

PRELIMINARY OFFICIAL STATEMENT DATED MAY 7, 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 Borough (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the Bonds and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$6,496,000*

BOROUGH OF HADDON HEIGHTS
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2025
(Book-Entry-Only) (Bank Qualified) (Callable)

Dated: Date of Delivery

Due: February 15, as shown on the inside front cover

The Borough of Haddon Heights, County of Camden, New Jersey ("Borough"), is issuing \$6,496,000* aggregate principal amount of its General Obligation Bonds, Series 2025 ("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 Borough or its hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on February 15 and August 15, commencing February 15, 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 2015:1425, as amended by 2017:1443; 2017:1441; 2019:1470; 2019:1478; 2019:1479; 2020:1486; 2021:1502; 2021:1510; 2023:1534; 2024:1540; 2024:1543; 2024:1556; 2024:1559; and 2024:1560, each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on April 15, 2025; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on May __, 2025.

The Bonds are being issued by the Borough to provide funds, along with other available funds of the Borough, that 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 Borough; (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.

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

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

The Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Howard C. Long, Jr., Esquire, of Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey has served as Municipal Advisor to the Borough 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.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON MAY 14, 2025. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET.

* Preliminary, subject to change.

\$6,496,000*
BOROUGH OF HADDON HEIGHTS,
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2025

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

<u>Year</u> <u>(Feb. 15)</u>	<u>General</u> <u>Improvement*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$326,000	%	%	
2027	525,000			
2028	540,000			
2029	555,000			
2030	650,000			
2031	650,000			
2032	650,000			
2033	650,000			
2034	650,000			
2035	650,000			
2036	650,000			

* Preliminary, subject to change.

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

**BOROUGH OF HADDON HEIGHTS
COUNTY OF CAMDEN, NEW JERSEY**

Elected Officials

Zachary Houck	Mayor
Christopher Morgan	Council President
Tom Ottoson	Councilmember
Regina Philipps	Councilmember
Matthew Pagan	Councilmember
Kate Harron	Councilmember
Chad Demore	Councilmember

**Meghan Jack
Administrator**

**Kelly Santosusso
Borough Clerk**

**Michael Mansdoerfer
Chief Financial Officer**

**Solicitor
Howard C. Long, Jr., Esquire
Wade, Long, Wood & Long, LLC
Laurel Springs, New Jersey**

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

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

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

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

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

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

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

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

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

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OFFICIAL STATEMENT
Relating to the
\$6,496,000*
BOROUGH OF HADDON HEIGHTS
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2025
(Book-Entry-Only) (Bank Qualified) (Callable)

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and the appendices attached hereto, has been prepared by the Borough of Haddon Heights, County of Camden, New Jersey ("Borough"), in connection with the issuance and sale of \$6,496,000* aggregate principal amount of its General Obligation Bonds, Series 2025 ("Bonds"). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey ("State"), as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2015:1425, as amended by 2017:1443; 2017:1441; 2019:1470; 2019:1478; 2019:1479; 2020:1486; 2021:1502; 2021:1510; 2023:1534; 2024:1540; 2024:1543; 2024:1556; 2024:1559; and 2024:1560, (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on April 15, 2025; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on May __, 2025.

The proceeds of the Bonds, along with available funds of the Borough, will be used to: (i) permanently finance the costs of various capital improvements by the repayment, at maturity, of the \$6,086,025 Bond Anticipation Notes of the Borough due May 30, 2025; (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.

* Preliminary, subject to change

Bond Ordinances

Ordinance Number	Purpose	Obligations Authorized	Notes Outstanding	Available Funds	Amount Funded with Bond Proceeds
2015:1425, as amended by 2017:1443	Purchase of Police Vehicle	\$451,250	\$32,000	\$0	\$32,000
2017:1441	Various Improvements	787,000	482,430	25	482,405
2019:1470	Improvement to Devon Avenue Tennis Courts	285,000	255,344	0	255,344
2019:1478	Repave W. High Street and Devon Avenue	50,000	41,736	0	41,736
2019:1479	Improvements to Tennis and Basketball Courts	74,480	19,790	0	19,790
2020:1486	Acquisition of and Upgrades to Various Information Technology Equipment	38,475	29,200	0	29,200
2021:1502	Capital Equipment for the Police Department	47,500	47,500	0	47,500
2021:1510	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	1,092,500	1,092,500	0	1,092,500
2023:1534	Various Roadway Improvements	88,473	88,473	0	88,473
2024:1540	Installation and Improvements of Various Sidewalks	2,135,695	901,000	0	901,000
2024:1543	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	1,795,787	1,795,787	0	1,795,787
2024:1556	Completion of Various Capital Improvements	1,015,265	1,015,265	0	1,015,265
2024:1559	Completion of Various Capital Improvements	285,000	285,000	0	285,000
2024:1560	Completion of Various Improvements for the Sanitary Sewer System	410,000	0	0	410,000
TOTAL		\$8,556,425	\$6,086,025	\$25	\$6,496,000

THE BONDS

General

The Bonds will be issued in the aggregate principal amounts as shown on the inside front cover page hereof. The Bonds will be dated their date of delivery and bear interest from that date at the rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on February 15 and August 15 (each an "Interest Payment Date"), commencing February 15, 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 February 15 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Borough, or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Borough or its hereafter designated paying agent, if any, as of the close of business on the first (1st) day of the calendar month containing 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 Borough or its hereafter designated paying agent, if any.

Redemption Provisions

The Bonds maturing on and after February 15, 2033, are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough or its hereinafter designated paying agent, if any) shall determine and within any such maturity by lot) on any date on or after February 15, 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 Borough 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 Borough. Accordingly, the Borough 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 Borough, 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 Borough, 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 Borough, 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 Borough, 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 Borough. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

NEITHER THE BOROUGH NOR ITS 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 Borough, or its Paying Agent; (ii) the transfer of the Bonds may be registered on the books maintained by the Borough, or its Paying Agent, for such purposes only upon the surrender thereof to the Borough, or its Paying Agent, together with the duly executed assignment in form satisfactory to the Borough, or its Paying Agent; and (iii) for every exchange or registration of transfer of the Bonds, the Borough, 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 Borough and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. Unless paid from other sources, the Bonds are payable from *ad valorem* taxes to be levied upon all the taxable property within the Borough without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

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

MARKET PROTECTION

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

GENERAL INFORMATION REGARDING THE BOROUGH

General

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

Financial

Appendix "B" to this Official Statement contains compiled financial statements of the Borough for the year ended December 31, 2024 and also contains audited financial statements of the Borough 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 Borough.

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

Local Bond Law

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

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

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

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

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

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

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

Local Fiscal Affairs Law

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

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

An independent examination of the Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 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 Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

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

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

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

Miscellaneous Revenues

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

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

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

Real Estate Taxes

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

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

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

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

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

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 BOROUGH EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

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

TAXATION

Procedure for Assessment and Collection of Taxes

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

assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 88.85%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Borough was effective for the year 2007.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax liens retained by the Borough are periodically assigned to the Borough 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 Borough has undertaken to provide certain secondary market disclosure information, pursuant to Continuing Disclosure Agreement, in the form attached as Appendix "D" to this Official Statement.

The Borough has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Borough 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 Borough Solicitor for the Borough, Howard C. Long, Jr., Esquire, of Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey ("Borough 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 Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Solicitor, no litigation is presently pending that, in the opinion of the Borough Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided.

TAX MATTERS

Federal

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

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

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

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

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

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

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 Borough.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a 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 Borough received \$788,049.55 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 Borough cannot predict, and does not predict, whether or if the Coronavirus or any similar viral disease (including any variants or sub-variants thereof) may reemerge in the future and, if such reemergence occurs, what the effects thereof may have upon global, State-wide and local economies and operations, including that of the Borough.

Cyber Security

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

Climate Change

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

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated May __, 2025 at a purchase price of \$ _____. The purchase price of the Bonds reflects the principal amount of the Bonds, plus an original issue premium of \$ _____. 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 Borough 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 Borough by the Borough Solicitor.

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

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking

business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds of the Borough, including the Bonds, and such Bonds are authorized security for any and all public deposits.

PREPARATION OF OFFICIAL STATEMENT

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

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

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 Borough 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 Borough and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Michael Mansdoerfer, Chief Financial Officer, Borough of Haddon Heights, at 856-547-7164, 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 Borough and the purchasers of holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder

shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

**BOROUGH OF HADDON HEIGHTS,
COUNTY OF CAMDEN, NEW JERSEY**

By: _____
MICHAEL MANSDOERFER, Chief Financial Officer

Dated: May __, 2025

APPENDIX A

GENERAL INFORMATION REGARDING THE BOROUGH OF HADDON HEIGHTS

GENERAL INFORMATION ON THE BOROUGH

Location and Character

The Borough of Haddon Heights, County of Camden, New Jersey ("Borough") is primarily a residential suburban area within the Delaware Valley economic regions, a tri-state region composed of eleven counties in the States of New Jersey, Pennsylvania, and Delaware.

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

History

The Borough was established and named by Benjamin Lippincott, Jr., a descendant of Richard and Abigail Lippincott, one of the largest land-holding proprietors of New Jersey, who settled in New Jersey in 1663. The maps of 1877 show that the Haddon Heights area was all farmland with the majority of land owned by the Glover family, who settled in New Jersey in the early eighteenth century, and the Lippincott family. Benjamin Lippincott, Jr., had originally wanted to name his town Prospect Ridge, but changed it to Haddon Heights as its elevated topography and boundary with Haddonfield seemed more appropriate. Extremely interested in its progress, Lippincott, Haddon Height's first mayor, had been determined to make it a beautiful, thriving community with spacious lawns and large homes.

