

*BOROUGH OF HADDON HEIGHTS
COUNTY OF CAMDEN*

REPORT OF AUDIT

*FOR THE YEAR ENDED
DECEMBER 31, 2021*

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BOROUGH OF HADDON HEIGHTS

PART 1

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Haddon Heights
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, 2021 and 2020, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2021, 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, 2021 and 2020, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022 on our consideration of the Borough of Haddon Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Haddon Heights's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Haddon Heights's internal control over financial reporting and compliance.

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
November 3, 2022

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Haddon Heights, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated November 3, 2022. That report indicated that the Borough of Haddon Height's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
November 3, 2022

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis

As of December 31, 2021 and 2020

<u>ASSETS</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Regular Fund:			
Cash - Treasurer	SA-1	\$ 2,621,152.47	\$ 2,756,598.55
Cash - Change Funds	SA-5	350.00	350.00
Due from State of NJ - Senior Citizens and Vet. Deductions	SA-2	19,067.68	16,927.27
		<u>2,640,570.15</u>	<u>2,773,875.82</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-3	248,989.57	271,849.06
Tax Title Liens Receivable	SA-4	234.90	2,205.16
Revenue Accounts Receivable	SA-6	3,977.70	4,651.15
Prepaid School Taxes	SA-12	35,998.45	
Due from Trust Other Fund	SB-5	45,608.38	
Due from Animal Control Fund	SB-4	549.08	0.37
		<u>335,358.08</u>	<u>278,705.74</u>
		<u>2,975,928.23</u>	<u>3,052,581.56</u>
Federal, State and Other Grant Fund:			
Due from Current Fund	SA-16	319,551.63	263,905.68
Federal, State and Other Grants Receivable	SA-17	899,451.38	299,718.10
		<u>1,219,003.01</u>	<u>563,623.78</u>
		<u>\$ 4,194,931.24</u>	<u>\$ 3,616,205.34</u>

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BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis

As of December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3; SA-7	\$ 443,482.00	\$ 723,466.90
Reserve for Encumbrances	A-3; SA-7	20,363.05	241,832.02
Prepaid Taxes	SA-8	215,810.02	227,199.01
Due County for Added and Omitted Taxes	SA-11	22,032.72	26,908.93
Local School District Taxes Payable	SA-12		0.47
Due to State of New Jersey:			
Marriage License Fees	SA-13	200.00	150.00
DCA Training Fees	SA-14	1,899.00	5,152.00
Accounts Payable	SA-15	17,653.67	23,426.00
Reserve for Master Plan Update	A	2,873.36	2,873.36
Due from Federal, State and Other Grant Fund	SA-16	319,551.63	263,905.68
Due to Trust Other Fund	SB-5		2,851.51
Due to General Capital Fund	SC-5	9,157.73	177,172.27
		<u>1,053,023.18</u>	<u>1,694,938.15</u>
Reserves for Receivables	A	335,358.08	278,705.74
Fund Balance	A-1	1,587,546.97	1,078,937.67
		<u>2,975,928.23</u>	<u>3,052,581.56</u>
Federal, State and Other Grant Fund:			
Federal, State and Other Grants - Unappropriated	SA-18	399,363.10	
Federal, State and Other Grants - Appropriated	SA-19	766,214.89	264,354.73
Reserve for Encumbrances	SA-16; SA-19	34,850.18	7,278.98
Contracts Payable	SA-16; SA-19		256,244.23
Due to General Capital Fund	SA-20	18,574.84	35,745.84
		<u>1,219,003.01</u>	<u>563,623.78</u>
		<u>\$ 4,194,931.24</u>	<u>\$ 3,616,205.34</u>

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

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2021 and 2020

<u>Revenue and Other Income Realized:</u>	<u>2021</u>	<u>2020</u>
Fund Balance Utilized	\$ 725,000.00	\$ 470,000.00
Miscellaneous Revenues Anticipated	2,136,059.83	1,991,833.40
Receipts from Delinquent Taxes	272,066.14	456,303.02
Receipts from Current Taxes	28,251,061.69	27,644,152.68
Non-Budget Revenues	112,133.29	47,159.80
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	589,353.93	349,700.00
Cancellation of Accounts Payable	13,270.43	100.00
Cancellation of Grant Appropriated Reserves	68,056.71	
Refund of Prior year Expenditures		33,998.02
Reserves Liquidated:		
Prepaid School Taxes		22,076.00
Due from General Capital Fund		41.27
Due from Trust Other Fund		270,379.17
	<hr/>	<hr/>
Total Income	32,167,002.02	31,285,743.36
	<hr/>	<hr/>
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,201,315.00	2,166,710.00
Other Expenses	3,319,740.00	3,259,165.00
Deferred Charges and Statutory Expenditures	705,310.00	670,300.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	6,000.00	
Other Expenses	1,952,309.80	1,719,345.82
Capital Improvements	20,000.00	20,000.00
Municipal Debt Service	799,613.25	807,445.52
Deferred Charges and Judgments		
County Taxes	6,805,623.23	6,738,780.91
Due County for Added and Omitted Taxes	22,032.72	26,908.93
Local District School Tax	14,993,871.00	14,685,900.00
Cancellation of Grants Receivable	25,345.47	
Prior Year Senior Citizen Deduction Disallowed	76.71	
Creation of Reserve for:		
Prepaid School Taxes	35,998.45	
Due from Trust Other Fund	45,608.38	
Due from Animal Control Fund	548.71	0.05
	<hr/>	<hr/>
Total Expenditures	30,933,392.72	30,094,556.23
	<hr/>	<hr/>
Excess in Revenue	1,233,609.30	1,191,187.13
Fund Balance, January 1	1,078,937.67	357,750.54
	<hr/>	<hr/>
	2,312,546.97	1,548,937.67
Decreased by:		
Utilized as Revenue	725,000.00	470,000.00
	<hr/>	<hr/>
Fund Balance December 31	\$ 1,587,546.97	\$ 1,078,937.67
	<hr/>	<hr/>

