\$	1,776
Net Debt per Capita(3)	\$	1,238

TOWNSHIP BORROWING CAPACITY (1)

3.5% of Average (2022-24) Equalized Valuation of Real Property with Improvements (\$1,079,635,033)	\$	37,787,226
Net Debt		<u>12,898,583</u>
Remaining Borrowing Capacity	\$	<u><u>24,888,643</u></u>

LOCAL BOARD OF EDUCATION BORROWING CAPACITY (1)

3% of Average (2022-24) Equalized Valuation of Real Property Including Improvements (\$1,079,635,033)	\$	32,389,051
Local School Debt		<u>-</u>
Remaining Borrowing Capacity	\$	<u><u>32,389,051</u></u>

(1) As of December 31, 2024

(2) Excluding Overlapping Debt

(3) Based upon 2020 Federal Census of 10,421

**TOWNSHIP OF WATERFORD
OVERLAPPING DEBT
AS OF DECEMBER 31, 2024**

	DEBT ISSUED					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>	
County of Camden(1):						
General:						
Bonds	\$ 61,099,583	\$ 38,846,103 (2)	\$ 22,253,480	\$ 445,070 (4)	\$ 71,990,250	
Notes	12,980,000		12,980,000	259,600 (4)		
Loan Agreements	307,080,000		307,080,000	6,141,600 (4)		
Bonds Issued by Other Public Bodies Guaranteed by the County	220,129,800	220,129,800 (3)				
	<u>\$ 601,289,383</u>	<u>\$ 258,975,903</u>	<u>\$ 342,313,480</u>	<u>\$ 6,846,270</u>	<u>\$ 71,990,250</u>	

(1) Source: County of Camden.

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2024 Net Valuation on which County taxes are apportioned, which is 2.00%.

Camden County Municipal Utilities Authority

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

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

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

The gross debt as of December 31, 2023 for the CCMUA was \$208,733,984 (unaudited). The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

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

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2023 was \$356,852,083.

TOWNSHIP OF WATERFORD
SCHEDULE OF TOWNSHIP DEBT SERVICE (1)
(LONG-TERM DEBT ONLY)

Year	General Bonds			General Loans			Water and Sewer Bonds			Water and Sewer Loans		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 660,000	\$ 62,963	\$ 722,963	\$ 180,000	\$ 98,223	\$ 278,223	\$ 140,000	\$ 21,325	\$ 161,325	\$ 40,262	\$ 62,320	\$ 102,582
2026	665,000	49,150	714,150	190,000	88,973	278,973	140,000	18,000	158,000	41,377	61,205	102,582
2027	670,000	34,450	704,450	200,000	79,223	279,223	140,000	14,500	154,500	42,522	60,060	102,582
2028	305,000	24,400	329,400	210,000	68,973	278,973	140,000	10,900	150,900	43,700	58,882	102,582
2029	305,000	18,300	323,300	215,000	60,498	275,498	140,000	7,100	147,100	44,910	57,672	102,582
2030	305,000	12,200	317,200	225,000	53,757	278,757	145,000	3,300	148,300	46,153	56,429	102,582
2031	305,000	6,100	311,100	230,000	46,648	276,648	45,000	900	45,900	47,431	55,151	102,582
2032				235,000	39,235	274,235				48,744	53,838	102,582
2033				245,000	31,374	276,374				50,094	52,488	102,582
2034				255,000	23,028	278,028				51,481	51,101	102,582
2035				265,000	14,088	279,088				52,907	49,675	102,582
2036				270,000	4,725	274,725				54,372	48,210	102,582
2037										55,877	46,705	102,582
2038										57,424	45,158	102,582
2039										59,014	43,568	102,582
2040										60,648	41,934	102,582
2041										62,328	40,254	102,582
2042										64,054	38,528	102,582
2043										65,827	36,755	102,582
2044										67,650	34,932	102,582
2045										69,523	33,059	102,582
2046										71,448	31,134	102,582
2047										73,426	29,156	102,582
2048										75,459	27,123	102,582
2049										77,549	25,033	102,582
2050										79,696	22,886	102,582
2051										81,903	20,679	102,582
2052										84,171	18,411	102,582
2053										86,501	16,081	102,582
2054										88,896	13,686	102,582
2055										91,358	11,224	102,582
2056										93,887	8,695	102,582
2057										96,487	6,095	102,582
2058										99,159	3,423	102,582
2059										49,946	687	50,633
	\$ 3,215,000	\$ 207,563	\$ 3,422,563	\$ 2,720,000	\$ 608,741	\$ 3,328,741	\$ 890,000	\$ 76,025	\$ 966,025	\$ 2,276,185	\$ 1,262,236	\$ 3,538,421

Source: Township Auditor

(1) As of December 31, 2024

**TOWNSHIP OF WATERFORD
YEAR 2025 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,309,000
Miscellaneous Revenues:	
Local Revenues	875,000
State Aid without Offsetting Appropriations	1,361,444
Dedicated Uniform Construction Code Fees	175,000
Shared Service Agreements	132,000
Public and Private Revenues Offset with Appropriations	234,004
Other Special Items of Revenue	328,726
Receipts from Delinquent Taxes	415,000
Amount to be Raised by Taxation for Municipal Purposes	9,355,771
Amount to be Raised by Taxation for Library Purposes	394,255
	<hr/>
Total Anticipated Revenues	<u><u>\$ 14,580,200</u></u>

Appropriations:	
Within CAPS:	
Operations	\$ 9,820,174
Deferred Charges and Statutory Expenditures	1,318,060
Excluded from CAPS:	
Other Operations	492,935
Shared Service Agreements	132,000
Public and Private Programs	234,004
Capital Improvements	461,000
Debt Service	1,410,963
Reserve for Uncollected Taxes	711,064
	<hr/>
Total Appropriations	<u><u>\$ 14,580,200</u></u>

WATER AND SEWER UTILITY FUND

Appropriations:	
Fund Balance	\$ 525,000
Rents	1,030,000
Connection Fees	20,000
Miscellaneous	35,000
	<hr/>
Total Anticipated Revenues	<u><u>\$ 1,610,000</u></u>
Appropriations	
Operating	\$ 953,520
Capital Improvements	202,000
Debt Service	272,730
Deferred Charges and Statutory Expenditures	106,750
Surplus	75,000
	<hr/>
Total Appropriations	<u><u>\$ 1,610,000</u></u>

(1) As introduced

TOWNSHIP OF WATERFORD
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2025 - 2030 (1)

<u>Project Title</u>	<u>Estimated Total Cost</u>	<u>Current</u>	<u>Future Years</u>	<u>Capital</u>	<u>Grants - In - Aid and Other Funds</u>	<u>Bonds and Notes</u>	
		<u>Year 2025</u>		<u>Improvement Fund</u>		<u>General</u>	<u>Self- Liquidating</u>
GENERAL BUDGET:							
Vehicles and Equipment	\$ 2,460,000	\$ 100,000	\$ 500,000	\$ 123,000		\$ 1,737,000	
Facility Improvements	301,000			15,050		285,950	
Road and Drainage Improvements	2,500,000			125,000	\$ 1,000,000	1,375,000	
Fire Department Equipment	172,000	22,000	150,000				
Municipal Building Furniture	6,000	6,000					
Pedestrian Walkway Signs	8,000	8,000					
Planning and Design-Municipal Building	75,000	75,000					
Improvements to Township Property	350,000			17,500		332,500	
UTILITY BUDGET:							
Utility Vehicles and Equipment	360,000						\$ 360,000
WQAA Projects:							
Colgate Drive Interconnection Improvements	325,000						325,000
3rd Street/Jackson Road Watermain Extension	2,500,000						2,500,000
Haines Boulevard Water Main Extension	2,500,000						2,500,000
Camera System/Access Control	75,000			75,000			
Totals - All Projects	\$11,632,000	\$ 211,000	\$ 650,000	\$ 355,550	\$ 1,000,000	\$ 3,730,450	\$ 5,685,000

(1) As introduced

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF WATERFORD

FOR THE YEAR ENDED 2024

COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Waterford
Waterford, New Jersey 08004

Management is responsible for the accompanying financial statements of the Township of Waterford, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2024 and the related statements of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

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

/s/ Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 1, 2025

TOWNSHIP OF WATERFORD
CURRENT FUND
Statement of Assets, Liabilities, Reserves, and Fund Balance -- Regulatory Basis
As of December 31, 2024