Before its incorporation in 1904, the land in Haddon Heights was owned in several different tracts. Before it became a part of Camden County, it was a part of Old Gloucester Township, which was later broken into Center Township and Newton Township. Union Township was taken out of Gloucester Township on November 15, 1831, and on March 6, 1855, a large section was separated from Union Township to create Center Township. After this, Haddon Township was removed from Newton Township on February 23, 1965. The parts of Center Township and Haddon Township were taken to form the Borough of Haddon Heights on March 2, 1904.

Today the Borough is almost a completely residential community.

General

The Borough is governed by a Mayor and a six-member Borough Council ("Council"). The Mayor is elected every four years. Members of the Borough Council are elected to serve staggered three-year terms with two members being elected each year.

The Mayor is the chief executive officer of the Borough. The responsibilities of the Mayor include execution and enforcement of laws of the State and ordinances of the Borough, recommending to Council such measures as he deems necessary or appropriate for the welfare of the Borough, and preparing and submitting the annual budget to Council for its consideration.

The responsibilities of Council are, among others, to adopt the municipal budget and to enact ordinances to promote the health, safety and welfare of the Borough and its residents.

The Borough Clerk assists with administering the affairs of the Borough, including attending Council meetings and providing for the taking and preparation of minutes therefore; compilation, preservation, indexing and publication of all ordinances and resolutions; and any other duties which Council may assign.

A number of services are provided by the Borough and paid for from general revenues. Employees in the Public Works Department, with the Borough of Audubon as the lead agency, maintain Borough streets, roads and storm drains, sewers, provide snow removal services, as well as overseeing Borough parks, playgrounds, tree infrastructure, and town events.

The Zoning Board of Adjustment oversees all zoning requirements, and the Construction Office is responsible for all building permits and enforcement of uniform construction codes.

Fire protection service is provided by a shared service agreement with the Borough of Barrington, separate and distinct from Borough operations. The Borough does allocate salaries & wages of \$101,441.00 and \$41,250.00 in annual expenditures in the 2025 budget for this service.

EMS service is provided by a shared service agreement with the Borough of Barrington, Borough of Runnemede, and Barrington Ambulance Association. The shared service agreement expires December 31, 2028. The Borough does allocate \$119,664.00 for these services in the 2025 budget.

The Division of Local Government Services in the New Jersey Department of Community Affairs supervises the financial administration of all local government units in the state. See "CERTAIN PROVISIONS OF THE LAWS OF NEW JERSEY RELATING TO THE GENERAL OBLIGATION DEBT" herein.

Trash Collection

Trash collection services are provided by a private concern, Seaside Waste Service, which is paid by the Borough at a rate of approximately \$613,853.00 annually (including recycling). The Borough currently has a three-year contract with South Jersey Sanitation which expires January 31, 2026. In 2024, the Borough disposed of approximately 3,640 tons of solid waste at Reworld Camden, with a tipping fee of \$94.95/ton.

Water Service

Water Service to the Borough is provided by New Jersey American Water Company, a private water company located in Voorhees Township, servicing both residential and commercial/industrial properties. The following table sets forth the current water rate schedule:

NEW JERSEY AMERICAN WATER COMPANY (1)

<u>Size of Meter: Residential – Commercial/Industrial</u>	<u>Charge Per Month</u>
5/8"	\$ 19.56
3/4"	29.36
1"	48.89
1-1/2"	97.85
2"	156.64

A consumption rate of per 100 gallons is \$.088724 for non-exempt customers and a rate of \$0.76624 per 100 gallons for exempt customers. \$8.8724 per 1,000 gallons (non-exempt), \$7.6624 (exempt) is added to the charge per quarter for both residential and commercial/industrial meter sizes up to a consumption rate of 100,000 gallons where the rate is then adjusted. The average three-bedroom, single-family home is equipped with a 5/8" meter. Connection fees vary depending upon location and distance from water mains.

Parks and Recreation

Hoff's Park located at 7th Avenue & Lippincott Lane, offers a historic Cabin and Community Center both of which residents may rent, and recreational equipment for children to enjoy. There are four (4) baseball fields in the same area used by many teams. On Devon Avenue, the Borough has three (3) soccer fields and tennis courts for residents to enjoy.

(1) Source: New Jersey American Water Company.

Public Safety

The Borough provides a variety of services to its residents. Police protection is offered through a full-time police department. The Police Department is supervised by a chief who is assisted by one captain, one lieutenant, four sergeants and eight patrol officers. A modern communications system operated by the County of Camden is manned by dispatchers on a 24-hour basis.

Library

Borough residents have access to the James N. Alexander, III, Haddon Heights Free Library located on Station Avenue, which offers many services to residents of all ages including audio and visual as well as computer access. They have children's reading programs throughout the year and special reading programs for the summer months.

Transportation

Kings Highway (Route 551), a four-lane highway, makes up the Borough's northern border. Black Horse Pike (Route 168), serving as the western boundary, provides connection to the New Jersey Turnpike, as well as Interstate Route 295, New Jersey's main north to south freeway, which also serves as the Borough's southern border. Access ramps to Route 295 are located at two points within the Borough, one at the southwest tip and one at the southeast tip, providing access to the Atlantic City Expressway, Interstate Route 76 (west via the Walt Whitman Bridge to Philadelphia and Philadelphia International Airport) and 676 (north via the Benjamin Franklin Bridge and center city Philadelphia).

Commuter transportation service to Philadelphia is available via the Haddonfield and Westmont stations of the PATCO high-speed passenger rail line and New Jersey Transit bus service along Route 168.

Hospitals

Medical treatment is available to Borough residents at Cooper Medical Center or Our Lady of Lourdes, both of which are located in Camden, as well as Virtua Hospital in Voorhees and Jefferson Health Hospital in Stratford.

Borough Employees

	<u>2024</u>	<u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>2021</u>	<u>2020</u>
Full-time	22	22	21	21	22
Part-time	<u>23</u>	<u>26</u>	<u>50</u>	<u>48</u>	<u>51</u>
Total	<u>45</u>	<u>48</u>	<u>71</u>	<u>69</u>	<u>73</u>

Compensated Absences

Full time employees of the Borough, after one year, are entitled to ten paid sick leave days and seven personal days each year. For Police officers only, sick days not used in a calendar year shall be accumulated up to 300 hours to be taken consecutively, immediately prior to the employee's retirement. An employee must have twenty-five years of service to be eligible for retirement.

Borough employees are not entitled to accumulate vacation days; they must be used within the calendar year. Department heads, however, may accumulate five vacation days per year, which can be taken at retirement.

The Borough does not record accrued expenses related to compensated absences. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Borough, Note 9 to Financial Statements.

Pension Plans

Those Borough employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see Appendix B: Financial Statements of the Borough, Note 6 to Financial Statements.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund, which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Length of Service Awards Program

The Borough annually provides for a length of service awards program for its fire and ambulance volunteers based on criteria established by Borough Ordinance.

Insurance Programs

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

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

Employee Collective Bargaining Units

The Borough maintains a collective bargaining relationship with the Police Benevolent Association, with a contract which expires on December 31, 2027. The Borough also maintains a collective bargaining agreement with the International Association of Firefighters with a contract that expires December 31, 2028.

Population (1)

2020 Federal Census	7,495
2010 Federal Census	7,473
2000 Federal Census	7,547
1990 Federal Census	7,860
1980 Federal Census	8,361

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

Selected Census 2023 Data for the Borough (1)

Median household income	\$126,055
Per capita income	\$ 63,925

Labor Force (2)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Borough					
Labor Force	4,414	4,326	4,199	4,153	4,236
Employment	4,287	4,211	4,013	3,880	4,135
Unemployment	127	115	186	273	101
Unemployment Rate	2.9%	2.7%	4.4%	6.6%	2.4%
County					
Labor Force	276,187	269,575	264,992	263,515	263,172
Employment	262,852	258,219	246,076	237,908	252,749
Unemployment	13,335	11,356	18,916	25,607	10,423
Unemployment Rate	4.8%	4.2%	7.1%	9.7%	4.0%
State					
Labor Force	4,829,671	4,736,213	4,648,814	4,638,386	4,687,390
Employment	4,615,722	4,552,563	4,337,793	4,200,980	4,525,044
Unemployment	213,949	183,650	311,021	437,406	162,346
Unemployment Rate	4.4%	3.9%	6.7%	9.4%	3.5%

Land Utilization

Based on the 2016 Master Plan Reexamination, the development patterns of the Borough of Haddon Heights and the surrounding municipalities can be characterized as suburban, with development consisting of medium density residential neighborhoods, with larger commercial uses near the limited access highways, and concentrations of mixed uses and commercial development along major roadways.

The Borough is essentially fully developed with no sizable vacant parcels available for new development. Over the past 10 years, adaptive reuse or redevelopment of previously developed properties has been the primary means of commercial and residential development.

Industry and Employment

There is no industrial activity in the Borough. Commercial activity is generally within the commercial zoning districts located along the Borough's major roadways consisting of the Black Horse Pike (NJ Route 168), the White Horse Pike (NJ Route 30), King's Highway (Camden County Route 551), and Station Avenue (Camden County Route 656).