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

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2021

	Anticipated <u>Budget</u>	Special <u>N.J.S. 40A:4-87</u>	<u>Realized</u>	Excess <u>(Deficit)</u>
Fund Balance	\$ 725,000.00	-	\$ 725,000.00	-
Miscellaneous Revenues:				
Licenses:				
Other	1,500.00		5,224.00	\$ 3,724.00
Fees and Permits	82,000.00		87,339.20	5,339.20
Fines and Costs:				
Municipal Court	100,000.00		76,565.22	(23,434.78)
Interest and Costs on Taxes	42,250.00		80,429.80	38,179.80
Payments in Lieu of Taxes	55,000.00		62,668.93	7,668.93
Recreation Fees	3,000.00		9,500.00	6,500.00
Facilities Rentals	5,000.00		17,947.50	12,947.50
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	754,209.00		754,209.00	
Uniform Construction Code Fees	113,000.00		168,233.00	55,233.00
Public and Private Revenues Offset With Appropriations:				
Body Armor Replacement Fund	1,420.74		1,420.74	
Municipal Alliance	10,741.78		10,741.78	
Community Development Block Grant		\$ 250,000.00	250,000.00	
Recycling Tonnage Grant		9,840.48	9,840.48	
Drive Sober or Get Pulled Over Grant		6,000.00	6,000.00	
Body Worn Camera Grant		36,684.00	36,684.00	
Camden County Recreation Grant	25,000.00	25,000.00	50,000.00	
New Jersey Historic Trust	24,999.00		24,999.00	
Clean Communities Grant		15,444.35	15,444.35	
NJDOT - Reconstruction of Devon Avenue - Phase II	285,000.00		285,000.00	
Other Special Items:				
Uniform Fire Safety Act	3,000.00		4,326.73	1,326.73
Police Outside Employment Administrative Cost	10,500.00		46,703.45	36,203.45
Reserve for Payment of Debt Service	24,684.04		24,684.04	
Cable TV Franchise Fee	108,000.00		108,098.61	98.61
Subtotal Miscellaneous Revenues	<u>1,649,304.56</u>	<u>342,968.83</u>	<u>2,136,059.83</u>	<u>143,786.44</u>
Receipts from Delinquent Taxes	<u>205,000.00</u>	<u>-</u>	<u>272,066.14</u>	<u>67,066.14</u>
Subtotal General Revenues	<u>2,579,304.56</u>	<u>342,968.83</u>	<u>3,133,125.97</u>	<u>210,852.58</u>
Amount to be Raised by Taxes for Support of:				
Municipal Budget	6,310,471.28		6,657,944.61	347,473.33
Minimum Library Tax	284,499.61		284,499.61	
Subtotal Amount to be Raised by Taxes	<u>6,594,970.89</u>	<u>-</u>	<u>6,942,444.22</u>	<u>347,473.33</u>
Budget Totals	<u>9,174,275.45</u>	<u>342,968.83</u>	<u>10,075,570.19</u>	<u>558,325.91</u>
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>112,133.29</u>	<u>112,133.29</u>
	<u>\$ 9,174,275.45</u>	<u>\$ 342,968.83</u>	<u>\$ 10,187,703.48</u>	<u>\$ 670,459.20</u>

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2021

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Revenue from Collections		\$ 28,251,061.69
Allocated to:		
School, County, and Library Taxes		<u>21,821,526.95</u>
Balance for Support of Municipal Budget Appropriations		6,429,534.74
Add: Appropriation: "Reserve for Uncollected Taxes"		<u>512,909.48</u>
Amount for Support of Municipal Budget Appropriation:		<u><u>\$ 6,942,444.22</u></u>
Receipts from Delinquent Taxes:		
Tax Title Liens		\$ 2,035.48
Delinquent Tax Collections		270,012.17
Tax Overpayments Applied		<u>18.49</u>
		<u><u>\$ 272,066.14</u></u>
Fees and Permits:		
Street Openings		\$ 4,550.00
Curb and Sidewalk		3,125.00
Planning Board Fees		4,500.00
Zoning Board Fees		4,410.00
Register of Vital Statistics		5,660.00
Police Permits		1,108.35
Over Night Parking		2,400.00
Fire Prevention Inspection Fees		19,755.83
Heights Report Fees		17,880.02
Vacant Property Registration		13,950.00
Hen Registration Fee		100.00
Rental Property Registration		<u>9,900.00</u>
		<u><u>\$ 87,339.20</u></u>
Miscellaneous Revenue Not Anticipated:		
Receipts:		
Sale of Municipal Assets	\$ 4,300.00	
Conrail Right of Way	1,225.00	
Recycling Rebate	19,270.62	
Interest on Investments	7,202.04	
Solicitor Permits	450.00	
Senior Citizen and Veteran State Administrative Fee	963.47	
Homestead Rebate State Administrative Fee	304.20	
Tax Sale Premium Forfeitures	16,600.00	
Refund of Prior Year Expenditures	49,355.64	
Miscellaneous	<u>10,528.61</u>	
		\$ 110,199.58
Interest on Investments:		
Due Trust Other	1,812.00	
Due Animal Control Trust	5.71	
Due General Capital	<u>116.00</u>	
		<u>1,933.71</u>
		<u><u>\$ 112,133.29</u></u>

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

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2021

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 44,340.00	\$ 44,340.00	\$ 42,463.88		\$ 1,876.12	
Other Expense	52,600.00	52,600.00	50,559.58	\$ 1,145.00	895.42	
Postage	8,000.00	8,000.00	4,285.43		3,714.57	
Office Supplies	11,000.00	11,000.00	8,974.72		2,025.28	
Marketing Events and Communications	14,500.00	14,500.00	10,256.16	1,020.90	3,222.94	
Municipal Clerk						
Salaries and Wages	120,850.00	121,600.00	121,305.54		294.46	
Other Expenses	27,500.00	27,500.00	23,455.16	75.00	3,969.84	
Financial Administration						
Salaries and Wages	12,660.00	15,460.00	15,410.03		49.97	
Other Expenses	16,850.00	16,850.00	13,924.16		2,925.84	
Audit Services						
Other Expenses	45,000.00	45,000.00	40,300.00		4,700.00	
Assessment of Taxes						
Salaries and Wages	31,700.00	31,700.00	28,313.53		3,386.47	
Other Expenses	14,450.00	14,450.00	9,423.50	1,791.17	3,235.33	
Collection of Taxes						
Salaries and Wages	68,750.00	68,750.00	65,132.79		3,617.21	
Other Expenses	7,060.00	7,060.00	6,477.39		582.61	
Legal Services						
Other Expenses	70,000.00	81,000.00	67,779.00		13,221.00	
Engineering Services and Costs						
Other Expenses	31,000.00	31,000.00	25,793.21		5,206.79	
Municipal Building						
Salaries and Wages						
Other Expenses	20,300.00	20,300.00	12,952.73	780.93	6,566.34	