<u>Assets</u>	
Regular Fund:	
Cash	\$ 8,659,120.63
Due from/to State - Veterans and Senior Citizens	4,539.97
Receivables with Full Reserves:	
Delinquent Taxes Receivable	470,630.76
Tax Title Liens Receivable	556,129.17
Property Acquired for Taxes (at Assessed Valuation)	1,031,000.00
Property Maintenance Liens	79,821.98
Revenue Accounts Receivable	9,314.58
Interfunds Receivable	463,811.61
	<hr/>
Total Regular Fund	11,274,368.70
	<hr/>
Federal and State Grant Fund:	
Cash	432,042.05
Grants Receivable	484,124.64
	<hr/>
Total Federal and State Grant Fund	916,166.69
	<hr/>
	<u>\$ 12,190,535.39</u>
	<hr/>
<u>Liabilities, Reserves, and Fund Balance</u>	
Regular Fund:	
Liabilities:	
Appropriation Reserves	\$ 671,100.60
Reserve for Encumbrances	271,254.88
Reserve for Sale of Municipal Assets	8,000.10
Accounts Payable	1,195.00
Prepaid Taxes	291,290.36
Due to State of NJ - DCA Training Fees	2,572.00
County Taxes Payable	15,803.45
Local School District Tax Payable	3,484,339.72
Interfunds Payable	5,085.52
	<hr/>
Total Liabilities	4,750,641.63
	<hr/>
Reserve for Receivables	2,610,708.10
Fund Balance	3,913,018.97
	<hr/>
Total Regular Fund	11,274,368.70
	<hr/>
Federal and State Grant Fund:	
Federal and State Funds:	
Unappropriated	149,306.80
Appropriated	739,040.65
Encumbrances Payable	27,819.24
	<hr/>
Total Federal and State Grant Fund	916,166.69
	<hr/>
	<u>\$ 12,190,535.39</u>
	<hr/>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WATERFORD**CURRENT FUND****Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2024**

Revenue Realized:

Current Tax Collections	\$ 30,700,752.66
Delinquent Tax and Tax Title Liens Collections	482,434.42
Miscellaneous Revenue Anticipated	3,689,325.97
Non Budget Revenue	192,903.67
Other Credits to Income	1,003,797.30
Fund Balance Utilized	<u>1,000,000.00</u>

Total Income	<u>37,069,214.02</u>
--------------	----------------------

Expenditures:

Operations	11,131,790.91
Capital Improvements	493,500.00
Debt Service	1,300,411.62
Local School Tax	15,368,772.00
County Tax	6,672,152.90
Other Expenditures	<u>200,010.47</u>

Total Expenditures	<u>35,166,637.90</u>
--------------------	----------------------

Excess in Revenue	1,902,576.12
-------------------	--------------

Fund Balance, January 1	<u>3,010,442.85</u>
-------------------------	---------------------

4,913,018.97

Decreased by:

Utilized as Revenue	<u>1,000,000.00</u>
---------------------	---------------------

Fund Balance, December 31	<u><u>\$ 3,913,018.97</u></u>
---------------------------	-------------------------------

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WATERFORD
TRUST FUND
Statement of Assets, Liabilities, and Reserves -- Regulatory Basis
As of December 31, 2024

Assets

Animal Control Fund:	
Cash	\$ 3,514.12
Interfunds Receivable	5,085.52
	<hr/>
Total Animal Control Fund	8,599.64
	<hr/>
Other Funds:	
Cash	806,687.53
Due from Vendors - Police Outside Services	14,075.15
	<hr/>
Total Other Funds	820,762.68
	<hr/>
	\$ 829,362.32
	<hr/> <hr/>

Liabilities, and Reserves

Animal Control Fund:	
Due to State of NJ	\$ 13.80
Reserve for Animal Control Trust Fund	7,710.51
Reserve for Encumbrances	875.33
	<hr/>
Total Animal Control Fund	8,599.64
	<hr/>
Other Funds:	
Interfunds Payable	58,347.52
Due to State of New Jersey - VCCB	27,319.00
Miscellaneous Trust Reserves	735,096.16
	<hr/>
Total Other Funds	820,762.68
	<hr/>
	\$ 829,362.32
	<hr/> <hr/>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WATERFORD**GENERAL CAPITAL FUND****Statement of Assets, Liabilities, Reserves, and Fund Balance -- Regulatory Basis****As of December 31, 2024**

Assets

Cash	\$ 2,310,521.07
Federal and State Grants Receivable	418,115.36
Deferred Charges to Future Taxation:	
Funded	5,935,000.00
Unfunded	<u>7,076,411.00</u>
	<u><u>\$ 15,740,047.43</u></u>

Liabilities, Reserves, and Fund Balance

Bonds Payable	\$ 3,215,000.00
Bond Anticipation Notes	4,999,000.00
Loans Payable	2,720,000.00
Interfunds Payable	110,671.75
Reserve for Capital Acquisition	20,000.00
Improvement Authorizations:	
Funded	839,666.95
Unfunded	2,456,287.09
Encumbrances Payable	213,064.96
Contracts Payable	1,010,463.13
Reserve to Pay Debt Service	112,828.05
Capital Improvement Fund	8,454.70
Fund Balance	<u>34,610.80</u>
	<u><u>\$ 15,740,047.43</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WATERFORD
WATER AND SEWER UTILITY FUND
Statement of Assets, Liabilities, Reserves, and Fund Balance -- Regulatory Basis
As of December 31, 2024

<u>Assets</u>	
Operating Fund:	
Cash	\$ 2,293,179.51
Receivables Offset with Reserves:	
Consumer Accounts Receivable	110,323.77
Liens Receivable	13,203.22
	<hr/>
Total Operating Fund	2,416,706.50
	<hr/>
Capital Fund:	
Cash	\$ 7,038.48
Interfunds	87,911.31
Fixed Capital	13,853,079.85
Fixed Capital Authorized and Uncompleted	5,282,522.04
	<hr/>
Total Capital Fund	19,230,551.68
	<hr/>
	<u><u>\$ 21,647,258.18</u></u>
 <u>Liabilities, Reserves, and Fund Balance</u>	
Operating Fund:	
Liabilities:	
Appropriation Reserves	\$ 56,527.64
Reserve for Encumbrances	21,504.48
Accrued Interest on Bonds and Notes	16,848.82
Accounts Payable	2,000.00
Interfunds Payable	382,703.65
Reserve for Escrow Deposits	13,204.30
Water and Sewer Overpayments	6,357.47
	<hr/>
Total Liabilities	499,146.36
Reserve for Consumer Accounts and Lien Receivable	123,526.99
Fund Balance	1,794,033.15
	<hr/>
Total Operating Fund	2,416,706.50
	<hr/>
Capital Fund:	
Improvement Authorizations:	
Funded	19,910.37
Unfunded	2,201,299.23
Contracts Payable	110,000.00
Reserve for Encumbrances	48,369.39
Reserve for Amortization	13,583,416.97
Reserve for Deferred Amortization	42,300.00
Serial Bonds	890,000.00
Loans Payable	2,276,184.92
Capital Improvement Fund	58,400.00
Reserve for Debt Service	286.43
Fund Balance	384.37
	<hr/>
Total Capital Fund	19,230,551.68
	<hr/>
	<u><u>\$ 21,647,258.18</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WATERFORD
WATER AND SEWER UTILITY FUND
Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2024

Revenue Realized:

Surplus Utilized	\$ 422,540.00
Water and Sewer Rents	1,239,119.52
Water Connection Fees	266,930.00
Water and Sewer Miscellaneous	193,821.89
Other Credits to Income:	
Miscellaneous Revenues Not Anticipated	134,246.17
Unexpended Balance of Appropriation Reserves	284,829.61
Miscellaneous Cancellation of Liabilities	17,168.01
	<hr/>
Total Income	2,558,655.20
	<hr/>

Expenditures:

Operations	829,630.00
Capital Improvements	10,700.00
Debt Service	453,851.52
Deferred Charges and Statutory Expenditures	97,349.00
Surplus (General Budget)	75,601.00
Other Expenditures	4,753.99
	<hr/>
Total Expenditures	1,471,885.51
	<hr/>
Excess in Revenue	1,086,769.69
Fund Balance, January 1	1,129,803.46
	<hr/>
	2,216,573.15
Decreased by:	
Utilized as Revenue	422,540.00
	<hr/>
Fund Balance, December 31	\$ 1,794,033.15
	<hr/> <hr/>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF WATERFORD
Selected Information - Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Waterford (hereafter referred to as the "Township") was incorporated as a Township in 1798 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2020 census is 10,421.

The form of Government is known as a Township pursuant to N.J.S.A. 40A:63-1 et seq. The government consists of five Committee Members who are elected at large to three year staggered terms. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Under statute, the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor. The implementation of the policies of the governing body and the day-to-day operations are handled by the Administration.