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

(2) Source: New Jersey Department of Labor

Building Permits Issued (1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2024	484	\$6,120,000.00
2023	652	5,039,100.00
2022	431	3,986,000.00
2021	393	4,130,400.00
2020	393	4,130,400.00

TEN LARGEST NON-GOVERNMENTAL EMPLOYERS (2)

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Pennoni Associates	Engineering Firm	100
Heights Imaging Center	X-Ray/MRI/Cat Scan	35
CVS	Retailer	25
Bach Associates	Engineering Firm	21
Daniel White Realtors	Realtor	21
Optum Heights Primary Care	Medical Offices	20
Haddon Savings Bank	Bank	20
TD Bank	Bank	10
Lab Corp	Laboratory Testing	10
Haddon Tree Company	Tree Trimming	10

GENERAL INFORMATION ON THE SCHOOL DISTRICT (3)**Primary and Secondary Education**

The Haddon Heights Board of Education is a Type II School District serving the Borough and (pursuant to a sending/receiving relationship) the surrounding municipalities of Barrington & Lawnside, functioning through a nine-member board, the members of which are elected for staggered three-year terms.

The School District operates four elementary schools and one secondary school within the Borough, providing educational services for grades kindergarten through twelve.

School District enrollments on the grade level for years 2020 through 2024, and background information regarding the various schools comprising the School District are shown in the tables that follow.

(1) Source: Borough Construction Office

(2) Borough Officials

(3) Source: School District Officials

School District Enrollments (1)

<u>Grade</u>	<u>2024</u>	<u>2023</u>	<u>October 15, 2022</u>	<u>2021</u>	<u>2020</u>
Pre-K	7	6	5	7	8
K	79	70	67	66	53
1	65	65	63	55	65
2	52	60	50	64	81
3	56	53	63	81	65
4	50	60	76	62	58
5	53	74	61	57	67
6	73	58	55	62	70
7	54	52	63	64	70
8	55	62	66	67	80
9	154	142	164	209	177
10	146	166	194	164	185
11	161	189	160	173	176
12	180	157	167	178	139
Sp. Ed.	<u>276</u>	<u>230</u>	<u>217</u>	<u>241</u>	<u>222</u>
Totals (2)	<u>1,461</u>	<u>1,444</u>	<u>1,471</u>	<u>1,550</u>	<u>1,516</u>

Present School Facilities, Enrollment and Capacity (1)

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment October 15, 2024</u>	<u>Functional Capacity</u>
Haddon Heights H.S.	1924	1952, 1968, 1972, 1998, 2006	9-12	641	834
Junior School	1952	1982, 1985, 1987	7-8	109	200
Atlantic Elementary School	1963	1998, 2005	K-6	96	215
Seventh Avenue Elementary School	1914	1989, 2005	K-6	127	181
Glenview Avenue Elementary School	1951	1965, 1998, 2005	K-6	<u>201</u>	<u>324</u>
				<u>1,174</u>	<u>1,754</u>

(1) Source: School District Officials

(2) Includes Receiving Students

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

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

Camden County College

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

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

Camden County Technical Schools

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

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

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

CERTAIN TAX INFORMATION
TEN LARGEST REAL PROPERTY TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2025 Assessed Valuation</u>
4 Square Properties LLC	Professional Offices	\$ 3,250,000
515 Grove Street Associates, LLC	Professional Offices	2,670,300
J.B. Investments	Retail Shopping Center	2,372,200
Cor V Properties	Professional Offices	1,875,200
Haddon Savings Bank	Bank	1,687,500
Costel White Horse LLC	Pharmacy	1,598,000
17 White Horse LLC	Professional Offices	1,405,000
Noodle Station LLC	Apartment Building	1,320,000
131 White Horse Pike, LLC	Bank	1,145,100
FDA Investments, LLC	Dentist Office	1,050,000

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>		<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2024 (3) \$	29,724,950	\$	29,368,802	98.80%	\$ 287,818	0.97%
2023	29,153,048		28,895,950	99.12%	246,869	0.85%
2022	28,788,471		28,477,088	98.92%	297,094	1.03%
2021	28,508,333		28,251,062	99.10%	247,094	0.87%
2020	27,953,327		27,644,153	98.89%	269,190	0.96%

DELINQUENT TAXES (2)

<u>Year</u>	<u>Outstanding January 1</u>		<u>Added</u>	<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
	<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>			
2024 (3) \$	247,882	\$ -	\$	247,688	99.92%	\$ 194	\$ -	\$ -
2023	298,108	-		297,094	99.66%		-	1,014
2022	248,990	250		248,033	99.52%		193	1,014
2021	271,849	77		270,012	99.30%		19	1,895
2020	456,962	2,000		456,303	99.42%			2,659

TAX TITLE LIENS (2)

<u>Year</u>	<u>Balance January 1</u>		<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Cancellations/ Foreclosures</u>	<u>Balance December 31</u>
	<u>Amount</u>	<u>Percentage</u>				
2024 (3) \$	269	\$	557			\$ 826
2023	252		17			269
2022	235		210		\$ 193	252
2021	2,205		65	\$ 2,035		235
2020	1,995		210			2,205

- (1) Source: Borough Tax Assessor's Office
(2) Source: Annual Reports of Audit, unless otherwise noted
(3) Information from the Annual Compiled Financial Statement

CERTAIN TAX INFORMATION (CONT'D)

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Tax Rate (2)</u>			
			<u>Municipal</u>	<u>Library</u>	<u>County</u>	<u>Local School</u>
2024	\$ 858,534,000	\$ 3.440	\$ 0.818	\$ 0.037	\$ 0.700	\$ 1.885
2023	851,618,800	3.404	0.788	0.036	0.732	1.848
2022	844,273,119	3.395	0.771	0.035	0.777	1.812
2021	838,186,200	3.385	0.752	0.034	0.812	1.787
2020	836,106,067	3.330	0.734	0.034	0.806	1.756

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (4)</u>
2024	\$ 858,533,900	88.85%	\$ 966,273,382	\$ 128,922
2023	851,618,700	92.67%	918,979,929	122,612
2022	843,395,600	95.00%	887,784,842	118,450
2021	838,186,200	97.96%	855,641,282	114,162
2020	835,234,600	99.24%	841,630,996	112,292

REAL PROPERTY CLASSIFICATION (5)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2024	\$ 858,533,900	\$ 240,600	\$ 770,043,600	\$ 80,480,300	\$ 385,300	\$ 7,384,100
2023	851,618,700	236,400	763,400,100	80,812,800	385,300	6,784,100
2022	843,395,600	422,700	755,825,500	80,100,100	517,600	6,529,700
2021	838,186,200	580,600	750,305,700	80,252,600	517,600	6,529,700
2020	835,234,600	715,600	747,237,600	80,234,100	517,600	6,529,700

(1) Source: Borough Tax Collector

(2) Per \$100 of assessed valuation

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

(4) Based upon Federal Census 2020 of 7,495

(5) Source: Borough Tax Assessor

**BOROUGH OF HADDON HEIGHTS
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2024**

The following table summarizes the direct debt of the Borough of Haddon Heights as of December 31, 2024 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General debt and debt of the Borough of Haddon Heights School District. Deductions from gross debt to arrive at net debt include deductible school debt and reserve to pay debt. The resulting net debt of \$9,385,812 represents 0.983% of the average of equalized valuations for the Borough for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Deductions			
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>	<u>Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>School Debt</u>	<u>Reserve for Payment of Debt</u>	<u>Net Debt</u>
General	\$ 1,178,000	\$ 500,000	\$ 3,782,000	\$ 3,948,720	\$ 9,408,720		\$ 22,908	\$ 9,385,812
School - Local	5,175,000				5,175,000	\$ 5,175,000		
	<u>\$ 6,353,000</u>	<u>\$ 500,000</u>	<u>\$ 3,782,000</u>	<u>\$ 3,948,720</u>	<u>\$ 14,583,720</u>	<u>\$ 5,175,000</u>	<u>\$ 22,908</u>	<u>\$ 9,385,812</u>

Source: Annual Debt Statement
As of December 31, 2024

DEBT RATIOS AND VALUATIONS (1) (2)

Average of Equalized Valuations of Real Property with Improvements for 2022, 2023 and 2024	\$	954,358,661
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2022, 2023 and 2024		0.983%
2024 Net Valuation Taxable	\$	858,534,000
2024 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	966,273,482
Gross Debt (3):		
As a percentage of 2024 Net Valuation Taxable		1.70%
As a percentage of 2024 Equalized Valuations		1.51%
Net Debt (3):		
As a percentage of 2024 Net Valuation Taxable		1.09%
As a percentage of 2024 Equalized Valuations		0.97%
.		
Gross Debt Per Capita (4)	\$	1,946
Net Debt Per Capita (4)	\$	1,252

BOROUGH BORROWING CAPACITY (1) (2)

3.5% of Averaged (2022-2024) Equalized Valuation of Real Property including Improvements (\$954,358,661)	\$	33,402,553
Net Debt		9,385,812
Remaining Borrowing Capacity	\$	24,016,741

LOCAL SCHOOL DISTRICT BORROWING CAPACITY (1) (2)

4% of Averaged (2022-2024) Equalized Valuation of Real Property including Improvements (\$954,358,661)	\$	38,174,346
Local School Debt		5,175,000
Remaining Borrowing Capacity	\$	32,999,346

(1) As of December 31, 2024

(2) Source: Borough's Annual Debt Statement

(3) Excluding Overlapping Debt

(4) Based on 2020 Census of 7,495

**BOROUGH OF HADDON HEIGHTS
OVERLAPPING DEBT
AS OF DECEMBER 31, 2024**

	<u>Debt Issued</u>				Debt Authorized but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Camden (1):					
General					
Bonds	\$ 61,099,583	\$ 38,846,103 (2)	\$ 22,253,480	\$ 400,563 (4)	\$ 71,990,250
Notes	12,980,000		12,980,000	233,640 (4)	
Loan Agreements	307,080,000		307,080,000	5,527,440 (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>\$ 6,161,643</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 1.80%.