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2021

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>						
Insurance:						
General Liability	\$ 155,000.00	\$ 155,000.00	\$ 142,582.97		\$ 12,417.03	
Worker's Compensation	108,000.00	108,000.00	107,776.00		224.00	
Employee Group Insurance	1,276,300.00	1,181,835.00	1,123,270.48	\$ 3,564.00	55,000.52	
Employee Benefit Waiver	5,000.00	5,000.00	4,829.98		170.02	
Unemployment Compensation	5,000.00	5,000.00			5,000.00	
LAND USE ADMINISTRATION:						
Planning Board:						
Other Expenses	14,300.00	14,300.00	6,475.72		7,824.28	
Zoning Board of Adjustments:						
Salaries and Wages	10,300.00	10,300.00	10,258.95		41.05	
Other Expenses	500.00	500.00			500.00	
Environmental Commission						
Other Expenses	500.00	500.00	375.00		125.00	
PUBLIC SAFETY:						
Police						
Salaries and Wages	1,639,500.00	1,644,500.00	1,600,908.27		43,591.73	
Other Expenses	65,050.00	65,050.00	45,561.88	10,786.05	8,702.07	
Fire						
Salaries and Wages	127,200.00	142,200.00	139,970.88		2,229.12	
Other Expenses	39,700.00	49,700.00	28,041.81	1,200.00	20,458.19	
Fire Hydrant Service	78,860.00	78,860.00	73,690.24		5,169.76	
Fire Safety Official:						
Salaries and Wages	18,600.00	18,600.00	18,192.34		407.66	
Other Expenses	500.00	500.00	210.00		290.00	
Office of Emergency Management:						
Salaries and Wages	1,600.00	1,605.00	1,602.72		2.28	
Other Expenses	400.00	400.00	50.00		350.00	
Municipal Court:						
Other Expenses	151,600.00	151,600.00	147,368.39		4,231.61	

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2021

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>						
PUBLIC WORKS:						
Public Works:						
Salaries and Wages	\$ 14,350.00	\$ 14,350.00	\$ 14,223.18		\$ 126.82	
Other Expenses	26,000.00	26,000.00	14,833.25		11,166.75	
Garbage and Trash Removal						
Other Expenses	449,900.00	449,900.00	396,600.00		53,300.00	
Vehicle Maintenance	57,200.00	57,200.00	55,173.88		2,026.12	
Solid Waste Disposal	310,000.00	310,000.00	247,571.89		62,428.11	
HEALTH AND WELFARE:						
Dog Regulation						
Contractual	10,800.00	11,300.00	10,479.75		820.25	
RECREATION AND EDUCATION:						
Parks and Recreation						
Salaries and Wages	8,050.00	8,460.00	8,438.28		21.72	
Other Expenses	1,000.00	1,000.00			1,000.00	
Historic Commission						
Other Expenses	250.00	250.00			250.00	
CODE ENFORCEMENT AND ADMINISTRATION:						
Construction Code Official						
Salaries and Wages	74,450.00	74,450.00	71,955.36		2,494.64	
Other Expenses	4,285.00	4,285.00	2,765.00		1,520.00	
UNCLASSIFIED AND BULK PURCHASES:						
Utilities:						
Gasoline	40,000.00	55,000.00	51,647.05		3,352.95	
Telephone	41,800.00	45,800.00	40,300.82		5,499.18	
Electric Utilities	75,000.00	75,000.00	54,202.75		20,797.25	
Street Lighting	100,000.00	130,000.00	129,536.35		463.65	
Water Utilities	13,500.00	13,500.00	11,920.38		1,579.62	
Total Operations Within "CAPS"	<u>5,521,055.00</u>	<u>5,521,055.00</u>	<u>5,107,620.38</u>	<u>\$ 20,363.05</u>	<u>393,071.57</u>	<u>-</u>
Detail:						
Salaries and Wages	2,177,350.00	2,201,315.00	2,143,005.73		58,309.27	
Other Expenses	<u>3,343,705.00</u>	<u>3,319,740.00</u>	<u>2,964,614.65</u>	<u>20,363.05</u>	<u>334,762.30</u>	

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2021

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	\$ 110,000.00	\$ 110,000.00	\$ 74,606.32		\$ 35,393.68	
Public Employees Retirement System	139,015.00	139,015.00	139,014.11		0.89	
Police and Fireman's Retirement System of NJ	456,295.00	456,295.00	456,291.00		4.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	705,310.00	705,310.00	669,911.43	-	35,398.57	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,226,365.00	6,226,365.00	5,777,531.81	\$ 20,363.05	428,470.14	-
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Public and Private Programs Offset by Revenues:						
Municipal Alliance						
Other Expenses	10,741.78	10,741.78	10,741.78			
Municipal Alliance - Local Match						
Other Expenses	2,685.45	2,685.45	2,685.45			
Body Armor Fund						
Other Expenses	1,420.74	1,420.74	1,420.74			
Recycling Tonnage Grant						
Other Expenses (40A:4-87 \$9,840.48)		9,840.48	9,840.48			
Community Development Block Grant						
Other Expenses (40A:4-87 \$250,000.00)		250,000.00	250,000.00			
Drive Sober or Get Pulled Over Grant						
Salaries and Wages (40A:4-87 \$6,000.00)		6,000.00	6,000.00			
Body Worn Camera Grant						
Other Expenses (40A:4-87 \$36,884.00)		36,684.00	36,684.00			
Clean Communities Grant						
Other Expenses (40A:4-87 \$15,444.35)		15,444.35	15,444.35			
Camden County Recreation Grant						
Other Expenses (40A:4-87 \$25,000.00)	25,000.00	50,000.00	50,000.00			