Component Units - The financial statements of the component unit of the Township is not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Waterford Township Free Public Library
386 White Horse Pike
Waterford, New Jersey 08004

Annual financial reports may be inspected directly at the office of the component unit during regular business hours.

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

In accordance with the *Requirements*, the Township 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.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

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

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

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

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

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

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.

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

Cash, Cash Equivalents and Investments (Cont'd) - The cash management plan adopted by the Township 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.

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 Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

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

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

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

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

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

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 Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Waterford School District. Operations is charged for the full amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2023 and decreased by the amount deferred at December 31, 2024.

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

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Waterford Township Free Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

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

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

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

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

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 Township 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 Township, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Township.

FOR THE YEARS ENDED 2023 AND 2022

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Waterford
Atco, New Jersey 08004

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Waterford, in the County of Camden, State of New Jersey, as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements 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 Township of Waterford, in the County of Camden, State of New Jersey, as of December 31, 2023 and 2022, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

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

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

Basis for Opinions on Regulatory Basis of Accounting

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
December 4, 2024

TOWNSHIP OF WATERFORD**CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Cash--Chief Financial Officer	\$ 8,988,417.40	\$ 7,939,488.59
Cash--Collector	94,989.91	51,824.63
Cash--Change Fund	395.00	395.00
Due from State of New Jersey, Ch. 20, P.L. 1971	<u>4,039.97</u>	<u>2,858.72</u>
	<u>9,087,842.28</u>	<u>7,994,566.94</u>
Receivables with Full Reserves:		
Delinquent Property Taxes Receivable	481,107.79	411,845.81
Tax Title Liens Receivable	521,068.54	528,156.06
Property Acquired for Taxes--Assessed Valuation	1,111,000.00	1,111,000.00
Property Maintenance Liens Receivable	79,821.98	79,821.98
Revenue Accounts Receivable	9,314.58	4,910.47
Due from Water & Sewer Utility Operating Fund	263,254.64	340,130.73
Due from Trust Other Fund	<u>326,073.57</u>	<u>314,502.87</u>
	<u>2,791,641.10</u>	<u>2,790,367.92</u>
	<u>11,879,483.38</u>	<u>10,784,934.86</u>
Federal and State Grant Fund:		
Cash	518,571.68	656,754.04
Grants Receivable	<u>681,031.81</u>	<u>582,175.24</u>
	<u>1,199,603.49</u>	<u>1,238,929.28</u>
	<u>\$ 13,079,086.87</u>	<u>\$ 12,023,864.14</u>

(Continued)

TOWNSHIP OF WATERFORD**CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2023 and 2022

LIABILITIES, RESERVES
AND FUND BALANCE

	<u>2023</u>	<u>2022</u>
Regular Fund:		
Appropriation Reserves	\$ 962,879.62	\$ 1,084,032.93
Reserve for Encumbrances	271,205.54	156,164.48
Accounts Payable	1,872.05	4,200.00
Prepaid Taxes	216,018.79	329,182.15
Reserve for Sale of Municipal Assets	8,000.10	7,859.10
Reserve for Municipal Relief Fund	116,503.30	58,263.98
Tax Overpayments		1,192.00
Due County for Added and Omitted Taxes	10,422.15	9,917.58
Local District School Taxes Payable	3,333,663.71	3,114,235.19
Due to State of New Jersey:		
State Training Fees	5,956.00	2,471.00
Due to General Capital Fund	1,150,878.17	1,147,827.02
	<u>6,077,399.43</u>	<u>5,915,345.43</u>
Reserves for Receivables and Other Assets	2,791,641.10	2,790,367.92
Fund Balance	<u>3,010,442.85</u>	<u>2,079,221.51</u>
	<u>11,879,483.38</u>	<u>10,784,934.86</u>
Federal and State Grant Fund:		
Reserve for Grants Unappropriated	390,774.59	732,323.99
Reserve for Grants Appropriated	525,929.64	209,035.79
Contracts Payable	242,964.00	255,567.00
Reserve for Encumbrances	<u>39,935.26</u>	<u>42,002.50</u>
	<u>1,199,603.49</u>	<u>1,238,929.28</u>
	<u>\$ 13,079,086.87</u>	<u>\$ 12,023,864.14</u>

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

TOWNSHIP OF WATERFORD

CURRENT FUND

Statements of Operations and Changes in Fund Balance--Regulatory Basis

For the Years Ended December 31, 2023 and 2022

<u>Revenue and Other Income Realized</u>	<u>2023</u>	<u>2022</u>
Fund Balance Utilized	\$ 1,316,733.14	\$ 1,491,500.00
Miscellaneous Revenues Anticipated	3,786,280.40	2,593,622.43
Receipts from Current Taxes	29,937,060.95	28,568,311.42
Receipts from Delinquent Taxes	479,545.23	496,114.70
Non-Budget Revenue	283,950.25	148,413.29
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,012,255.17	859,068.42
Cancellation of Accounts Payable		6,138.52
Liquidation of Reserve:		
Due from Water & Sewer Utility Operating Fund	76,876.09	
Total Income	36,892,701.23	34,163,168.78
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations--Within "CAPS":		
Salaries and Wages	4,198,700.00	4,314,200.00
Other Expenses	4,427,595.00	4,300,925.00
Deferred Charges and Statutory Expenditures--		
Municipal--Within "CAPS"	1,210,570.00	1,158,717.00
Operations--Excluded from "CAPS":		
Salaries and Wages	210,650.00	173,421.92
Other Expenses	1,568,582.61	432,951.45
Capital Improvements--Excluded from "CAPS"	50,000.00	125,900.00
Municipal Debt Service--Excluded from "CAPS"	1,228,721.54	1,237,248.44
County Taxes	6,657,762.75	6,360,229.69
Due County for Added and Omitted Taxes	10,422.15	9,917.58
Local District School Tax	15,067,422.00	14,628,565.00
Other Debits to Expenditures:		
Prior Year Tax Deductions Disallowed	2,750.00	2,987.50
Refund of Prior Year Revenue		2,581.62
Creation of Reserve:		
Due from Water & Sewer Utility Operating Fund		289,868.23
Due from Trust Other Fund	11,570.70	314,502.87
Total Expenditures	34,644,746.75	33,352,016.30
Statutory Excess to Fund Balance	2,247,954.48	811,152.48
<u>Fund Balance</u>		
Balance Jan. 1	2,079,221.51	2,759,569.03
	4,327,175.99	3,570,721.51
Decreased by:		
Utilized as Revenue	1,316,733.14	1,491,500.00
Balance Dec. 31	\$ 3,010,442.85	\$ 2,079,221.51

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

TOWNSHIP OF WATERFORD
TRUST FUND
Statements of Assets, Liabilities and Reserves--Regulatory Basis
As of December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Animal Control Fund:		
Cash--Chief Financial Officer	\$ 1,903.21	-
Other Funds:		
Cash--Chief Financial Officer	1,221,226.87	\$ 703,029.55
Cash--Collector	291,100.00	301,900.00
Police Outside Services Receivable	13,362.82	32,347.75
	<u>1,525,689.69</u>	<u>1,037,277.30</u>
	<u>\$ 1,527,592.90</u>	<u>\$ 1,037,277.30</u>
 <u>LIABILITIES AND RESERVES</u>		
Animal Control Fund:		
Due State of New Jersey	\$ 2.40	
Reserve for Encumbrances	1,710.00	
Reserve for Dog Fund Expenditures	190.81	
	<u>1,903.21</u>	<u>-</u>
Other Funds:		
Due to Current Fund	326,073.57	\$ 314,502.87
Due to State of NJ - VCCB	27,319.00	27,319.00
Reserve for Recreation Contributions	18,680.18	17,255.18
Reserve for Parking Offenses Adjudication Act	526.00	526.00
Reserve for Celebration of Public Events	9,743.69	12,483.10
Reserve for Payroll Deductions Payable	40,125.00	47,769.54
Reserve for Developers' Escrow Deposits	629,472.58	165,835.28
Reserve for Premiums Received at Tax Sale	291,100.00	301,900.00
Reserve for Community Development Block Grant	10,347.83	10,347.83
Reserve for Police Outside Services	40,255.72	
Reserve for Public Defender	4,311.10	10,461.07
Reserve for Maintenance Guarantees	6,399.05	6,399.05
Reserve for Police Donations	2,883.52	2,522.80
Reserve for Municipal Alliance	6,163.96	7,235.55
Reserve for Forfeited Property	27,889.86	26,495.18
Reserve for Uniform Fire Safety Act	50.00	50.00
Reserve for Storm Recovery	22,640.39	22,640.39
Reserve for Accumulated Absence	44,797.80	41,477.54
Reserve for COAH Fees	15,727.11	19,757.92
Reserve for Encumbrances	1,183.33	2,299.00
	<u>1,525,689.69</u>	<u>1,037,277.30</u>
	<u>\$ 1,527,592.90</u>	<u>\$ 1,037,277.30</u>