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.

BOROUGH OF HADDON HEIGHTS
SCHEDULE OF DEBT SERVICE (1)

<u>Year</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 230,000	\$ 35,340	\$ 265,340
2026	230,000	28,440	258,440
2027	230,000	21,540	251,540
2028	240,000	14,640	254,640
2029	248,000	7,440	255,440
	<hr/>		
	\$ 1,178,000	\$ 107,400	\$ 1,285,400
	<hr/>		

Source: Borough
(1) As of December 31, 2024

**BOROUGH OF HADDON HEIGHTS
2025 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,000,000.00
Miscellaneous Revenues:	
Local Revenues	714,297.00
State Aid without Offsetting Appropriations	763,202.00
Dedicated Uniform Construction Code Fees	150,000.00
Shared Service Agreements	268,692.44
Public and Private Programs Offset with Appropriations	566,013.83
Other Special Items Offset with Appropriations	150,612.88
Receipts from Delinquent Taxes	220,000.00
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax	7,393,319.24
Minimum Library Tax	331,492.77
	<hr/>
Total Anticipated Revenues	\$ 11,557,630.16
	<hr/>
Appropriations:	
Within CAPS:	
Operations	\$ 6,571,367.56
Deferred Charges and Statutory Expenditures	769,117.00
Excluded from CAPS:	
Other Operations	513,922.00
Interlocal Municipal Service Agreements	1,989,223.15
Public and Private Programs	566,013.83
Capital Improvements	102,750.00
Debt Service	461,940.00
Deferred Charges	37,000.00
Reserve for Uncollected Taxes	546,296.62
	<hr/>
Total Appropriations	\$ 11,557,630.16
	<hr/>

(1) As introduced

**BOROUGH OF HADDON HEIGHTS
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2025 - 2027 (1)**

		<u>Budget Appropriations</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>
	<u>Estimated Total Cost</u>	<u>Current Year 2025</u>		<u>General</u>
Stormwater Improvements	\$ 100,000.00		\$ 5,000.00	\$ 95,000.00
Record Scanning Retention Project	100,000.00		5,000.00	95,000.00
Repave Various Roads	2,342,229.00		117,111.45	2,225,117.55
Pump Station Improvements	100,000.00		5,000.00	95,000.00
Recreation Improvements	50,000.00		2,500.00	47,500.00
Safe Routes to Schools	2,248,100.00		112,405.00	2,135,695.00
Acquisition of Ambulance and EMS Equipment	123,000.00		6,150.00	116,850.00
Acquisition of Fire Equipment	100,000.00		5,000.00	95,000.00
Improvement to Municipal Facilities	450,000.00		22,500.00	427,500.00
Acquisition of Public Works Equipment	500,000.00		25,000.00	475,000.00
Acquisition of Police Vehicles	75,000.00	\$ 41,000.00	1,700.00	32,300.00
Improvement to Municipal Facilities	205,318.00		10,265.90	195,052.10
Acquisition & Install Banner Poles	75,000.00		3,750.00	71,250.00
Acquisition of Public Works Equipment	90,000.00		4,500.00	85,500.00
Total - All Projects	<u>\$ 6,558,647.00</u>	<u>\$ 41,000.00</u>	<u>\$ 325,882.35</u>	<u>\$ 6,191,764.65</u>

(1) As introduced

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF HADDON HEIGHTS

FOR THE YEAR ENDED 2024

COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Haddon Heights
Haddon Heights, New Jersey 08035

Management is responsible for the accompanying financial statements of the Borough of Haddon Heights, 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 Borough'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
March 18, 2025

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Assets, Liabilities, Reserves, and Fund Balance -- Regulatory Basis
As of December 31, 2024

<u>Assets</u>	
Regular Fund:	
Cash	\$ 3,689,929.98
Due from/to State - Veterans and Senior Citizens	20,034.81
Receivables with Full Reserves:	
Delinquent Taxes Receivable	287,818.19
Tax Title Liens Receivable	826.00
Revenue Accounts Receivable	5,581.48
Interfunds Receivable	<u>27,072.57</u>
Total Regular Fund	<u>4,031,263.03</u>
Federal and State Grant Fund:	
Interfunds Receivable	145,355.89
Grants Receivable	<u>515,961.66</u>
Total Federal and State Grant Fund	<u>661,317.55</u>
	<u><u>\$ 4,692,580.58</u></u>
<u>Liabilities, Reserves, and Fund Balance</u>	
Regular Fund:	
Liabilities:	
Appropriation Reserves	\$ 309,023.47
Reserve for Encumbrances	53,534.70
Accounts Payable	4,698.10
Contracts Payable	44,039.50
Prepaid Taxes	196,217.62
Due to State of NJ - Marriage License and Lead Paint	170.00
County Taxes Payable	38,140.26
Interfunds Payable	154,920.14
Reserve for Master Plan	<u>2,873.36</u>
Total Liabilities	803,617.15
Reserve for Receivables	321,298.24
Fund Balance	<u>2,906,347.64</u>
Total Regular Fund	<u>4,031,263.03</u>
Federal and State Grant Fund:	
Federal and State Funds:	
Unappropriated	26,506.83
Appropriated	557,323.81
Encumbrances Payable	72,971.91
Contracts Payable	<u>4,515.00</u>
Total Federal and State Grant Fund	<u>661,317.55</u>
	<u><u>\$ 4,692,580.58</u></u>

See Independent Accountant's Compilation Report and selected notes.

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

Revenue Realized:

Current Tax Collections	\$ 29,368,802.13
Delinquent Tax and Tax Title Liens Collections	247,687.89
Miscellaneous Revenue Anticipated	2,199,694.62
Non Budget Revenue	459,240.14
Other Credits to Income	466,714.46
Fund Balance Utilized	<u>810,000.00</u>

Total Income	<u>33,552,139.24</u>
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Expenditures:

Operations	9,195,415.63
Capital Improvements	265,000.00
Debt Service	403,760.63
Local School Tax	16,180,979.00
County Tax	6,042,883.55
Other Expenditures	<u>123,244.84</u>

Total Expenditures	<u>32,211,283.65</u>
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Excess in Revenue	1,340,855.59
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Fund Balance, January 1	<u>2,375,492.05</u>
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3,716,347.64

Decreased by:

Utilized as Revenue	<u>810,000.00</u>
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Fund Balance, December 31	<u><u>\$ 2,906,347.64</u></u>
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See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF HADDON HEIGHTS
TRUST FUND
Statement of Assets, Liabilities, and Reserves -- Regulatory Basis
As of December 31, 2024

Assets

Animal Control Fund:	
Cash	\$ 20,740.17
Total Animal Control Fund	<u>20,740.17</u>
Other Funds:	
Cash	422,293.70
Accounts Receivable Police Traffic	20,333.88
Accounts Receivable Escrow	13,180.47
Interfunds Receivable	<u>11,262.66</u>
Total Other Funds	<u>467,070.71</u>
LOSAP Fund:	
Cash	<u>123,662.06</u>
Total LOSAP Fund	<u>123,662.06</u>
	<u><u>\$ 611,472.94</u></u>

Liabilities, and Reserves

Animal Control Fund:	
Interfunds Payable	\$ 14,572.57
Due to State of NJ	210.00
Reserve for Animal Control Fund Expenditures	4,797.60
Reserve for Encumbrances	<u>1,160.00</u>
Total Animal Control Fund	<u>20,740.17</u>
Other Funds:	
Interfunds Payable	1,698.41
Various Reserves	<u>465,372.30</u>
Total Other Funds	<u>467,070.71</u>
LOSAP Fund:	
Reserve for LOSAP	<u>123,662.06</u>
Total LOSAP Fund	<u>123,662.06</u>
	<u><u>\$ 611,472.94</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves, and Fund Balance -- Regulatory Basis
As of December 31, 2024

Assets

Cash	\$ 1,813,566.33
Federal and State Grants Receivable	1,757,226.15
Deferred Charges to Future Taxation:	
Funded	1,578,000.00
Unfunded	<u>7,830,720.00</u>
	<u><u>\$ 12,979,512.48</u></u>

Liabilities, Reserves, and Fund Balance

Bonds Payable	\$ 1,178,000.00
Bond Anticipation Notes	3,782,000.00
Loans Payable	400,000.00
Interfunds Payable	12,500.00
Improvement Authorizations:	
Funded	844,081.28
Unfunded	4,997,868.50
Encumbrances Payable	38,871.36
Contracts Payable	1,359,731.99
Due to NJ Environmental Infrastructure	100,000.00
Reserve to Pay Debt Service	96,584.85
Capital Improvement Fund	163,066.69
Fund Balance	<u>6,807.81</u>
	<u><u>\$ 12,979,512.48</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF HADDON HEIGHTS
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 Borough of Haddon Heights (hereafter referred to as the "Borough") was incorporated in March of 1904. The Borough, located in Camden County, New Jersey, has a total area of approximately one and one half square miles, and is located approximately seven miles southeast of the City of Philadelphia. The Borough borders the Boroughs of Audubon, Barrington, Mount Ephraim, Haddonfield and Bellmawr as well as Haddon Borough. According to the 2020 census, the population is 7,495.