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2021

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
OPERATIONS EXCLUDED FROM "CAPS" (CONT'D)						
Public and Private Programs Offset by Revenues:						
NJ Department of Transportation Grant						
Other Expenses	\$ 285,000.00	\$ 285,000.00	\$ 285,000.00			
New Jersey Historic Trust						
Other Expenses	24,999.00	24,999.00	24,999.00			
Total Public and Private Programs Offset by Revenues	349,846.97	692,815.80	692,815.80	-	-	-
Maintenance of Free Public Library	284,520.00	284,520.00	284,520.00			
Shared Service Agreement - DPW	931,274.00	931,274.00	931,273.08		\$ 0.92	
Sewer and Trash Collection	8,700.00	8,700.00	1,106.00		7,594.00	
Camden County Improvement Authority	18,000.00	18,000.00	12,000.00		6,000.00	
EMS	5,000.00	5,000.00	5,000.00			
Recycling Tax	10,000.00	10,000.00	8,583.06		1,416.94	
Length of Service Award Program	8,000.00	8,000.00	8,000.00			
Total Other Operations Excluded from "CAPS"	1,265,494.00	1,265,494.00	1,250,482.14	-	15,011.86	-
Total Operations - Excluded from "CAPS"	1,615,340.97	1,958,309.80	1,943,297.94	-	15,011.86	-
Detail:						
Salaries and Wages		6,000.00	6,000.00			
Other Expenses	1,615,340.97	1,952,309.80	1,937,297.94	-	15,011.86	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	648,000.00	648,000.00	648,000.00			
Interest on Bonds	66,825.00	66,825.00	66,825.00			
Interest on Notes	10,525.00	10,525.00	10,486.11			\$ 38.89
Principal on Notes	60,000.00	60,000.00	60,000.00			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	14,310.00	14,310.00	14,302.14			7.86
Total Municipal Debt Service - Excluded from "CAPS"	799,660.00	799,660.00	799,613.25	-	-	46.75

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2021

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,435,000.97	\$ 2,777,969.80	\$ 2,762,911.19	-	\$ 15,011.86	\$ 46.75
Subtotal General Appropriations	8,661,365.97	9,004,334.80	8,540,443.00	\$ 20,363.05	443,482.00	46.75
Reserve for Uncollected Taxes	<u>512,909.48</u>	<u>512,909.48</u>	<u>512,909.48</u>	-	-	-
Total General Appropriations	<u>\$ 9,174,275.45</u>	<u>\$ 9,517,244.28</u>	<u>\$ 9,053,352.48</u>	<u>\$ 20,363.05</u>	<u>\$ 443,482.00</u>	<u>\$ 46.75</u>
Original Budget		\$ 9,174,275.45				
Appropriation by 40A:4-87		<u>342,968.83</u>				
		<u>\$ 9,517,244.28</u>				
Federal, State and Other Grants -- Appropriated			\$ 692,815.80			
Reserve for Uncollected Taxes			512,909.48			
Refunds			(341,385.99)			
Disbursed			<u>8,189,013.19</u>			
			<u>\$ 9,053,352.48</u>			

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

BOROUGH OF HADDON HEIGHTS
TRUST FUNDS
 Statements of Assets, Liabilities, and Reserves - Regulatory Basis
 As of December 31, 2021 and 2020

<u>ASSETS</u>		<u>2021</u>	<u>2020</u>
Animal Control Fund:			
Cash	SB-1	\$ 3,628.76	\$ 1,167.85
Length of Service Award Program:			
Investments - Length of Service Award Program	SB-8	138,917.38	122,508.87
Other Funds:			
Cash	SB-1	700,501.15	747,869.49
Due Current Fund	SB-5		2,851.51
Police Outside Services Receivable	SB-7	34,646.72	46,626.58
		<u>735,147.87</u>	<u>797,347.58</u>
		<u>\$ 877,694.01</u>	<u>\$ 921,024.30</u>

(Continued)

BOROUGH OF HADDON HEIGHTS
TRUST FUNDS
 Statements of Assets, Liabilities, and Reserves - Regulatory Basis
 As of December 31, 2021 and 2020

<u>LIABILITIES AND RESERVES</u>		<u>2021</u>	<u>2020</u>
Animal Control Fund:			
Due to Current Fund	SB-4	\$ 549.08	\$ 0.37
Due to State of New Jersey	SB-3	49.20	46.80
Reserve for Animal Control Expenditures	SB-2	3,030.48	1,120.68
		<u>3,628.76</u>	<u>1,167.85</u>
Length of Service Award Program:			
Reserve for Length of Service Award Program	SB-8	138,917.38	122,508.87
Other Funds:			
Due Current Fund	SB-5	45,608.38	
Reserve for Encumbrances	SB-6	54,533.91	7,373.63
Payroll Deductions Payable	SB-6	24,370.58	21,256.26
Reserve for Public Defender	SB-6	2,908.57	2,908.57
Reserve for Unemployment Compensation	SB-6	1,960.65	238.44
Reserve for Uniform Fire Safety Code - Penalties	SB-6	5,716.11	5,716.11
Reserve for Street Opening Deposits	SB-6	1,750.00	1,750.00
Reserve for Zoning Board Deposits	SB-6	11,480.00	
Reserve for Planning Board Escrow	SB-6	53,908.71	19,081.75
Reserve for Tax Title Lien Redemptions	SB-6	7,643.44	3,017.86
Reserve for Tax Title Lien Premiums	SB-6	107,200.00	236,300.00
Reserve for Citizen Donations for Police Department	SB-6	11,326.39	7,122.10
Reserve for POAA	SB-6	5,088.28	4,496.28
Reserve for Municipal Drug Alliance Donations	SB-6	28,350.20	22,181.57
Reserve for Police Forfeiture	SB-6	12,074.71	12,025.87
Reserve for Fire Department	SB-6	516.12	516.12
Reserve for Off Duty Police	SB-6	116,450.84	191,243.42
Reserve for Memorial Clock Donations	SB-6	10,923.53	16,055.53
Reserve for Fourth of July Parade	SB-6	176.95	176.95
Reserve for Community Garden	SB-6	681.41	889.00
Reserve for Heights Grows	SB-6	4,190.83	830.92
Reserve for Shade Tree Donations	SB-6	527.30	587.08
Reserve for Affordable Housing (COAH)	SB-6	215,937.21	238,099.87
Reserve for Recreation Donations	SB-6	306.54	306.54
Reserve for Recreation Field Use	SB-6	25.00	25.00
Reserve for Bike Racks	SB-6	5,670.00	
Reserve for Neighbor's Night Out	SB-6	5,822.21	5,148.71
		<u>735,147.87</u>	<u>797,347.58</u>
		<u>\$ 877,694.01</u>	<u>\$ 921,024.30</u>