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

TOWNSHIP OF WATERFORD
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash--Chief Financial Officer	\$ 966,410.16	\$ 877,575.92
Deferred Charges to Future Taxation:		
Funded	6,760,000.00	7,575,000.00
Unfunded	5,828,400.00	4,828,775.00
Due from NJ Department of Transportation	164,351.36	262,499.90
Due from Current Fund	1,150,878.17	1,147,827.02
	<u>\$ 14,870,039.69</u>	<u>\$ 14,691,677.84</u>
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
General Serial Bonds	\$ 3,870,000.00	\$ 4,520,000.00
Bond Anticipation Notes	4,348,000.00	3,652,375.00
Camden County Improvement Authority Loan	2,890,000.00	3,055,000.00
Improvement Authorizations:		
Funded	343,815.86	406,942.53
Unfunded	2,415,311.03	1,736,466.38
Due to Water & Sewer Utility Capital Fund	75,289.50	75,000.00
Contracts Payable	470,575.86	892,806.50
Reserve for Encumbrances	279,004.71	137,327.98
Reserve for Payment of Debt	112,828.05	157,828.05
Reserve for Capital Acquisition	20,000.00	20,000.00
Capital Improvement Fund	21,501.70	31,001.70
Fund Balance	23,712.98	6,929.70
	<u>\$ 14,870,039.69</u>	<u>\$ 14,691,677.84</u>

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

TOWNSHIP OF WATERFORD
WATER & SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Operating Fund:		
Cash--Chief Financial Officer	\$ 1,798,688.11	\$ 1,443,465.96
Cash--Collector	9,204.37	5,631.56
Cash--Change Fund	100.00	100.00
	<u>1,807,992.48</u>	<u>1,449,197.52</u>
Receivables with Full Reserves:		
Consumer Liens Receivable	12,771.22	11,560.34
Consumer Accounts Receivable	102,863.48	123,657.94
	<u>115,634.70</u>	<u>135,218.28</u>
Total Operating Fund	<u>1,923,627.18</u>	<u>1,584,415.80</u>
Capital Fund:		
Cash--Chief Financial Officer	576,960.35	672,060.61
Fixed Capital	13,138,079.85	13,138,079.85
Due from Water & Sewer Utility Operating Fund	16,749.39	12,000.00
Due from General Capital Fund	75,289.50	75,000.00
Fixed Capital Authorized and Uncompleted	3,662,522.04	3,662,522.04
	<u>17,469,601.13</u>	<u>17,559,662.50</u>
Total Capital Fund	<u>17,469,601.13</u>	<u>17,559,662.50</u>
	<u>\$ 19,393,228.31</u>	<u>\$ 19,144,078.30</u>

(Continued)

TOWNSHIP OF WATERFORD
WATER & SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2023 and 2022

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2023</u>	<u>2022</u>
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 331,347.36	\$ 305,399.14
Reserve for Encumbrances	31,966.53	13,650.10
Accounts Payable	2,000.00	2,741.50
Water and Sewer Rent Overpayments	5,155.01	1,571.53
Accrued Interest on Bonds, Loans and Notes	14,511.79	16,840.71
Due to Water & Sewer Utility Capital Fund	16,749.39	12,000.00
Due to Current Fund	263,254.64	340,130.73
Reserve for Escrow Deposits	13,204.30	13,204.30
	<u>678,189.02</u>	<u>705,538.01</u>
Reserve for Receivables	115,634.70	135,218.28
Fund Balance	<u>1,129,803.46</u>	<u>743,659.51</u>
Total Operating Fund	<u>1,923,627.18</u>	<u>1,584,415.80</u>
Capital Fund:		
Serial Bonds	1,136,000.00	1,371,000.00
USDA Loans	2,315,361.97	2,353,483.47
Improvement Authorizations Funded	188,032.82	543,954.91
Improvement Authorizations Unfunded	83,700.00	83,700.00
Bond Anticipation Notes	75,000.00	75,000.00
Reserve for Amortization	13,223,239.92	12,950,118.42
Deferred Reserve for Amortization	42,300.00	42,300.00
Contracts Payable	357,557.00	76,012.87
Reserve for Encumbrances	38.62	22,011.53
Capital Improvement Fund	47,700.00	41,700.00
Reserve for Payment of Debt	286.43	286.43
Fund Balance	<u>384.37</u>	<u>94.87</u>
Total Capital Fund	<u>17,469,601.13</u>	<u>17,559,662.50</u>
	<u>\$ 19,393,228.31</u>	<u>\$ 19,144,078.30</u>

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

TOWNSHIP OF WATERFORD
WATER & SEWER UTILITY FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis
For the Years Ended December 31, 2023 and 2022

<u>Revenue and Other</u> <u>Income Realized</u>	<u>2023</u>	<u>2022</u>
Fund Balance Realized	\$ 290,198.00	\$ 281,775.00
Water and Sewer Rents	1,259,743.44	1,193,045.56
Miscellaneous	65,422.32	21,147.53
Non Budget Revenue	105,162.49	34,056.89
Cancellation of Water and Sewer Overpayments	4,823.57	
Cancellation of Accounts Payable	741.50	
Unexpended Balance of Appropriation Reserves	<u>276,758.31</u>	<u>167,169.93</u>
Total Income	<u>2,002,849.63</u>	<u>1,697,194.91</u>
<u>Expenditures</u>		
Operating	890,000.00	870,550.00
Capital Improvements	6,000.00	6,000.00
Debt Service	371,809.68	400,897.45
Deferred Charges and Statutory Expenditures	<u>58,698.00</u>	<u>34,745.00</u>
Total Expenditures	<u>1,326,507.68</u>	<u>1,312,192.45</u>
Statutory Excess to Fund Balance	<u>676,341.95</u>	<u>385,002.46</u>
<u>Fund Balance</u>		
Balance Jan. 1	<u>743,659.51</u>	<u>640,432.05</u>
	1,420,001.46	1,025,434.51
Utilized as Revenue:		
Water & Sewer Operating Budget	<u>290,198.00</u>	<u>281,775.00</u>
Balance Dec. 31	<u>\$ 1,129,803.46</u>	<u>\$ 743,659.51</u>

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

TOWNSHIP OF WATERFORD
Notes to Financial Statements
For the Year Ended December 31, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Waterford (hereafter referred to as the "Township") was incorporated as a Township in 1798 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2020 census is 10,421.

The form of Government is known as a Township pursuant to N.J.S.A. 40A:63-1 et seq. The government consists of five Committee Members who are elected at large to three year staggered terms. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Under statute, the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor. The implementation of the policies of the governing body and the day-to-day operations are handled by the Administration.

Component Units - The financial statements of the component unit of the Township is not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Waterford Township Free Public Library
386 White Horse Pike
Waterford, New Jersey 08004

Annual financial reports may be inspected directly at the office of the component unit during regular business hours.

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

In accordance with the *Requirements*, the Township 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

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

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

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

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

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

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.

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

Cash, Cash Equivalents and Investments (Cont'd) - The cash management plan adopted by the Township 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.

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 Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

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

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

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

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

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

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 Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Waterford School District. Operations is charged for the full amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2022 and decreased by the amount deferred at December 31, 2023.