The Borough is governed under the Borough form of government. The government consists of a mayor and six council members. Executive and administrative responsibility rests with the mayor with the council members having legislative responsibility. The Borough clerk assists the governing body in their duties.

Component Units - The financial statements of the component units of the Borough are 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 units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Haddon Heights Public Library
608 Station Avenue
Haddon Heights, New Jersey 08035

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Borough has adopted a capitalization threshold of \$5,000. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

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

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

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

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

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

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

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Haddon Heights 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 Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediately preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding 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 Borough in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Borough, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Borough.

FOR THE YEARS ENDED 2023 AND 2022

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Haddon Heights, New Jersey 08035

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Haddon Heights, 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 Borough's basic financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Haddon Heights, 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 Borough of Haddon Heights, 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 Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 3, 2024

BOROUGH OF HADDON HEIGHTS**CURRENT FUND****Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis**

	As of December 31,	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Regular Fund:		
Cash - Treasurer	\$ 3,189,960.24	\$ 2,570,446.48
Cash - Change Funds	350.00	350.00
Due from State of NJ - Senior Citizens and Vet. Deductions	20,534.81	19,441.66
	<u>3,210,845.05</u>	<u>2,590,238.14</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	247,882.22	298,107.84
Tax Title Liens Receivable	268.90	251.68
Revenue Accounts Receivable	2,310.40	3,969.14
Due from Federal and State Grant Fund		262,522.41
Due from Trust Other Fund	40,486.57	57,546.79
Due from Animal Control Fund	2,429.48	937.55
Due from General Capital Fund	5,433.12	97,637.03
	<u>298,810.69</u>	<u>720,972.44</u>
	<u>3,509,655.74</u>	<u>3,311,210.58</u>
Federal and State Grant Fund:		
Due from Current Fund	42,975.45	
Due from Trust Other Fund	1,698.41	6,842.91
Grants Receivable	2,291,108.84	2,362,059.21
	<u>2,335,782.70</u>	<u>2,368,902.12</u>
	<u>\$ 5,845,438.44</u>	<u>\$ 5,680,112.70</u>

(Continued)

BOROUGH OF HADDON HEIGHTS**CURRENT FUND****Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis**

	As of December 31,	
	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 490,329.57	\$ 578,201.48
Reserve for Encumbrances	28,715.22	96,075.68
Prepaid Taxes	145,779.93	148,467.89
Tax Overpayments		789.68
Due County for Added and Omitted Taxes	35,019.15	28,810.25
Local School District Taxes Payable		69,538.16
Due to State of New Jersey:		
Marriage License Fees	1,195.00	
DCA Training Fees	1,444.00	3,013.00
Accounts Payable	8,353.00	7,498.10
Reserve for Master Plan Update	2,873.36	2,873.36
Reserve for Municipal Relief Fund	78,668.32	39,342.46
Due to Federal and State Grant Fund	42,975.45	
	<u>835,353.00</u>	<u>974,610.06</u>
Reserves for Receivables	298,810.69	720,972.44
Fund Balance	<u>2,375,492.05</u>	<u>1,615,628.08</u>
	<u>3,509,655.74</u>	<u>3,311,210.58</u>
Federal and State Grant Fund:		
Grants Unappropriated	432,259.24	18,264.36
Grants Appropriated	1,794,731.33	1,826,803.62
Reserve for Encumbrances	108,792.13	242,736.89
Due to Current Fund		262,522.41
Due to General Capital Fund		18,574.84
	<u>2,335,782.70</u>	<u>2,368,902.12</u>
	<u>\$ 5,845,438.44</u>	<u>\$ 5,680,112.70</u>

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

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statements of Operations and Changes in Fund Balance - Regulatory Basis

<u>Revenue and Other Income Realized:</u>	For the Years Ended December 31,	
	<u>2023</u>	<u>2022</u>
Fund Balance Utilized	\$ 782,900.00	\$ 605,000.00
Miscellaneous Revenues Anticipated	1,902,654.82	3,704,737.16
Receipts from Delinquent Taxes	297,094.29	248,033.07
Receipts from Current Taxes	28,895,950.00	28,477,088.31
Non-Budget Revenues	140,011.25	112,194.10
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	364,211.31	315,324.62
Cancellation of Accounts Payable		7,244.85
Cancellation of Tax Overpayments	17,326.62	
Refund of Prior Year Expenditures	19,319.68	
Reserves Liquidated:		
Prepaid School Taxes		35,998.45
Due from Federal and State Grant Fund	262,522.41	
Due from General Capital Fund	92,203.91	
Due from Trust Other Fund	17,060.22	
	<u>32,791,254.51</u>	<u>33,505,620.56</u>
Total Income		
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,278,707.11	2,238,223.00
Other Expenses	3,711,355.54	3,692,183.00
Deferred Charges and Statutory Expenditures	670,167.00	661,427.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	3,821.05	11,544.79
Other Expenses	1,948,150.31	2,885,029.17
Capital Improvements	220,000.00	400,000.00
Municipal Debt Service	393,119.67	719,559.75
County Taxes	6,230,048.04	6,555,624.27
Due County for Added and Omitted Taxes	35,019.15	28,810.25
Local District School Tax	15,736,612.00	15,298,778.00
Refund of Prior Year Revenue	19,998.74	8,623.90
Prior Year Senior Citizen Deduction Disallowed		250.00
Creation of Reserve for:		
Due from Federal, State and Other Grant Fund		262,522.41
Due from General Capital Fund		97,637.03
Due from Trust Other Fund		11,938.41
Due from Animal Control Fund	1,491.93	388.47
	<u>31,248,490.54</u>	<u>32,872,539.45</u>
Total Expenditures		
Excess in Revenue	1,542,763.97	633,081.11
Fund Balance, January 1	1,615,628.08	1,587,546.97
	3,158,392.05	2,220,628.08
Decreased by:		
Utilized as Revenue	782,900.00	605,000.00
Fund Balance December 31	<u>\$ 2,375,492.05</u>	<u>\$ 1,615,628.08</u>

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

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

<u>ASSETS</u>	As of December 31,	
	<u>2023</u>	<u>2022</u>
Animal Control Fund:		
Cash	<u>\$ 7,428.08</u>	<u>\$ 5,798.95</u>
Length of Service Award Program:		
Investments - Length of Service Award Program	<u>123,662.06</u>	<u>128,881.33</u>
Other Funds:		
Cash	616,147.70	729,963.10
Police Outside Services Receivable	27,004.70	43,275.28
Planning Board Escrow Receivable	<u>5,079.50</u>	
	<u>648,231.90</u>	<u>773,238.38</u>
	<u>\$ 779,322.04</u>	<u>\$ 907,918.66</u>

(Continued)

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

<u>LIABILITIES AND RESERVES</u>	As of December 31,	
	<u>2023</u>	<u>2022</u>
Animal Control Fund:		
Due to Current Fund	\$ 2,429.48	\$ 937.55
Due to State of New Jersey		1.20
Reserve for Animal Control Expenditures	4,998.60	4,860.20
	<u>7,428.08</u>	<u>5,798.95</u>
Length of Service Award Program:		
Reserve for Length of Service Award Program	123,662.06	128,881.33
Other Funds:		
Due to Current Fund	40,486.57	57,546.79
Due to Federal and State Grant Fund	1,698.41	6,842.91
Reserve for Encumbrances	13,187.00	3,399.32
Payroll Deductions Payable		21,828.11
Reserve for Public Defender	2,908.57	2,908.57
Reserve for Unemployment Compensation	2,721.06	2,256.97
Reserve for Uniform Fire Safety Code - Penalties	5,716.11	5,716.11
Reserve for Street Opening Deposits	1,750.00	1,750.00
Reserve for Zoning Board Deposits		11,480.00
Reserve for Planning Board Escrow	26,071.02	90,713.71
Reserve for Tax Title Lien Redemptions	28.79	
Reserve for Tax Title Lien Premiums	51,801.68	88,001.68
Reserve for Citizen Donations for Police Department	10,221.39	14,606.39
Reserve for POAA	6,148.28	5,634.28
Reserve for Municipal Drug Alliance Donations	36,510.39	31,441.91
Reserve for Police Forfeiture	17,727.30	17,023.97
Reserve for Fire Department	516.12	516.12
Reserve for Off Duty Police	187,150.47	165,539.30
Reserve for Memorial Clock Donations	10,283.53	9,323.53
Reserve for Fourth of July Parade	176.95	176.95
Reserve for Community Garden	763.48	994.15
Reserve for Heights Grows	9,280.80	7,212.87
Reserve for Shade Tree Donations	187.30	527.30
Reserve for Affordable Housing (COAH)	202,117.25	213,355.16
Reserve for Recreation Donations	306.54	306.54
Reserve for Recreation Field Use	25.00	25.00
Reserve for Bike Racks	2,108.07	2,114.57
Reserve for Neighbor's Night Out	18,339.82	11,996.17
	<u>648,231.90</u>	<u>773,238.38</u>
	<u>\$ 779,322.04</u>	<u>\$ 907,918.66</u>

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

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis

	As of December 31,	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 370,384.38	\$ 1,416,407.64
Due from Federal and State Grant Fund		18,574.84
NJ Environmental Infrastructure Loan Receivable	447,881.00	100,000.00
Deferred Charges to Future Taxation:		
Funded	1,810,080.24	1,644,031.16
Unfunded	<u>2,256,973.00</u>	<u>2,632,500.00</u>
	<u>\$ 4,885,318.62</u>	<u>\$ 5,811,513.64</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Due to Current Fund	\$ 5,433.12	\$ 97,637.03
Capital Improvement Fund	188,554.22	93,211.22
Improvement Authorizations:		
Funded	204,868.67	346,089.00
Unfunded	178,340.74	612,480.58
Reserve for Encumbrances	73,536.93	2,252.16
Reserve for Contracts Payable	329,604.57	838,497.38
Due to NJ Environmental Infrastructure	100,000.00	
Reserve for NJ EIT Loan Receivable		100,000.00
Reserve to Pay Debt Service		19,384.04
Green Trust Loan Payable	7,080.24	21,031.16
General Serial Bonds	1,403,000.00	1,623,000.00
NJ Environmental Infrastructure Loan Payable	400,000.00	
Bond Anticipation Note Payable	1,989,000.00	2,053,000.00
Fund Balance	<u>5,900.13</u>	<u>4,931.07</u>
	<u>\$ 4,885,318.62</u>	<u>\$ 5,811,513.64</u>

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Haddon Heights (hereafter referred to as the "Borough") was incorporated in March of 1904. The Borough, located in Camden County, New Jersey, has a total area of approximately one and one half square miles, and is located approximately seven miles southeast of the City of Philadelphia. The Borough borders the Boroughs of Audubon, Barrington, Mount Ephraim, Haddonfield and Bellmawr as well as Haddon Borough. According to the 2020 census, the population is 7,495.