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

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2021 and 2020

<u>ASSETS</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Cash	SC-1	\$ 76,488.18	\$ 177,637.70
Due Federal and State Grant Fund	SC-8	18,574.84	35,745.84
NJ EIT Loans Receivable	C	100,000.00	100,000.00
Due Current Fund	SC-5	9,157.73	177,172.27
Deferred Charges to Future Taxation:			
Funded	SC-3	1,867,707.18	2,529,113.74
Unfunded	SC-4	2,670,455.00	1,590,455.00
		<u>\$ 4,742,382.93</u>	<u>\$ 4,610,124.55</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Improvement Fund	SC-6	\$ 23,211.22	\$ 78,211.22
Improvement Authorizations:			
Funded	SC-7	24,689.00	9,855.90
Unfunded	SC-7	1,018,593.28	185,812.95
Reserve for Encumbrances	SC-9	14,447.98	40,262.16
Reserve for Contracts Payable	SC-9	245,964.16	168,098.47
Reserve for NJ EIT Loan Receivable	C	100,000.00	100,000.00
Reserve to Pay Debt Service	SC-10	44,384.04	53,384.04
Green Trust Loan Payable	SC-11	34,707.18	48,113.74
General Serial Bonds	SC-12	1,833,000.00	2,481,000.00
Bond Anticipation Note Payable	SC-13	1,398,455.00	1,440,455.00
Fund Balance	C	4,931.07	4,931.07
		<u>\$ 4,742,382.93</u>	<u>\$ 4,610,124.55</u>

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

BOROUGH OF HADDON HEIGHTS
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of General Fixed Asset Group of Accounts - Regulatory Basis
As of December 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
General Fixed Assets:				
Land	\$ 9,494,100.00			\$ 9,494,100.00
Buildings	6,637,297.75			6,637,297.75
Equipment	629,249.94			629,249.94
Vehicles	2,744,084.50			2,744,084.50
	<u>\$ 19,504,732.19</u>	<u>-</u>	<u>-</u>	<u>\$ 19,504,732.19</u>
Total Investment in General Fixed Assets	<u>\$ 19,504,732.19</u>	<u>-</u>	<u>-</u>	<u>\$ 19,504,732.19</u>

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

BOROUGH OF HADDON HEIGHTS
Notes to Financial Statements
For the Year Ended December 31, 2021

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

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

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

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* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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 balance included in the current fund represents 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 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.

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, 2021, the Borough's bank balances of \$4,040,291.65 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,751,460.28
Uninsured and Uncollateralized	<u>288,831.37</u>
Total	<u>\$ 4,040,291.65</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:

	<u>Year Ended</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 3.385	\$ 3.330	\$ 3.274	\$ 3.222	\$ 3.137
Apportionment of Tax Rate:					
Municipal	\$ 0.752	\$ 0.734	\$ 0.710	\$ 0.696	\$ 0.680
Municipal Library	0.034	0.034	0.033	0.033	0.032
County	0.812	0.806	0.812	0.843	0.833
Local School	1.787	1.756	1.719	1.650	1.592

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2021	\$ 839,075,306.00
2020	836,106,067.00
2019	833,044,042.00
2018	832,569,337.00
2017	827,606,522.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
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%
2018	26,868,732.77	26,473,174.95	98.53%
2017	26,084,866.44	25,782,489.98	98.84%

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>
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%
2018	1,789.11	370,775.75	372,564.86	1.39%
2017	1,586.12	287,941.77	289,527.89	1.11%

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>
2021	1
2020	3
2019	2
2018	2
2017	3

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:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
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%
2018	763,765.78	540,000.00	70.70%
2017	1,045,829.15	735,000.00	70.28%

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, 2021:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 46,157.46	\$ 328,709.36
Federal and State Grant	319,551.63	18,574.84
Trust - Animal Control		549.08
Trust - Other		45,608.38
General Capital	27,732.57	
Totals	<u>\$ 393,441.66</u>	<u>\$ 393,441.66</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 2022, 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, certain Borough employees may be eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

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

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

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq. and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 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 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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 21, 2010
- 4 Members who were eligible to enroll after May 21, 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.

The Borough's contractually required contribution rate for the year ended December 31, 2021 was 19.30% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$81,907.00, and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$139,014.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$32,027.27.

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.

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

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

The Borough's contractually required contribution rate for the year ended December 31, 2021 was 32.18% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$494,520.00, and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$456,921.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$154,074.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2021 was 4.93% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2021 the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2021 was \$75,772.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2020 was \$63,025.00, which was paid on April 1, 2021.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Currently, no Borough employees participate in the program.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2021, the Borough's proportionate share of the PERS net pension liability was \$828,535.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Borough's proportion was .0069939258%, which was a decrease of .0057136070% from its proportion measured as of June 30, 2020.

Pension (Benefit) Expense - For the year ended December 31, 2021, the Borough's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$405,930.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the Borough's contribution to PERS was \$139,014.00, and was paid on April 1, 2021.

Police and Firemen's Retirement System

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

Borough's Proportionate Share of Net Pension Liability	\$ 3,101,358.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>872,256.00</u>
	<u>\$ 3,973,614.00</u>

Pension Liability - The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2021 measurement date, the Borough's proportion was .0424311576%, which was an increase of .0015877183% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the Borough, was .0424309962%, which was an increase of .0015875569% from its proportion, on-behalf of the Borough, measured as of June 30, 2020.

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 (Benefit) Expense - For the year ended December 31, 2021, the Borough's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$340,149.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the Borough's contribution to PFRS was \$456,291.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Borough, calculated by the Plan as of the June 30, 2021 measurement date, was \$97,144.00. This on-behalf (benefit) expense is not recognized by the Borough 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, 2021, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 13,067.00	\$ 35,383.00	\$ 48,450.00	\$ 5,931.00	\$ 371,511.00	\$ 377,442.00
Changes of Assumptions	4,315.00	16,503.00	20,818.00	294,964.00	929,463.00	1,224,427.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	218,258.00	1,321,589.00	1,539,847.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	15,388.00	473,729.00	489,117.00	1,128,048.00	182,921.00	1,310,969.00
Borough Contributions Subsequent to the Measurement Date	40,954.00	247,260.00	288,214.00	-	-	-
	<u>\$ 73,724.00</u>	<u>\$ 772,875.00</u>	<u>\$ 846,599.00</u>	<u>\$ 1,647,201.00</u>	<u>\$ 2,805,484.00</u>	<u>\$ 4,452,685.00</u>

Deferred outflows of resources in the amounts of \$40,954.00 and \$247,260.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2022. These amounts were based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2021 to the Borough's year end of December 31, 2021.