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

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Waterford Township Free Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

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

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

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

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

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 Township 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 Township, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Township.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled 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 Township's bank balances of \$14,485,457.28 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 13,483,267.93
Uninsured and Uncollateralized	<u>1,002,189.35</u>
Total	<u>\$ 14,485,457.28</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$ 4.297</u>	<u>\$ 4.106</u>	<u>\$ 4.086</u>	<u>\$ 4.066</u>	<u>\$ 4.004</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.185	\$ 1.100	\$ 1.100	\$ 1.101	\$ 1.101
Municipal Library	.046	.041	.038	.037	.036
County	.912	.874	.883	.862	.867
County Open Space	.028	.024	.023	.022	.022
Local School	2.126	2.067	2.042	2.044	1.978

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2023	\$ 708,649,972.00
2022	707,842,182.00
2021	707,639,000.00
2020	706,870,300.00
2019	707,475,300.00

Note 3: PROPERTY TAXES (CONT'D)

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2023	\$ 30,497,832.25	\$ 29,937,060.95	98.16%
2022	29,109,336.48	28,568,311.42	98.14%
2021	28,977,033.62	28,404,540.86	98.02%
2020	28,799,709.11	28,156,111.77	97.77%
2019	28,360,319.58	27,640,887.84	97.46%

Delinquent Taxes and Tax Title Liens

	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	\$ 521,068.54	\$ 481,107.79	\$ 1,002,176.33	3.29%
2022	528,156.06	411,845.81	940,001.87	3.23%
2021	523,097.75	454,575.86	977,673.61	3.37%
2020	603,578.48	569,801.32	1,173,379.80	4.07%
2019	572,516.77	601,898.97	1,174,415.74	4.14%

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	38
2022	38
2021	39
2020	38
2019	37

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	\$ 1,111,000.00
2022	1,111,000.00
2021	1,111,000.00
2020	1,058,900.00
2019	1,018,900.00

Note 5: WATER/SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of water/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	\$ 123,657.94	\$ 11,560.34	\$ 1,241,215.04	\$ 1,376,433.32	\$ 1,259,743.44
2022	78,479.46	11,907.22	1,240,811.90	1,331,198.58	1,193,045.56
2021	63,775.46	12,120.88	1,229,458.03	1,305,354.37	1,213,120.99
2020	36,444.68	11,688.88	1,219,509.09	1,267,642.65	1,191,358.97
2019	34,957.00	11,733.65	1,211,403.88	1,258,094.53	1,208,048.96

Note 6: LEASES RECEIVABLE

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

Cell Towers Lease - On November 8, 2016, the Township entered into a five-year lease agreement, with four optional, additional five-year terms, with Valore LLC for the lease of cell towers with an incremental borrowing rate of 2.00%. Based on this agreement, the Township is receiving payments of \$14,400.00, compounded annually at 3.00%, on a monthly basis through November 8, 2026.

Under the provisions of GASB 87, as of December 31, 2023, the balance of the lease's receivable is \$65,066.24. As a result of the regulatory basis of accounting previously described in note 1, such balance is not recorded on the Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund.

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

<u>Lease Description</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Cell Towers	\$ 65,066.24	\$ 55,885.50	\$ 2,569.90

Under the provisions of GASB 87, for the year ended December 31, 2023, the Township would have recognized \$15,349.69 in a reduction of lease receivable and \$1,469.06 in interest revenue related to the leases. In addition, \$14,902.80 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 \$16,818.75 were reported as revenue in the current fund.

Note 7: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2023	\$ 3,010,442.85	\$ 1,000,000.00	33.22%
2022	2,079,221.51	1,316,733.14	63.33%
2021	2,759,569.03	1,491,500.00	54.05%
2020	1,614,187.39	1,000,000.00	61.95%
2019	1,541,464.09	1,000,000.00	64.87%

Water and Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2023	\$ 1,129,803.46	\$ 422,540.00	37.40%
2022	743,659.51	290,198.00	39.02%
2021	640,432.05	281,775.00	44.00%
2020	498,856.97	250,000.00	50.11%
2019	348,489.40	250,000.00	71.74%

Note 8: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2023:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 589,328.21	\$ 1,150,878.17
Trust Other		326,073.57
General Capital	1,150,878.17	75,289.50
Water/Sewer Utility - Operating		280,004.03
Water/Sewer Utility - Capital	92,038.89	
	<u>\$ 1,832,245.27</u>	<u>\$ 1,832,245.27</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 Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 9: PENSION PLANS

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, certain Township employees may be eligible to 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. As a local participation employer of these pension plans, the Township is referred to as "Employer" throughout this note. 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, and disability benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Employer, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, and disability benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Employer. 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 state or local officials who are elected or appointed on or after July 1, 2007; employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

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

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

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

Contributions

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

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

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 19.75% of the Employer'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, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$302,397.00, and is payable by April 1, 2024. 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, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$283,870.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$115,058.88.

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

Public Employees' Retirement System (Cont'd) - The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the year ended December 31, 2023 was .67% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$10,220.00. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$7,148.00.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 37.13% of the Employer'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, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$717,087.00, and is payable by April 1, 2024. 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, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$714,639.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$198,991.16.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, for the year ended December 31, 2023 was 6.49% of the Employer's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$125,417.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$139,356.00, which was paid on April 1, 2023.

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

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 Employer contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2023, there were no employee and employer payments.

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, 2023, 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 Employer's proportionate share of the PERS net pension liability was \$3,277,173.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer'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, 2023 measurement date, the Employer's proportion was .0226255767%, which was an increase of .0001149352% from its proportion measured as of June 30, 2022.

Pension (Benefit) Expense - For the year ended December 31, 2023, the Employer's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was (\$45,146.00). This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PERS was \$283,870.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PERS pension (benefit) expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 measurement date, was \$10,220.00. This on-behalf (benefit) expense is not recognized by the Employer 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)****Police and Firemen's Retirement System**

Pension Liability - As of December 31, 2023, the Employer's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 5,951,722.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	<u>1,096,674.00</u>
	<u>\$ 7,048,396.00</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer'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, 2023 measurement date, the Employer's proportion was .0538676700%, which was a decrease of .0010811700% from its proportion measured as of June 30, 2022. Likewise, at June 30, 2023, the State of New Jersey's proportion, on-behalf of the Employer, was .0538675600%, which was a decrease of .0010811600% from its proportion, on-behalf of the Employer, measured as of June 30, 2022.

Pension (Benefit) Expense - For the year ended December 31, 2023, the Employer's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was \$453,265.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PFRS was \$714,639.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Employer, calculated by the Plan as of the June 30, 2023 measurement date, was \$124,744.00. This on-behalf (benefit) expense is not recognized by the Employer 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, 2023, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 31,334.00	\$ 254,841.00	\$ 286,175.00	\$ 13,396.00	\$ 283,844.00	\$ 297,240.00
Changes of Assumptions	7,199.00	12,846.00	20,045.00	198,611.00	401,884.00	600,495.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	15,092.00	303,110.00	318,202.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	574,620.00	327,141.00	901,761.00	436,823.00	269,783.00	706,606.00
Contributions Subsequent to the Measurement Date	151,199.00	358,544.00	509,743.00	-	-	-
	<u>\$ 779,444.00</u>	<u>\$ 1,256,482.00</u>	<u>\$ 2,035,926.00</u>	<u>\$ 648,830.00</u>	<u>\$ 955,511.00</u>	<u>\$ 1,604,341.00</u>

Deferred outflows of resources in the amounts of \$151,199.00 and \$358,544.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2024. These amounts were based on an estimated April 1, 2025 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2023 to the Employer's year end of December 31, 2023.

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)**

The Employer 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, 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	-
June 30, 2023	5.08	-	6.16	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
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, 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	-
June 30, 2023	5.00	-	5.00	-
Changes in Proportion				
Year of Pension Plan Deferral:				
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
June 30, 2023	5.08	5.08	6.16	6.16

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:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2024	\$ (239,943.00)	\$ (177,984.00)	\$ (417,927.00)
2025	(71,187.00)	(173,566.00)	(244,753.00)
2026	302,904.00	322,870.00	625,774.00
2027	(13,071.00)	(24,451.00)	(37,522.00)
2028	712.00	(2,198.00)	(1,486.00)
Thereafter	-	(2,244.00)	(2,244.00)
	<u>\$ (20,585.00)</u>	<u>\$ (57,573.00)</u>	<u>\$ (78,158.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

Note 9: PENSION 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, 2023) 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, 2023 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

For both PERS and PFRS, the discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 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 Employer's proportionate share of the net pension liability as of the June 30, 2023 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ 4,266,182.00	\$ 3,277,173.00	\$ 2,435,396.00

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 Employer's annual required contribution. As such, the net pension liability as of the June 30, 2023 measurement date, for the Employer and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ 8,292,682.00	\$ 5,951,722.00	\$ 4,002,261.00
State of New Jersey's Proportionate Share of Net Pension Liability	1,528,023.00	1,096,674.00	737,463.00
	<u>\$ 9,820,705.00</u>	<u>\$ 7,048,396.00</u>	<u>\$ 4,739,724.00</u>

Note 9: PENSION PLANS (CONT'D)**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.