The Borough is governed under the Borough form of government. The government consists of a mayor and six council members. Executive and administrative responsibility rests with the mayor with the council members having legislative responsibility. The Borough clerk assists the governing body in their duties.

Component Units - The financial statements of the component units of the Borough are 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 units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Haddon Heights Public Library
608 Station Avenue
Haddon Heights, New Jersey 08035

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Borough has adopted a capitalization threshold of \$5,000. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

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

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

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

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

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

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

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Haddon Heights 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 Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediately preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding 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 Borough in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Borough, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Borough.

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2023, the Borough's bank balances of \$4,262,404.25 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,945,319.99
Uninsured and Uncollateralized	<u>317,084.26</u>
Total	<u>\$ 4,262,404.25</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>\$ 3.404</u>	<u>\$ 3.395</u>	<u>\$ 3.385</u>	<u>\$ 3.330</u>	<u>\$ 3.274</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.788	\$ 0.771	\$ 0.752	\$ 0.734	\$ 0.710
Municipal Library	0.036	0.035	0.034	0.034	0.033
County	0.732	0.777	0.812	0.806	0.812
Local School	1.848	1.812	1.787	1.756	1.719

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2023	\$ 851,618,800.00
2022	844,273,119.00
2021	839,075,306.00
2020	836,106,067.00
2019	833,044,042.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2023	\$ 29,153,047.69	\$ 28,895,950.00	99.12%
2022	28,788,470.78	28,477,088.31	98.92%
2021	28,508,332.63	28,251,061.69	99.10%
2020	27,953,326.99	27,644,152.68	98.89%
2019	27,378,525.34	26,908,271.81	98.28%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	\$ 268.90	\$ 247,882.22	\$ 248,151.12	0.85%
2022	251.68	298,107.84	298,359.52	1.04%
2021	234.90	248,989.57	249,224.47	0.87%
2020	2,205.16	271,849.06	274,054.22	0.98%
2019	1,995.37	456,961.69	458,957.06	1.68%

Note 3: PROPERTY TAXES (CONT'D)

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

<u>Year</u>	<u>Number</u>
2023	1
2022	1
2021	1
2020	3
2019	2

Note 4: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2023	\$ 2,375,492.05	\$ 810,000.00	34.10%
2022	1,615,628.08	782,900.00	48.46%
2021	1,587,546.97	605,000.00	38.11%
2020	1,078,937.67	725,000.00	67.20%
2019	357,750.54	470,000.00	131.38%

Note 5: 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	\$ 48,349.17	\$ 42,975.45
Federal and State Grant	44,673.86	
Trust - Animal Control		2,429.48
Trust - Other		42,184.98
General Capital		5,433.12
Totals	<u>\$ 93,023.03</u>	<u>\$ 93,023.03</u>

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

Note 6: PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. As a local participation employer of these pension plans, the Borough 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 6: 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 6: 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 Employer's contractually required contribution rate for the year ended December 31, 2023 was 15.75% 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 \$71,827.00, 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 \$73,339.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$34,198.55.

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 .53% of the Employer's covered payroll.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - *Special Funding Situation Component (Cont'd)* - 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 \$2,428.00. 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 \$1,847.00.

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 36.83% 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 \$581,490.00, 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 \$569,587.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$157,900.10.

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 6.44% 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 \$101,702.00, 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 \$111,071.00, which was paid on April 1, 2023.

Note 6: 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.

Currently, no Borough employees participate in the program.

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 \$778,412.00. 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 .0053741515%, which was a decrease of .0004415668% 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 (\$348,526.00). 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 \$73,339.00, 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 \$2,428.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

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 PERS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 4,826,286.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	889,299.00
	<u>\$ 5,715,585.00</u>

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System (Cont'd)**

Pension Liability (Cont'd) - 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 .0436816000%, which was a decrease of .0001141400% 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 .0437957400%, which was a decrease of .0001140200% 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 \$393,789.00. 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 \$569,587.00, 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 \$101,156.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

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	\$ 7,443.00	\$ 206,652.00	\$ 214,095.00	\$ 3,182.00	\$ 230,171.00	\$ 233,353.00
Changes of Assumptions	1,710.00	10,417.00	12,127.00	47,175.00	325,890.00	373,065.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,585.00	245,794.00	249,379.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	-	315,470.00	315,470.00	756,557.00	73,869.00	830,426.00
Contributions Subsequent to the Measurement Date	35,914.00	290,745.00	326,659.00	-	-	-
	<u>\$ 48,652.00</u>	<u>\$ 1,069,078.00</u>	<u>\$ 1,117,730.00</u>	<u>\$ 806,914.00</u>	<u>\$ 629,930.00</u>	<u>\$ 1,436,844.00</u>

Deferred outflows of resources in the amounts of \$35,914.00 and \$290,745.00 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 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 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 6: 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	\$ (381,692.00)	\$ (88,468.00)	\$ (470,160.00)
2025	(330,944.00)	(142,789.00)	(473,733.00)
2026	(58,474.00)	357,022.00	298,548.00
2027	(22,004.00)	8,951.00	(13,053.00)
2028	(1,062.00)	13,132.00	12,070.00
Thereafter	-	555.00	555.00
	<u>\$ (794,176.00)</u>	<u>\$ 148,403.00</u>	<u>\$ (645,773.00)</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 6: 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 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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	<u>\$ 1,013,327.00</u>	<u>\$ 778,412.00</u>	<u>\$ 578,469.00</u>

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	\$ 6,724,583.00	\$ 4,826,285.00	\$ 3,245,456.00
State of New Jersey's Proportionate Share of Net Pension Liability	<u>1,239,083.00</u>	<u>889,299.00</u>	<u>598,013.00</u>
	<u>\$ 7,963,666.00</u>	<u>\$ 5,715,584.00</u>	<u>\$ 3,843,469.00</u>

Pension Plan Fiduciary Net Position

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

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

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

	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	0.0053741515%	0.0058157183%	0.0069939258%	0.0127075328%	0.0135876695%
Proportionate Share of the Net Pension Liability	\$ 778,412.00	\$ 877,672.00	\$ 828,535.00	\$ 2,072,266.00	\$ 2,448,292.00
Covered Payroll (Plan Measurement Period)	\$ 407,980.00	\$ 428,612.00	\$ 493,404.00	\$ 919,572.00	\$ 904,952.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	190.80%	204.77%	167.92%	225.35%	270.54%
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	0.0136239212%	0.0135779278%	0.0012929406%	0.0148261352%	0.0143065337%
Proportionate Share of the Net Pension Liability	\$ 2,682,482.00	\$ 3,160,725.00	\$ 3,829,319.00	\$ 3,328,170.00	\$ 2,678,574.00
Covered Payroll (Plan Measurement Period)	\$ 967,152.00	\$ 952,824.00	\$ 829,472.00	\$ 1,014,580.00	\$ 985,216.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	277.36%	331.72%	461.66%	328.03%	271.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

Note 6: 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	\$ 71,827.00	\$ 73,339.00	\$ 81,907.00	\$ 139,014.00	\$ 132,168.00
Contribution in Relation to the Contractually Required Contribution	(71,827.00)	(73,339.00)	(81,907.00)	(139,014.00)	(132,168.00)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 455,979.00	\$ 429,513.00	\$ 424,346.00	\$ 495,250.00	\$ 859,640.00
Contributions as a Percentage of Covered Payroll	15.75%	17.07%	19.30%	28.07%	15.37%
	Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 135,514.00	\$ 125,785.00	\$ 114,863.00	\$ 127,465.00	\$ 117,941.00
Contribution in Relation to the Contractually Required Contribution	(135,514.00)	(125,785.00)	(114,863.00)	(127,465.00)	(117,941.00)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 916,386.00	\$ 978,653.00	\$ 945,331.00	\$ 863,047.00	\$ 946,116.00
Contributions as a Percentage of Covered Payroll	14.79%	12.85%	12.15%	14.77%	12.47%