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

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
June 30, 2019	-	5.00	-	5.00
June 30, 2020	-	5.00	-	5.00
June 30, 2021	-	5.00	-	5.00
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17

Note 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>
2022	\$ (464,157.00)	\$ (764,914.00)	\$ (1,229,071.00)
2023	(421,309.00)	(514,316.00)	(935,625.00)
2024	(376,817.00)	(457,831.00)	(834,648.00)
2025	(320,596.00)	(512,368.00)	(832,964.00)
2026	(31,552.00)	(26,020.00)	(57,572.00)
Thereafter	-	(4,420.00)	(4,420.00)
	<u>\$ (1,614,431.00)</u>	<u>\$ (2,279,869.00)</u>	<u>\$ (3,894,300.00)</u>

Actuarial Assumptions

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

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

⁽¹⁾ based on years of service

Note 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2021 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate**

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.16% as of the June 30, 2021 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 100% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.16% as of June 30, 2021 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 1,128,297.00</u>	<u>\$ 828,535.00</u>	<u>\$ 574,145.00</u>

Note 6: PENSION PLANS (CONT'D)**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 4,709,315.00	\$ 3,101,358.00	\$ 1,762,907.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,324,494.00</u>	<u>872,256.00</u>	<u>495,817.00</u>
	<u>\$ 6,033,809.00</u>	<u>\$ 3,973,614.00</u>	<u>\$ 2,258,724.00</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; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0069939258%	0.0127075328%	0.0135876695%	0.0136239212%	0.0135779278%
Borough's Proportionate Share of the Net Pension Liability	\$ 828,535.00	\$ 2,072,266.00	\$ 2,448,292.00	\$ 2,682,482.00	\$ 3,160,725.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 493,404.00	\$ 919,572.00	\$ 904,952.00	\$ 967,152.00	\$ 952,824.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	167.92%	225.35%	270.54%	277.36%	331.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0012929406%	0.0148261352%	0.0143065337%	0.0135183492%	
Borough's Proportionate Share of the Net Pension Liability	\$ 3,829,319.00	\$ 3,328,170.00	\$ 2,678,574.00	\$ 2,583,625.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 829,472.00	\$ 1,014,580.00	\$ 985,216.00	\$ 922,264.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	461.66%	328.03%	271.88%	280.14%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%	

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 81,907.00	\$ 139,014.00	\$ 132,168.00	\$ 135,514.00	\$ 125,785.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(81,907.00)</u>	<u>(139,014.00)</u>	<u>(132,168.00)</u>	<u>(135,514.00)</u>	<u>(125,785.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 424,346.00	\$ 495,250.00	\$ 859,640.00	\$ 916,386.00	\$ 978,653.00
Borough's Contributions as a Percentage of Covered Payroll	19.30%	28.07%	15.37%	14.79%	12.85%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 114,863.00	\$ 127,465.00	\$ 117,941.00	\$ 101,858.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(114,863.00)</u>	<u>(127,465.00)</u>	<u>(117,941.00)</u>	<u>(101,858.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 945,331.00	\$ 863,047.00	\$ 946,116.00	\$ 995,697.00	
Borough's Contributions as a Percentage of Covered Payroll	12.15%	14.77%	12.47%	10.23%	

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 Nine Plan Years)***

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0424311576%	0.0408434393%	0.0420611368%	0.0394117579%	0.0381402215%
Borough's Proportionate Share of the Net Pension Liability	\$ 3,101,358.00	\$ 5,277,511.00	\$ 5,147,366.00	\$ 5,333,061.00	\$ 5,888,113.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>872,256.00</u>	<u>819,046.00</u>	<u>812,779.00</u>	<u>724,408.00</u>	<u>659,518.00</u>
Total	<u>\$ 3,973,614.00</u>	<u>\$ 6,096,557.00</u>	<u>\$ 5,960,145.00</u>	<u>\$ 6,057,469.00</u>	<u>\$ 6,547,631.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,487,428.00	\$ 1,394,300.00	\$ 1,425,584.00	\$ 1,307,504.00	\$ 1,234,588.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	208.50%	378.51%	361.07%	407.88%	476.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0415480356%	0.0377808552%	0.0398442032%	0.0371376459%	
Borough's Proportionate Share of the Net Pension Liability	\$ 7,936,738.00	\$ 6,292,974.00	\$ 5,012,031.00	\$ 4,937,115.00	
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>666,489.00</u>	<u>551,873.00</u>	<u>539,712.00</u>	<u>460,199.00</u>	
Total	<u>\$ 8,603,227.00</u>	<u>\$ 6,844,847.00</u>	<u>\$ 5,551,743.00</u>	<u>\$ 5,397,314.00</u>	
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,247,184.00	\$ 1,196,448.00	\$ 1,258,472.00	\$ 1,165,508.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	636.37%	525.97%	398.26%	423.60%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%	

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 494,520.00	\$ 456,291.00	\$ 424,864.00	\$ 385,308.00	\$ 337,548.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(494,520.00)</u>	<u>(456,291.00)</u>	<u>(424,864.00)</u>	<u>(385,308.00)</u>	<u>(337,548.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,536,842.00	\$ 1,487,428.00	\$ 1,381,837.00	\$ 1,406,020.00	\$ 1,305,004.00
Borough's Contributions as a Percentage of Covered Payroll	32.18%	30.68%	30.75%	27.40%	25.87%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 338,758.00	\$ 307,102.00	\$ 306,031.00	\$ 270,948.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(338,758.00)</u>	<u>(307,102.00)</u>	<u>(306,031.00)</u>	<u>(270,948.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 1,273,987.00	\$ 1,297,330.00	\$ 1,209,424.00	\$ 1,245,733.00	
Borough's Contributions as a Percentage of Covered Payroll	26.59%	23.67%	25.30%	21.75%	

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

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

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	5.00%
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

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

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

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	6.14%
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%

Note 6: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

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

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 Ordinance adopted on September 4, 2002 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.

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

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, 2021 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, 2021, the Borough's total expenditure to the Plan was \$8,000.00.

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. 5:30-11.63 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.

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

Forfeited Accounts - For the year ended December 31, 2021, 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**

In June of 2022, the New Jersey Division of Local Government Services issued Local Finance Notice 2022-12 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 68 & 75, *Accounting and Financial Reporting for Pensions and 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, 2021 was not available; therefore, the information from the measurement period June 30, 2020 is disclosed below.

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

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

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

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

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

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

Retirees were not required to contribute to the Plan.

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

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

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

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 (Cont'd) - 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 (\$11,192.00) for the year ended December 31, 2020, representing 0.75% of the Borough's covered payroll.

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

OPEB Liability - At December 31, 2020, the State's proportionate share of the net OPEB liability associated with the Borough is \$224,828.00. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The State's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the State's proportion was 0.004116%, which was a decrease of 0.052908% from its proportion measured as of the June 30, 2019 measurement date.

OPEB (Benefit) Expense - At December 31, 2020, the Borough's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date, is (\$11,192.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2020 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PFRS:	
Rate for all Future Years	3.25% to 15.25%

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

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2020.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2020.