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)

	Measurement Date Ended June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the Net Pension Liability	0.0226255767%	0.0225106415%	0.0176683574%	0.0210283004%	0.0236474467%
Proportionate Share of the Net Pension Liability	\$ 3,277,173.00	\$ 3,397,166.00	\$ 2,093,082.00	\$ 3,429,166.00	\$ 4,260,911.00
Covered Payroll (Plan Measurement Period)	\$ 1,629,624.00	\$ 1,659,016.00	\$ 1,294,804.00	\$ 1,510,248.00	\$ 1,680,452.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	201.10%	204.77%	161.65%	227.06%	253.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%
	Measurement Date Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the Net Pension Liability	0.0232440299%	0.0213794553%	0.0196803029%	0.0195117825%	0.0211891140%
Proportionate Share of the Net Pension Liability	\$ 4,576,634.00	\$ 5,046,631.00	\$ 5,828,741.00	\$ 4,380,004.00	\$ 3,967,182.00
Covered Payroll (Plan Measurement Period)	\$ 1,610,300.00	\$ 1,402,724.00	\$ 1,327,336.00	\$ 1,323,212.00	\$ 1,368,748.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	284.21%	359.77%	439.13%	331.01%	289.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

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

	Year Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 302,397.00	\$ 283,870.00	\$ 206,917.00	\$ 230,039.00	\$ 230,020.00
Contribution in Relation to the Contractually Required Contribution	(302,397.00)	(283,870.00)	(206,917.00)	(230,039.00)	(230,020.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 1,530,778.00	\$ 1,626,780.00	\$ 1,605,903.00	\$ 1,339,971.00	\$ 1,480,467.00
Contributions as a Percentage of Covered Payroll	19.75%	17.45%	12.88%	17.17%	15.54%
	Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 231,203.00	\$ 200,837.00	\$ 174,837.00	\$ 167,749.00	\$ 174,680.00
Contribution in Relation to the Contractually Required Contribution	(231,203.00)	(200,837.00)	(174,837.00)	(167,749.00)	(174,680.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 1,611,276.00	\$ 1,639,265.00	\$ 1,443,710.00	\$ 1,330,866.00	\$ 1,467,675.00
Contributions as a Percentage of Covered Payroll	14.35%	12.25%	12.11%	12.60%	11.90%

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

	Measurement Date Ended June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the Net Pension Liability	0.0538676700%	0.0549488400%	0.0532847718%	0.0552526946%	0.0518140293%
Proportionate Share of the Net Pension Liability	\$ 5,951,722.00	\$ 6,289,640.00	\$ 3,894,665.00	\$ 7,139,377.00	\$ 6,340,907.00
State's Proportionate Share of the Net Pension Liability	1,096,674.00	1,119,372.00	1,095,374.00	1,107,999.00	1,001,241.00
Total	<u>\$ 7,048,396.00</u>	<u>\$ 7,409,012.00</u>	<u>\$ 4,990,039.00</u>	<u>\$ 8,247,376.00</u>	<u>\$ 7,342,148.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,962,456.00	\$ 1,958,128.00	\$ 1,867,904.00	\$ 1,906,488.00	\$ 1,792,536.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	303.28%	321.21%	208.50%	374.48%	353.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.16%	68.33%	77.26%	63.52%	65.00%
	Measurement Date Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the Net Pension Liability	0.0519910384%	0.0482362821%	0.0505093213%	0.0552903406%	0.0495153387%
Proportionate Share of the Net Pension Liability	\$ 7,035,245.00	\$ 7,446,749.00	\$ 9,648,572.00	\$ 9,209,443.00	\$ 6,228,570.00
State's Proportionate Share of the Net Pension Liability	955,622.00	834,099.00	810,241.00	807,637.00	670,712.00
Total	<u>\$ 7,990,867.00</u>	<u>\$ 8,280,848.00</u>	<u>\$ 10,458,813.00</u>	<u>\$ 10,017,080.00</u>	<u>\$ 6,899,282.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,724,828.00	\$ 1,561,396.00	\$ 1,651,524.00	\$ 1,715,940.00	\$ 1,563,936.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	476.93%	584.22%	536.70%	398.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%	56.31%	62.41%

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

	Year Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 717,087.00	\$ 714,639.00	\$ 621,015.00	\$ 617,267.00	\$ 523,379.00
Contribution in Relation to the Contractually Required Contribution	(717,087.00)	(714,639.00)	(621,015.00)	(617,267.00)	(523,379.00)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 1,931,106.00	\$ 1,941,174.00	\$ 1,950,628.00	\$ 1,873,740.00	\$ 1,830,960.40
Contributions as a Percentage of Covered Payroll	37.13%	36.81%	31.84%	32.94%	28.58%
	Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 508,289.00	\$ 426,900.00	\$ 411,823.00	\$ 449,428.00	\$ 380,312.00
Contribution in Relation to the Contractually Required Contribution	(508,289.00)	(426,900.00)	(411,823.00)	(449,428.00)	(380,312.00)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 1,765,029.00	\$ 1,747,746.00	\$ 1,622,019.00	\$ 1,593,421.00	\$ 1,674,608.00
Contributions as a Percentage of Covered Payroll	28.80%	24.43%	25.39%	28.21%	22.71%

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

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

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>
2023	7.00%	2018	5.66%	2023	7.00%	2018	7.00%
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%

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

The June 30, 2023 measurement date include the following plan amendment: Chapter 92, P.L. 2023 establishing an extension of the previous plan amendment Chapter 52, P.L. 2021, allowing members enrolled between January 18, 2000 and April 19, 2021 to retire prior to age 55 if they have attained 20 years of creditable service and retire by May 1, 2026.

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>
2023	7.00%	2018	6.51%	2023	7.00%	2018	7.00%
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%

Note 10: ON-BEHALF PAYMENTS FOR PENSION COSTS

Certain Waterford Township Free Public Library employees are members of the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The Library participates in PERS as part of the Township of Waterford. The Township does not require the Library to pay any portion of required employer contributions.

Payments made by the Township of Waterford, on-behalf of the Library, for the Library's share of employer contributions during the year ended December 31, 2023 totaled \$18,347.14. Due to the basis of accounting described in note 1, revenues and expenses for this on-behalf payment have not been recorded in the financial statements of the Library.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the State Health Benefit Local Government Retired Employees Plan**

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

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.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

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

The Employer was billed monthly by the Plan and paid \$456,456.71, for the year ended December 31, 2023, representing 13.19% of the Employer's covered payroll. During the year ended December 31, 2023, retirees were not required to contribute to the Plan.

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

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Employer, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the Employer, is (\$64,264.00) for the year ended December 31, 2023, representing (1.86%) of the Employer's covered payroll.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2023, the Employer's and State's proportionate share of the net OPEB liability were as follows:

Proportionate Share of Net OPEB Liability	\$ 12,666,870.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Employer	354,422.00
	<u>\$ 13,021,292.00</u>

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

The Employer'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, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the Employer's proportion was .084409%, which was an increase of .011000% from its proportion measured as of the June 30, 2022 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Employer was based on the ratio of the Plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the State's proportion on-behalf of the Employer was .010158%, which was a decrease of .002007% from its proportion measured as of the June 30, 2022 measurement date.

OPEB (Benefit) Expense - At December 31, 2023, the Employer's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date, is \$364,090.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer made contributions to the Plan totaling \$456,456.71.

Note 11: 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 - At December 31, 2023, the Employer had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 584,131.00	\$ 3,439,908.00
Changes of Assumptions	1,640,835.00	3,580,519.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	2,090.00
Changes in Proportion	5,313,678.00	509,739.00
Contributions Subsequent to the Measurement Date	228,105.96	-
	<u>\$ 7,766,749.96</u>	<u>\$ 7,532,256.00</u>

Deferred outflows of resources in the amount of \$228,105.96 will be included as a reduction of the Employer's net OPEB liability during the year ending December 31, 2024. The Employer will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	-
June 30, 2023	-	7.89	June 30, 2023	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
June 30, 2023	7.89	-	June 30, 2023	7.89	7.89

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

Year Ending Dec. 31,	
2024	\$ (665,994.00)
2025	(344,054.00)
2026	204,548.00
2027	658,030.00
2028	198,502.00
Thereafter	(44,644.00)
	<u>\$ 6,388.00</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, 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

* 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.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Fiscal Year Ending	Annual Rate of Increase					
	Medical Trend			Prescription Drug Trend		
	Pre-65	PPO Post-65	HMO Post-65	Pre-65	Post-65	EGWP
2024	6.50%	-5.63%	-6.04%	14.00%	9.50%	14.28%
2025	6.25%	8.22%	8.33%	10.00%	8.75%	11.21%
2026	6.00%	16.85%	17.28%	7.50%	7.50%	7.50%
2027	5.75%	14.31%	14.65%	6.75%	6.75%	6.75%
2028	5.50%	12.43%	12.71%	6.00%	6.00%	6.00%
2029	5.25%	11.02%	11.24%	5.25%	5.25%	5.25%
2030	5.00%	9.91%	10.09%	4.50%	4.50%	4.50%
2031	4.75%	8.98%	9.14%	4.50%	4.50%	4.50%
2032	4.50%	6.46%	6.53%	4.50%	4.50%	4.50%
2033 and Later	4.50%	4.50%	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 3.65%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate Share of the Net OPEB Liability	\$ 14,672,273.00	\$ 12,666,870.00	\$ 11,053,833.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	410,534.00	354,422.00	309,289.00
	<u>\$ 15,082,807.00</u>	<u>\$ 13,021,292.00</u>	<u>\$ 11,363,122.00</u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate Share of the Net OPEB Liability	\$ 10,765,349.00	\$ 12,666,870.00	\$ 15,101,398.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>301,217.00</u>	<u>354,422.00</u>	<u>422,541.00</u>
	<u>\$ 11,066,566.00</u>	<u>\$ 13,021,292.00</u>	<u>\$ 15,523,939.00</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 11: 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 Seven Plan Years)