Note 6: 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	0.0436816000%	0.0437957400%	0.0424311576%	0.0408434393%	0.0420611368%
Proportionate Share of the Net Pension Liability	\$ 4,826,286.00	\$ 5,013,017.00	\$ 3,101,358.00	\$ 5,277,511.00	\$ 5,147,366.00
State's Proportionate Share of the Net Pension Liability	889,299.00	892,170.00	872,256.00	819,046.00	812,779.00
Total	<u>\$ 5,715,585.00</u>	<u>\$ 5,905,187.00</u>	<u>\$ 3,973,614.00</u>	<u>\$ 6,096,557.00</u>	<u>\$ 5,960,145.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,591,368.00	\$ 1,560,684.00	\$ 1,487,428.00	\$ 1,394,300.00	\$ 1,425,584.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	303.28%	321.21%	208.50%	378.51%	361.07%
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	0.0394117579%	0.0381402215%	0.0415480356%	0.0377808552%	0.0398442032%
Proportionate Share of the Net Pension Liability	\$ 5,333,061.00	\$ 5,888,113.00	\$ 7,936,738.00	\$ 6,292,974.00	\$ 5,012,031.00
State's Proportionate Share of the Net Pension Liability	724,408.00	659,518.00	666,489.00	551,873.00	539,712.00
Total	<u>\$ 6,057,469.00</u>	<u>\$ 6,547,631.00</u>	<u>\$ 8,603,227.00</u>	<u>\$ 6,844,847.00</u>	<u>\$ 5,551,743.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,307,504.00	\$ 1,234,588.00	\$ 1,247,184.00	\$ 1,196,448.00	\$ 1,258,472.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	476.93%	636.37%	525.97%	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 6: 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	\$ 581,490.00	\$ 569,587.00	\$ 494,520.00	\$ 456,291.00	\$ 424,864.00
Contribution in Relation to the Contractually Required Contribution	(581,490.00)	(569,587.00)	(494,520.00)	(456,291.00)	(424,864.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 1,579,001.00	\$ 1,596,664.00	\$ 1,536,842.00	\$ 1,487,428.00	\$ 1,381,837.00
Contributions as a Percentage of Covered Payroll	36.83%	35.67%	32.18%	30.68%	30.75%
	Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 385,308.00	\$ 337,548.00	\$ 338,758.00	\$ 307,102.00	\$ 306,031.00
Contribution in Relation to the Contractually Required Contribution	(385,308.00)	(337,548.00)	(338,758.00)	(307,102.00)	(306,031.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 1,406,020.00	\$ 1,305,004.00	\$ 1,273,987.00	\$ 1,297,330.00	\$ 1,209,424.00
Contributions as a Percentage of Covered Payroll	27.40%	25.87%	26.59%	23.67%	25.30%

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The 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 7: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Borough's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Borough's trust fund, was created by a Borough Resolution adopted on September 4, 2022 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The voters of the Borough approved the adoption of the Plan at the general election held on November 4, 2003, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2004. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Variable Annuity Life Insurance Company, AIG VALIC, ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the Haddon Heights Fire Company and Haddon Heights Ambulance Corp., come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

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

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

The Borough elected to contribute \$400.00 for the year ended December 31, 2023 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2023, the Borough's total expenditure to the Plan was \$8,000.00.

Note 7: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

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

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

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

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

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

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

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN**

N.J.A.C. 5:30-6.1 allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. As of the date of this report, the information for the measurement period ended June 30, 2023 was not available; therefore, the information from the measurement period June 30, 2022 is disclosed below.

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

Plan Description and Benefits Provided - In addition to the postemployment benefits to its retirees, noted in Section B. of this footnote, the State of New Jersey (the "State") provides postemployment benefits to certain Borough retirees and their dependents under a special funding situation as described below.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

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

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

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

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

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Borough, is not known; however, under the special funding situation, the State's OPEB (benefit) expense, on-behalf of the Borough, is (\$33,662.00) for the year ended December 31, 2022, representing 2.11% of the Borough's covered payroll.

OPEB Liability

At December 31, 2022, the State's proportionate share of the net OPEB liability associated with the Borough was \$205,229.00. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

The State's proportion of the net OPEB liability, associated with the Borough, was based on the ratio of the Plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the State's proportion on-behalf of the Borough was .006083%, which was an increase of .000097% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Actuarial Assumptions**

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

Salary Increases:

PFRS - Rates for all future years 3.25% to 16.25% based on years of service

Mortality:

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

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

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

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

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

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	
2023	6.25%	-1.89%	-1.99%	8.00%
2024	6.00%	-6.00%	-6.15%	7.50%
2025	5.75%	6.99%	7.02%	7.00%
2026	5.50%	15.04%	15.18%	6.50%
2027	5.25%	13.00%	13.11%	6.00%
2028	5.00%	11.47%	11.56%	5.50%
2029	4.75%	10.27%	10.35%	5.00%
2030	4.50%	9.29%	9.35%	4.50%
2031	4.50%	8.50%	8.55%	4.50%
2032	4.50%	6.25%	6.27%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

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

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>\$ 237,902.00</u>	<u>\$ 205,229.00</u>	<u>\$ 178,941.00</u>

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>\$ 174,102.00</u>	<u>\$ 205,229.00</u>	<u>\$ 245,094.00</u>

OPEB Plan Fiduciary Net Position

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

Supplementary OPEB Information

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Borough (Last Six Plan Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>
Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>205,229.00</u>	<u>231,141.00</u>	<u>224,828.00</u>
Total	<u>\$ 205,229.00</u>	<u>\$ 231,141.00</u>	<u>\$ 224,828.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,551,734.00	\$ 1,524,056.00	\$ 1,448,364.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	13.23%	15.17%	15.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.91%
	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>3,150,986.00</u>	<u>3,717,432.00</u>	<u>5,310,637.00</u>
Total	<u>\$ 3,150,986.00</u>	<u>\$ 3,717,432.00</u>	<u>\$ 5,310,637.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,396,645.00	\$ 1,340,314.00	\$ 1,287,550.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	225.61%	277.36%	412.46%
Plan Fiduciary Net Position 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 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)****Other Notes to Supplementary OPEB Information**

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

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

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

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

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

There were no changes to mortality projections.

B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN

Plan Description and Benefits Provided - The Borough provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Borough provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees who retire from active employment with the Borough under various classifications who have at least twenty (25) years of service in a state retirement system. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. This provision is part of a labor agreement between the Borough and the I.A.F.F. Locals 3198 and 2663. The Plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the Borough provides the retirees with a detailed accounting of the costs.

Employees Covered by Benefit Terms - As of December 31, 2022, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	58
Active Employees	22
	<hr/>
	80
	<hr/>

Total OPEB Liability

The Borough's total OPEB liability of \$27,971,791.00 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of December 31, 2023.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

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

Inflation	2.5% Annually
Salary Increases	2.5% Annually
Discount Rate	3.26%
Healthcare Cost Trend Rates:	
Medical	5.1% in 2023, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026
Drug	6.0% in 2023, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026
Retirees' Share of Benefit-Related Costs	Retiree's who retired before the passage of Chapter 78 or those employees who had 25 years of service on the date of passage are grandfathered. All other are subject to contribution rates in effect when they retired, but not less than 1.5% of their annual retirement allowance from PERS. 2023 employer contributions for retiree benefits are \$833,712.

The discount rate was based on the Bond Buyer 20 index rate.

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

An experience study was not performed on the actuarial assumptions used in the December 31, 2022 valuation since the plan had insufficient data to produce a study with credible results. The actuary has used their professional judgement in applying these assumptions to this plan.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Changes in Total OPEB Liability**

Balance at December 31, 2022		\$ 27,804,674.00
Changes for the Year:		
Service Cost	\$ 188,328.00	
Interest Cost	1,025,833.00	
Benefit Payments	(833,712.00)	
Changes in Assumptions	<u>(213,332.00)</u>	
Net Changes		<u>167,117.00</u>
Balance at December 31, 2023		<u>\$ 27,971,791.00</u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

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

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

	<u>December 31, 2023</u>		
	<u>1.00% Decrease (2.26%)</u>	<u>Current Discount Rate (3.26%)</u>	<u>1.00% Increase (4.26%)</u>
Total OPEB Liability	<u>\$ 32,204,664.00</u>	<u>\$ 27,971,791.00</u>	<u>\$ 24,660,061.00</u>

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

	<u>December 31, 2023</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 24,800,799.00</u>	<u>\$ 27,971,791.00</u>	<u>\$ 31,947,809.00</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2023, the Borough recognized OPEB (benefit) expense of \$886,024.00. As of December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ (2,639,451.00)
Changes of Assumptions	<u>3,902,561.00</u>	<u>(6,130,265.00)</u>
	<u>\$ 3,902,561.00</u>	<u>\$ (8,769,716.00)</u>

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

<u>Year Ending Dec 31,</u>	
2024	\$ (328,137.00)
2025	(328,137.00)
2026	(328,137.00)
2027	(328,137.00)
2028	(328,137.00)
Thereafter	<u>(3,226,470.00)</u>
	<u>\$ (4,867,155.00)</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information**

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

Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios (Last Six Years):

	<u>Plan Measurement Date December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service Cost	\$ 188,328.00	\$ 188,328.00	\$ 157,359.00
Interest Cost	1,025,833.00	719,766.00	793,385.00
Benefit Payments	(833,712.00)	(704,472.00)	(719,304.00)
Changes in Assumptions	(213,332.00)	(4,441,654.00)	(2,753,596.00)
Difference Between Expected and Actual Experience	-	(3,061,257.00)	-
Net Change in Total OPEB Liability	167,117.00	(7,299,289.00)	(2,522,156.00)
Total OPEB Liability - Beginning of Year	27,804,674.00	35,103,963.00	37,626,119.00
Total OPEB Liability - End of Year	<u>\$27,971,791.00</u>	<u>\$ 27,804,674.00</u>	<u>\$ 35,103,963.00</u>
Covered-Employee Payroll	\$ 2,582,827.29	\$ 2,393,625.02	\$ 2,301,744.78
Total OPEB Liability as a Percentage of Covered Payroll	1082.99%	1161.61%	1525.10%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 157,359.00	\$ 132,399.00	\$ 132,399.00
Interest Cost	957,013.00	1,249,322.00	1,220,665.00
Benefit Payments	(797,909.00)	(526,584.00)	(781,656.00)
Changes in Assumptions	2,140,591.00	3,711,777.00	
Difference Between Expected and Actual Experience			
Net Change in Total OPEB Liability	2,457,054.00	4,566,914.00	571,408.00
Total OPEB Liability - Beginning of Year	35,169,065.00	30,602,151.00	30,030,743.00
Total OPEB Liability - End of Year	<u>\$37,626,119.00</u>	<u>\$ 35,169,065.00</u>	<u>\$ 30,602,151.00</u>
Covered-Employee Payroll	\$ 2,285,375.76	\$ 2,693,975.66	\$ 2,801,014.31
Total OPEB Liability as a Percentage of Covered Payroll	1646.39%	1305.47%	1092.54%

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)****Other Notes to Supplementary OPEB Information**Changes of Benefit Terms:

None.