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

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

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

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

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

The net OPEB liability, calculated using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	\$ 265,794.00	\$ 224,828.00	\$ 192,400.00

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 Healthcare Cost Trend Rate**

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

	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 186,045.00</u>	<u>\$ 224,828.00</u>	<u>\$ 275,614.00</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 Borough's Proportionate Share of the Net OPEB Liability (Last Four Plan Years)**

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	100.00%	100.00%	100.00%	100.00%
Total	100.00%	100.00%	100.00%	100.00%
Borough's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	224,828.00	3,150,986.00	3,717,432.00	5,310,637.00
Total	\$ 224,828.00	\$ 3,150,986.00	\$ 3,717,432.00	\$ 5,310,637.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,448,364.00	\$ 1,396,645.00	\$ 1,340,314.00	\$ 1,287,550.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	15.52%	225.61%	277.36%	412.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.98%	1.97%	1.03%

The amount of actual contributions that the State made on-behalf of the Borough is not known.

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - The actuarial valuation as of June 30, 2020 included updates to the provisions of Chapter 48, along with newly adopted changes in different levels of subsidy for employers.

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	2.21%	2018	3.87%
2019	3.50%	2017	3.58%

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

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend, repealment of the excise tax, and updated mortality improvement assumptions.

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

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

Other Notes to Supplementary OPEB Information (Cont'd)

Changes in Assumptions (Cont'd) - The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

On October 21, 2020, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2020. The MP-2020 scale reflects more recent mortality data for the U.S. population.

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, 2021, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	62
Active Employees	22
	84

Total OPEB Liability

The Borough's total OPEB liability of \$35,103,963.00 was measured as of December 31, 2021 and was determined by an actuarial valuation as of the same date.

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	2.06%
Healthcare Cost Trend Rates:	
Medical	5.5% in 2021, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026
Drug	7.0% in 2021, 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. 2021 employer contributions for retiree benefits are \$719,304.

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

Mortality rates were based on the RP 2000 Combined Health Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement.

An experience study was not performed on the actuarial assumptions used in the December 31, 2021 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables either developed for the applicable State Pension system in which the Borough participates or State Health Benefits Program. The actuary has used their professional judgement in applying these assumptions to this plan.

Changes in Total OPEB Liability

Balance at December 31, 2020		\$ 37,626,119.00
Changes for the Year:		
Service Cost	\$ 157,359.00	
Interest Cost	793,385.00	
Benefit Payments	(719,304.00)	
Changes in Assumptions	<u>(2,753,596.00)</u>	
Net Changes		<u>(2,522,156.00)</u>
Balance at December 31, 2021		<u>\$ 35,103,963.00</u>

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 (Cont'd)**

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 2.12% at December 31, 2020 to 2.06% at December 31, 2021.

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, 2021</u>		
	1.00% Decrease <u>(1.06%)</u>	Current Discount Rate <u>(2.06%)</u>	1.00% Increase <u>(3.06%)</u>
Total OPEB Liability	<u>\$ 39,858,333.00</u>	<u>\$ 35,103,963.00</u>	<u>\$ 31,427,481.00</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, 2021</u>		
	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	<u>\$ 31,609,234.00</u>	<u>\$ 35,103,963.00</u>	<u>\$ 39,531,822.00</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, 2021, the Borough recognized OPEB (benefit) expense of \$1,155,314.00. As of December 31, 2021, 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	\$ -	\$ -
Changes of Assumptions	<u>4,745,373.00</u>	<u>(2,536,760.00)</u>
	<u>\$ 4,745,373.00</u>	<u>\$ (2,536,760.00)</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:

Year Ending <u>Dec 31,</u>	
2022	\$ 204,570.00
2023	204,570.00
2024	204,570.00
2025	204,570.00
2026	204,570.00
Thereafter	<u>1,185,763.00</u>
	<u>\$ 2,208,613.00</u>

Supplementary OPEB Information

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios (Last Four Years):***

	<u>Plan Measurement Date December 31,</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 157,359.00	\$ 157,359.00	\$ 132,399.00	\$ 132,399.00
Interest Cost	793,385.00	957,013.00	1,249,322.00	1,220,665.00
Benefit Payments	(719,304.00)	(797,909.00)	(526,584.00)	(781,656.00)
Difference Between Expected and Actual Experience	(2,753,596.00)	2,140,591.00	3,711,777.00	
Net Change in Total OPEB Liability	(2,522,156.00)	2,457,054.00	4,566,914.00	571,408.00
Total OPEB Liability - Beginning of Year	37,626,119.00	35,169,065.00	30,602,151.00	30,030,743.00
Total OPEB Liability - End of Year	<u>\$ 35,103,963.00</u>	<u>\$ 37,626,119.00</u>	<u>\$ 35,169,065.00</u>	<u>\$ 30,602,151.00</u>
Covered-Employee Payroll	\$ 2,301,744.78	2,285,375.76	\$ 2,693,975.66	\$ 2,801,014.31
Total OPEB Liability as a Percentage of Covered Payroll	1525.10%	1646.39%	1305.47%	1092.54%

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

None.

Changes in Assumptions:

The Discount Rate was 2.06% for 2021, 2.12% for 2020, 2.74% for 2019 and 4.10% for 2018.
The Medical Trend Rate was 5.50% for 2021, 5.60% for 2020, 5.70% for 2019 and 5.80% for 2018.
The Drug Trend Rate was 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, 2021, accrued benefits for compensated absences are valued at \$311,156.15.

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: LEASE OBLIGATIONS

At December 31, 2021, the Borough had lease agreements in effect for the following:

Capital:

Two (2) Copiers

Operating:

One (1) Mail Machine

Capital Leases - The following is an analysis of the Borough's capital leases:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2021</u>	<u>2020</u>
Vehicles		\$ 15,428.12
Equipment	\$ 1,459.85	4,811.04

The remaining principal and interest payments on capital leases are \$1,459.85 and \$23.15 respectively which will be paid in 2022. No existing leases have payments beyond that.

Operating Leases - Future minimum lease payments under operating lease agreements are \$533.61 which will be paid in 2022. No existing leases have payments beyond that.

Rental payments under operating leases for the year 2021 were \$2,134.44.

Note 12: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2010 – On June 11, 2010, the Borough issued \$2,693,000.00 of non-callable general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds was June 1, 2021.