	Measurement Date Ended June 30,			
	<u>2023</u>	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>
Proportion of the Net OPEB Liability	0.084409%	0.073409%	0.073357%	0.048777%
Proportionate Share of the Net OPEB Liability	\$ 12,666,870.00	\$ 11,855,257.00	\$ 13,204,100.00	\$ 8,753,775.00
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	354,422.00	410,424.00	462,243.00	5,396,209.00
Total	<u>\$ 13,021,292.00</u>	<u>\$ 12,265,681.00</u>	<u>\$ 13,666,343.00</u>	<u>\$ 14,149,984.00</u>
Covered Payroll (Plan Measurement Period)	\$ 3,500,002.00	\$ 3,527,797.00	\$ 3,289,680.00	\$ 3,108,326.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	361.91%	336.05%	401.38%	281.62%
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%	0.91%
	Measurement Date Ended June 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Proportion of the Net OPEB Liability	0.046058%	0.050639%	0.050879%	
Proportionate Share of the Net OPEB Liability	\$ 6,239,050.00	\$ 7,933,475.00	\$ 10,387,371.00	
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	4,633,812.00	5,248,151.00	7,185,020.00	
Total	<u>\$ 10,872,862.00</u>	<u>\$ 13,181,626.00</u>	<u>\$ 17,572,391.00</u>	
Covered Payroll (Plan Measurement Period)	\$ 3,279,756.00	\$ 3,327,165.00	\$ 3,174,773.00	
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	190.23%	238.45%	327.18%	
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 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)*****Schedule of Contributions (Last Seven Years)***

	Year Ended December 31,			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Required Contributions	\$ 456,456.71	\$ 396,148.62	\$ 336,791.05	\$ 302,165.71
Actual Contributions in Relation to the Required Contribution	<u>(456,456.71)</u>	<u>(396,148.62)</u>	<u>(336,791.05)</u>	<u>(302,165.71)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 3,461,884.00	\$ 3,473,022.00	\$ 3,462,472.00	\$ 3,417,875.00
Contributions as a Percentage of Covered Payroll	13.19%	11.41%	9.73%	8.84%
	Year Ended December 31,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Required Contributions	\$ 319,820.28	\$ 536,123.26	\$ 561,021.59	
Actual Contributions in Relation to the Required Contribution	<u>(319,820.28)</u>	<u>(536,123.26)</u>	<u>(561,021.59)</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered Payroll (Calendar Year)	\$ 3,217,070.00	\$ 3,307,734.00	\$ 3,290,100.00	
Contributions as a Percentage of Covered Payroll	9.94%	16.21%	17.05%	

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, 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>
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%
2020	2.21%		

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

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and update.

There were no changes to mortality projections.

Note 12: COMPENSATED ABSENCES**Police Officers**

Vacation Time - All full-time police officers are entitled to vacation time varying from 120 working hours per year in the first year of employment to 360 working hours per year after completing 20 years of service plus 12 hours for each year over 20 years. Vacation time can be carried forward for a period of one year only.

Sick time - All police officers are entitled to 120 paid sick hours per year. Sick hours not taken may accrue and be carried forward. For officers hired prior to January 1, 2013 this amount may not exceed 720 hours. Officers hired after January 1, 2013 may carry forward up to 420 sick hours. Hours earned and not taken which exceed the maximum are paid currently.

Compensatory time - All police officers are entitled to accumulate compensatory time in lieu of overtime in an amount not to exceed 200 hours.

Other Personnel

Vacation time - Full-time Township employees with at least one year of service are entitled to 11 to 31 vacation days per year depending on length of service. Unused vacation days not used during the year may be accumulated and carried forward for one year. Vacation days not used in the following year are not accumulated. Employees whose employment has terminated with the Township are entitled to be paid for unused vacation time from the current year and one-year prior.

Sick time - Full-time employees are entitled to fifteen paid sick leave days each year.

Compensatory time - Employees have the option of taking compensatory time in lieu of cash payments for overtime. The employee may carry up to 40 hours of compensatory time to the following year. Compensatory time over 40 hours at December 31 are paid to the employee the following January.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2023, accrued benefits for compensated absences are valued at \$869,837.57

Note 13: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 14: FINANCED PURCHASE OBLIGATIONS

The Township has entered into the following agreements which meet the requirements of financed purchases under the provisions of GASB Statement No. 87, *Leases*.

Vehicles - As of December 31, 2023, the Township is financing three (3) 2021 Dodge Chargers with a total cost of \$101,695.02. The yearly payments are variable in nature. The agreement is for a term of three (3) years with a variable interest rate. The final maturity of the financed purchase is January 25, 2024.

The Township is also financing an additional three (3) 2021 Dodge Chargers with a total cost of \$101,694.99. The yearly payments are variable in nature. The agreement is for a term of three (3) years with a variable interest rate. The final maturity of the financed purchase is May 28, 2024.

The following is an analysis of the financed purchase obligation liability at December 31, 2023:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2023</u>	<u>2022</u>
Vehicles	<u>\$ 18,170.94</u>	<u>\$ 88,443.49</u>

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	<u>\$ 18,170.94</u>	<u>\$ 248.16</u>	<u>\$ 18,419.10</u>

Under the provisions of GASB 87, for the year ended December 31, 2023, the Township would have reported assets in the amount of \$203,390.01 and a financed purchase obligation in the amount of \$18,170.94. In addition, for the year ended December 31, 2023, the Township would have recognized a reduction of the financed purchase obligation of \$70,272.55 and interest expense of \$3,403.85.

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 Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund, instead, the annual payment of the financed purchase obligation of \$70,272.55 were 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 15: CAPITAL DEBT**General Improvement Bonds**

Water/Sewer Improvement Bonds, Series 2010 - On June 10, 2010, the Township issued \$636,000.00 of water/sewer improvement bonds, with interest rates ranging from 3.000% to 3.750%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 2005-12, 2005-16, 2005-17, 2007-13, 2007-17, 2008-02, 2008-03, 2008-09 and 2009-14. The final maturity of the bonds is July 15, 2024.

General and Water/Sewer Improvement Bonds, Series 2015 - On September 16, 2015, the Township issued \$3,724,000.00 in general improvement bonds and \$1,286,000.00 of water/sewer improvement bonds, with interest rates ranging from 2.000% to 3.000%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 2005-112, 2005-16, 2005-17, 2007-13, 2007-17, 2008-02, 2008-03, 2008-09 and 2009-14. The final maturity of the bonds is May 15, 2030.

General and Water/Sewer Improvement Bonds, Series 2020 - On October 29, 2020, the Township issued \$3,003,000.00 in general improvement bonds and \$435,000.00 of water/sewer improvement bonds, with interest rates ranging from 1.000% to 2.000%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 2016-02, 2016-12, 2016-14, 2017-18, 2017-19, 2018-06, 2018-20, 2020-07 and 2020-08. The final maturity of the bonds is November 15, 2031.

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

<u>Year</u>	<u>General</u>		<u>Water/Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 655,000.00	\$ 74,987.51	\$ 246,000.00	\$ 28,200.00	\$ 1,004,187.51
2025	660,000.00	62,962.51	140,000.00	21,325.00	884,287.51
2026	665,000.00	49,150.00	140,000.00	18,000.00	872,150.00
2027	670,000.00	34,450.00	140,000.00	14,500.00	858,950.00
2028	305,000.00	24,400.00	140,000.00	10,900.00	480,300.00
2029-2031	915,000.00	36,600.00	330,000.00	11,300.00	1,292,900.00
	<u>\$ 3,870,000.00</u>	<u>\$ 282,550.02</u>	<u>\$ 1,136,000.00</u>	<u>\$ 104,225.00</u>	<u>\$ 5,392,775.02</u>

Note 15: CAPITAL DEBT (CONT'D)**General Debt - Camden County Improvement Authority Loans**

On April 14, 2016, the Township entered into a loan agreement with the Camden County Improvement Authority to provide \$3,750,000.00, at interest rates varying from 3.00% to 5.00%. The proceeds were used to fund the construction of a public safety building. Annual debt payments are due March 15th with a final maturity of March 15, 2036.