Changes in Assumptions:

The Discount Rate was 3.26% for 2023, 3.72% for 2022, 2.06% for 2021, 2.12% for 2020, 2.74% for 2019 and 4.10% for 2018.

The Medical Trend Rate was 5.1% for 2023, 5.30% for 2022, 5.50% for 2021, 5.60% for 2020, 5.70% for 2019 and 5.80% for 2018.

The Drug Trend Rate was 6.0% for 2023, 6.50% for 2022, 7.00% for 2021, 9.00% for 2020, 9.50% for 2019 and 10.00% for 2018.

Note 9: COMPENSATED ABSENCES

Under the existing policy of the Borough, after one year, full-time employees are entitled to ten paid sick leave days each year. Borough employees are entitled to vacation days according to their applicable union agreement. However, they are not entitled to accumulate vacation days; they must be used within the calendar year. Department heads, however, may accumulate five vacation days per year, which can be taken at retirement.

The accumulation of sick days is not permitted for new employees recognized under the agreement between the Borough and the American Federation of State, County and Municipal Employees, AFL-CIO District Council 71, Local 3869.

Under the agreement between the Borough and the Haddon Heights Policemen's Benevolent Association Local No.328, officers may accumulate unlimited sick time; however no sick time may be sold back to the Borough. With regard to officers hired prior to January 1, 2015 only the sick time accumulated as of December 31, 2015 may be taken by the officer prior to their retirement date. With regard to officers hired subsequent to January 1, 2015, each shall be permitted to accumulate and to use not more than 300 hours of accumulated sick time prior to their retirement date.

Borough employees recognized by the agreement between the Borough and the Camden County Uniformed Fire Fighters Association AFL CIO CLC, Local 3249, may accumulate unlimited sick time. Sick hours not used in a calendar year shall be accumulated up to 720 hours to be taken consecutively, immediately prior to the member's retirement date. Paid sick hours, exceeding 80 hours in a calendar year will be deducted from the number of days accumulated to date. Sick hours accumulated over the maximum amount may be sold back yearly on a per diem basis. Once a member has reached the maximum amount of accrued hours and decided not to sell back any portion or all of the next 80 hours, he can carry the extra hours to be used for sick time or sell back at retirement at the earned rate.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2023, accrued benefits for compensated absences are valued at \$33,082.37.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 11: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds Series 2015 - On June 26, 2015, the Borough issued \$3,033,000.00 of callable general improvement bonds, with interest rates ranging from 2.5% to 3.0%. The bonds were issued for the purpose of funding various capital ordinances, specifically ordinances 1333, 1344, 1382, 1390, 1400, and 1411. The final maturity of the bonds is July 15, 2029.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 225,000.00	\$ 42,090.00	\$ 267,090.00
2025	230,000.00	35,340.00	265,340.00
2026	230,000.00	28,440.00	258,440.00
2027	230,000.00	21,540.00	251,540.00
2028	240,000.00	14,640.00	254,640.00
2029	<u>248,000.00</u>	<u>7,440.00</u>	<u>255,440.00</u>
Totals	<u>\$ 1,403,000.00</u>	<u>\$ 149,490.00</u>	<u>\$ 1,552,490.00</u>

New Jersey Green Acres Loans

On September 11, 2004, the Borough entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$230,000.00, at an interest rate of 2.0%. The proceeds were used to fund various improvements. Semiannual debt payments are due March 11th and September 11th through 2024.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 7,080.24</u>	<u>\$ 70.80</u>	<u>\$ 7,151.04</u>

Note 11: CAPITAL DEBT (CONT'D)**New Jersey Environmental Infrastructure Bank Loan**

During the year ended 2023, the Borough entered into a loan agreement, in the amount of \$400,000.00, with the State of New Jersey Environmental Infrastructure Bank (NJ I-Bank) for a loan to finance Ordinance 2022:1256 Sewer Improvements. As of the date of the audit report, the NJ I-Bank has not provided a repayment schedule indicating the yearly principal and interest payments or interest rates; however, the Borough has started to draw down on the loan and has recorded a loan receivable and loan payable.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	<u>\$ 3,799,080.24</u>	<u>\$ 3,697,031.16</u>	<u>\$ 3,266,162.18</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>267,973.00</u>	<u>579,500.00</u>	<u>1,272,000.00</u>
Total Issued and Authorized but not Issued	<u>4,067,053.24</u>	<u>4,276,531.16</u>	<u>4,538,162.18</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	<u>-</u>	<u>19,384.04</u>	<u>44,384.04</u>
Net Debt	<u>\$ 4,067,053.24</u>	<u>\$ 4,257,147.12</u>	<u>\$ 4,493,778.14</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 .444%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 5,990,000.00	\$ 5,990,000.00	
General	<u>4,067,053.24</u>		<u>\$ 4,067,053.24</u>
	<u>\$ 10,057,053.24</u>	<u>\$ 5,990,000.00</u>	<u>\$ 4,067,053.24</u>

Net debt \$4,067,053.24 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$916,966,013.00, equals .444%.

Note 11: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 32,093,810.46
Less: Net Debt	<u>4,067,053.24</u>
Remaining Borrowing Power	<u>\$ 28,026,757.22</u>

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

Note 12: RISK MANAGEMENT

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

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -	\$ 4,667.96	\$ 4,203.87	\$ 2,721.06
2022	-	1,625.90	1,329.58	2,256.97
2021	-	2,258.04	535.83	1,960.65

It is estimated that there are no unreimbursed payments on behalf of the Borough at December 31, 2023.

Joint Insurance Pool - The Borough of Haddon Heights is a member of the Garden State Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
 General Liability
 Employee Dishonesty/Public Officials Bonds
 Property Damage including Crime
 Motor Vehicle Liability & Physical Damage
 Equipment Breakdown including Boiler & Machinery
 Inland Marina Coverage
 Cyber Liability
 Pollution Liability
 Law Enforcement Liability

Note 12: RISK MANAGEMENT (CONT'D)

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

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

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

Garden State Municipal Joint Insurance Fund
c/o NIP Group
900 Route 9 North, Suite 503
Woodbridge, NJ 07095-1003

Note 13: CONTINGENCIES

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

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

Note 14: CONCENTRATIONS

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

Note 15: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Introduction</u>	<u>Authorization</u>
Installation and Improvements of Various Sidewalks	2/20/2024	\$ 2,135,695.00
Acquisition of Various Capital Equipment	3/5/2024	1,795,787.00

APPENDIX C

FORM OF BOND COUNSEL OPINION



May __, 2025

Mayor and Borough Council
of the Borough of Haddon Heights
625 Station Avenue
Haddon Heights, New Jersey

**RE: \$6,496,000 BOROUGH OF HADDON HEIGHTS, COUNTY OF CAMDEN,
NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2025**

Mayor and Borough Council Members:

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

The Bonds are authorized 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 Borough Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on April 15, 2025 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on May __, 2025 ("Award Certificate").

The Bonds are dated their date of delivery, mature on February 15 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 February 15 and August 15, commencing February 15, 2026, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$326,000	%	2032	\$650,000	%
2027	525,000		2033	650,000	
2028	540,000		2034	650,000	
2029	555,000		2035	650,000	
2030	650,000		2036	650,000	
2031	650,000				

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

COUNSEL WHEN IT MATTERS.SM



of certain bond anticipation notes heretofore issued by the Borough; (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 Borough given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments, 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 Borough enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

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

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

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



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

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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(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 advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on



passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ____ day of May, 2025, between the Borough of Haddon Heights, County of Camden, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2025, in the principal amount of \$_____ ("Bonds").

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

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

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Borough, dated May __, 2025, relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

(b) The Borough shall within 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),

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.

(10), (13), (14) or (15) of subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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

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

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

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

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

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

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

- (i) If to the Borough:

Borough of Haddon Heights
625 Station Avenue
Haddon Heights, New Jersey 08035
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 Borough, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BOROUGH OF HADDON HEIGHTS, NEW JERSEY

By: _____
MICHAEL MANSDOERFER, 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: Borough of Haddon Heights, County of Camden, New Jersey

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

Date of Issuance of the Affected
Bond Issue: May __, 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 __, 2025, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

PHOENIX ADVISORS,
as Dissemination Agent

cc: Borough of Haddon Heights, New Jersey