The following schedule represents the remaining debt service, through maturity, for the Camden County Improvement Loans:

General			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,000.00	\$ 105,272.50	\$ 275,272.50
2025	180,000.00	98,222.50	278,222.50
2026	190,000.00	88,972.50	278,972.50
2027	200,000.00	79,222.50	279,222.50
2028	210,000.00	68,972.50	278,972.50
2029-2033	1,150,000.00	231,510.66	1,381,510.66
2034-2036	790,000.00	41,840.63	831,840.63
	<u>\$ 2,890,000.00</u>	<u>\$ 714,013.79</u>	<u>\$ 3,604,013.79</u>

General Debt – USDA Loan

On November 1, 2019, the Township entered into a loan agreement with the United States Department of Agriculture to provide \$2,479,000.00, at an interest rate 2.75%. The proceeds were used to fund various water/sewer utility projects. Debt payments are due May 15th and November 15th with a final the maturity on May 15, 2059.

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

Water/Sewer Utility			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 39,177.05	\$ 63,404.95	\$ 102,582.00
2025	40,261.83	62,320.17	102,582.00
2026	41,376.64	61,205.36	102,582.00
2027	42,522.32	60,059.68	102,582.00
2028	43,699.72	58,882.28	102,582.00
2029-2033	237,332.83	275,577.17	512,910.00
2034-2038	272,061.10	240,848.90	512,910.00
2039-2043	311,871.11	201,038.89	512,910.00
2044-2048	357,506.39	155,403.61	512,910.00
2049-2053	409,819.37	103,090.63	512,910.00
2054-2058	469,787.17	43,122.83	512,910.00
2059	49,646.44	686.76	50,333.20
	<u>\$ 2,315,061.97</u>	<u>\$ 1,325,641.23</u>	<u>\$ 3,640,703.20</u>

Note 15: CAPITAL DEBT (CONT'D)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 11,108,000.00	\$ 11,227,375.00	\$ 11,356,911.13
Water/Sewer Utility:			
Bonds and Notes	<u>3,526,361.97</u>	<u>3,799,483.47</u>	<u>4,104,747.45</u>
Total Issued	<u>14,634,361.97</u>	<u>15,026,858.47</u>	<u>15,461,658.58</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,480,400.00	1,176,400.00	376,400.00
Water/Sewer Utility:			
Bonds and Notes	<u>8,700.00</u>	<u>8,700.00</u>	<u>8,700.00</u>
Total Authorized but not Issued	<u>1,489,100.00</u>	<u>1,185,100.00</u>	<u>385,100.00</u>
Total Issued and Authorized but not Issued	<u>16,123,461.97</u>	<u>16,211,958.47</u>	<u>15,846,758.58</u>
<u>Deductions</u>			
Funds Temporarily Held to Pay Debt	112,828.05	157,828.05	157,828.05
Self-Liquidating	<u>3,535,061.97</u>	<u>3,808,183.47</u>	<u>4,113,447.45</u>
Total Deductions	<u>3,647,890.02</u>	<u>3,966,011.52</u>	<u>4,271,275.50</u>
Net Debt	<u>\$ 12,475,571.95</u>	<u>\$ 12,245,946.95</u>	<u>\$ 11,575,483.08</u>

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.282%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water/Sewer Utility	\$ 3,535,061.97	\$ 3,535,061.97	
General	<u>12,588,400.00</u>	<u>112,828.05</u>	\$ 12,475,571.95
	<u>\$ 16,123,461.97</u>	<u>\$ 3,647,890.02</u>	<u>\$ 12,475,571.95</u>

Net debt \$12,475,571.95 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$972,932,961.33, equals 1.282%.

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)	\$	34,052,653.65
Less: Net Debt		<u>12,475,571.95</u>
Remaining Borrowing Power	\$	<u>21,577,081.70</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		\$	1,720,526.25
Deductions:			
Operating and Maintenance Costs	\$	948,698.00	
Debt Service		<u>372,188.57</u>	
Total Deductions			<u>1,320,886.57</u>
Excess in Revenue		\$	<u>399,639.68</u>

The forgoing information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Note 16: SCHOOL TAXES

The Waterford Township Local School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Balance December 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance of Tax	\$ 7,533,663.71	\$ 7,314,235.19
Deferred	<u>4,200,000.00</u>	<u>4,200,000.00</u>
	<u>\$ 3,333,663.71</u>	<u>\$ 3,114,235.19</u>

Note 17: RISK MANAGEMENT

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

Joint Insurance Pool - The Township of Waterford is a member of the Atlantic County Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

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

Note 17: RISK MANAGEMENT (CONT'D)

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

Public Employee Dishonesty
Workers' Compensation
Employer's Liability
Public Officials Liability
Employment Practices Liability
Property - Blanket Building and Grounds
Boiler and Machinery
General and Automobile Liability
Crime and Excess Crime

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

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

Atlantic County Municipal Joint Insurance Fund
P.O. Box 488
Marlton, New Jersey 08053

Note 18: CONTINGENCIES

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

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

Note 19: CONCENTRATIONS

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

Note 20: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Date Adopted</u>	<u>Authorization</u>
Bonds & Notes:		
General Capital:		
Acquisition of Equipment and Various Improvements in and for the Township of Waterford	08-14-24	\$ 1,397,011.00
Water & Sewer Capital:		
Various Improvements to Sewer Utility System	04-24-24	1,100,000.00
Acquisition of Equipment and Various Improvements in and for the Township of Waterford	08-14-24	1,235,000.00

APPENDIX C

FORM OF BOND COUNSEL OPINION



May 29, 2025

Mayor and Township Committee
of the Township of Waterford
Municipal Building
2131 Auburn Avenue
Atco, New Jersey

RE: \$6,630,000 TOWNSHIP OF WATERFORD, COUNTY OF CAMDEN, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2025

Mayor and Township Committee Members:

We have served as Bond Counsel to the Township of Waterford, County of Camden, New Jersey ("Township") in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds"). The Bonds consist of: (i) \$5,445,000 General Improvement Bonds; and (ii) \$1,185,000 Water & Sewer Utility Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Township Committee and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Committee on April 9, 2025 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 15, 2025 ("Award Certificate").

The Bonds are dated their date of delivery, mature on March 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on March 1 and September 1, commencing March 1, 2026, in each year until maturity or earlier redemption.

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water & Sewer Utility Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>
2026	\$250,000	\$70,000	\$320,000	3.00%
2027	250,000	85,000	335,000	5.00
2028	485,000	85,000	570,000	5.00
2029	490,000	90,000	580,000	5.00
2030	495,000	95,000	590,000	5.00
2031	495,000	95,000	590,000	5.00
2032	495,000	100,000	595,000	5.00
2033	495,000	105,000	600,000	4.00
2034	495,000	105,000	600,000	4.00
2035	495,000	110,000	605,000	4.00%

COUNSEL WHEN IT MATTERS.SM



<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water & Sewer Utility Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>
2036	\$500,000	\$120,000	\$620,000	4.00
2037	500,000	125,000	625,000	4.00

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

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

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

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

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

1. The Bonds are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
2. For the payment of principal of and interest on the Bonds, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of



certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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

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

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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section



265(b)(3) of the Code. The Township has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this 29th day of May, 2025, between the Township of Waterford, County of Camden, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its General Obligation Bonds, Series 2025, in the principal amount of \$6,630,000 ("Bonds"). The Bonds consist of: (i) \$5,445,000 principal amount of General Improvement Bonds; and (ii) \$1,185,000 principal amount of Water & Sewer Utility Bonds.

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

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

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Township, dated May 15, 2025, relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2024). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the Township's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report; and (ii) certain financial information and operating data of the Township consisting of Township indebtedness,

property valuation information, and tax rate, levy and collection data. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

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

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

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

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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

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

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

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

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

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made

and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Township:

Township of Waterford
2131 Auburn Avenue
Atco, New Jersey 08004
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors
2000 Waterview Drive, Suite 101
Hamilton, New Jersey 08691
Attention: Bryan Morris, Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

TOWNSHIP OF WATERFORD, NEW JERSEY

By: _____
DONELLE BRIGHT, Chief Financial Officer

**PHOENIX ADVISORS,
as Dissemination Agent**

By: _____
BRYAN MORRIS, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Township of Waterford, County of Camden, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2025

Date of Issuance of the Affected
Bond Issue: May 29, 2025

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated May 29, 2025, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

PHOENIX ADVISORS,
as Dissemination Agent

cc: Township of Waterford, New Jersey