General Improvement Bonds, Series 2014 – On June 26, 2014, 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>
2022	\$ 210,000.00	\$ 52,840.00	\$ 262,840.00
2023	220,000.00	47,590.00	267,590.00
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
2027-2029	<u>718,000.00</u>	<u>43,620.00</u>	<u>761,620.00</u>
Totals	<u>\$ 1,833,000.00</u>	<u>\$ 249,920.00</u>	<u>\$ 2,082,920.00</u>

General Debt - 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>
2022	\$ 13,676.02	\$ 626.10	\$ 14,302.12
2023	13,950.92	351.21	14,302.13
2024	<u>7,080.24</u>	<u>70.80</u>	<u>7,151.04</u>
Totals	<u>\$ 34,707.18</u>	<u>\$ 1,048.11</u>	<u>\$ 35,755.29</u>

Note 12: CAPITAL DEBT (CONT'D)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 3,266,162.18	\$ 3,969,568.74	\$ 4,619,236.14
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,272,000.00	150,000.00	50,000.00
Total Issued and Authorized but not Issued	<u>4,538,162.18</u>	<u>4,119,568.74</u>	<u>4,669,236.14</u>
<u>Deductions</u>			
General:			
Reserve for Loans Receivable		100,000.00	
Reserve for Payment of Bonds	44,384.04	53,384.04	41,000.00
Total Deductions	<u>44,384.04</u>	<u>153,384.04</u>	<u>41,000.00</u>
Net Debt	<u>\$ 4,493,778.14</u>	<u>\$ 3,966,184.70</u>	<u>\$ 4,628,236.14</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 0.524%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 7,520,000.00	\$ 7,520,000.00	
General	4,538,162.18	44,384.04	\$ 4,493,778.14
	<u>\$ 12,058,162.18</u>	<u>\$ 7,564,384.04</u>	<u>\$ 4,493,778.14</u>

Net debt \$4,493,778.14 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$857,828,098.67, equals 0.524%.

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

Note 12: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 30,023,983.45
Less: Net Debt	<u>4,493,778.14</u>
Remaining Borrowing Power	<u><u>\$ 25,530,205.31</u></u>

Note 13: RISK MANAGEMENT

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

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021		\$ 2,258.04	\$ 535.83	\$ 1,960.65
2020	\$ 5,000.00	2,170.87	11,432.51	238.44
2019	5,000.00	3,026.52	5,432.57	4,500.08

It is estimated that unreimbursed payments on behalf of the Borough at December 31, 2021 are \$0.00.

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 13: 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.

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 14: 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 15: 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 16: TAX ABATEMENTS

The Township enters into property tax abatement agreements for senior citizen housing under the state Economic Development Opportunity Act of 2013. Under the Act, municipalities may grant property tax abatements of up to fifty percent (50%) of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Township.

For the year ended December 31, 2021, the Township abated property taxes totaling \$33,011.79 under this program.

Note 17: SUBSEQUENT EVENTS

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Borough’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Borough is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2022.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A: 5-5 - Treasurer
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$	2,756,598.55
Increased by Receipts:			
Taxes Receivable	\$ 28,243,484.44		
Tax Title Liens	2,035.48		
Prepaid Taxes	215,810.02		
Tax Overpayments	3,935.91		
Due State of New Jersey - Senior Citizens and Veterans Deductions	48,173.29		
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	754,209.00		
Interest and Costs on Taxes	80,429.80		
Payments in Lieu of Taxes	62,668.93		
Revenue Accounts Receivable	477,234.26		
Refunds of Appropriations	341,385.99		
Refunds of Appropriation Reserves	100.00		
Miscellaneous Revenue Not Anticipated	110,199.58		
Due State of New Jersey - Marriage License Fees	775.00		
Due State of New Jersey - DCA Training Fees	10,490.00		
Due Federal and State Grant Fund	427,730.70		
Due Trust Other Fund	55.56		
			30,778,717.96
			33,535,316.51
Decreased by Disbursements:			
2020 Appropriation Reserves	368,546.89		
2021 Appropriations	8,189,013.19		
County Taxes	6,805,623.23		
Due County for Added and Omitted Taxes	26,908.93		
Local District School Tax	15,029,869.92		
Tax Overpayments Refunds	3,917.42		
Due State of New Jersey - Marriage License Fees	725.00		
Due State of New Jersey - DCA Training Fees	13,743.00		
Due Animal Control	543.00		
Due General Capital Fund	143,214.50		
Due Federal and State Grant Fund	332,058.96		
			30,914,164.04
Balance Dec. 31, 2021		\$	2,621,152.47

BOROUGH OF HADDON HEIGHTS
CURRENT FUND

Statement of Due from State of New Jersey Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 16,927.27
Increased by:		
Accrued:		
Deductions per Tax Billing:		
Senior Citizens	\$ 5,500.00	
Veterans	<u>44,250.00</u>	
	49,750.00	
Deductions Allowed by Collector - 2021 Taxes	<u>2,000.00</u>	
		\$ 51,750.00
Less: Deductions Disallowed by Tax		
Collector for 2021 Taxes		<u>(1,359.59)</u>
		50,390.41
Deduct:		
Deductions Disallowed by Tax Collector for 2020 Taxes		<u>(76.71)</u>
		<u>50,313.70</u>
		67,240.97
Decreased by:		
Received from State of New Jersey		<u>48,173.29</u>
Balance Dec. 31, 2021		<u><u>\$ 19,067.68</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2021

Year	Balance Dec. 31, 2020	2021 Levy	Added Taxes	2020	2021	Due from State of New Jersey	Tax Overpayments Applied	Transfer to Liens	Canceled	Balance Dec. 31, 2021
2018	\$ 2,408.58				\$ 513.47					\$ 1,895.11
2019	250.00				250.00					
2020	269,190.48		\$ 76.71		269,248.70		\$ 18.49			
	271,849.06	-	76.71	-	270,012.17	-	18.49	-	-	1,895.11
2021	-	\$ 28,508,332.63	3,712.68	\$ 227,199.01	27,973,472.27	\$ 50,390.41	-	\$ 65.22	\$ 13,823.94	247,094.46
	\$ 271,849.06	\$ 28,508,332.63	\$ 3,789.39	\$ 227,199.01	\$ 28,243,484.44	\$ 50,390.41	\$ 18.49	\$ 65.22	\$ 13,823.94	\$ 248,989.57

Analysis of 2021 Property Tax Levy

Tax Yield:

General Property Tax	\$ 28,416,497.84
Added Taxes (54:4-63.1 et. seq.)	91,834.79
	<u>\$ 28,508,332.63</u>

Tax Levy

Local School District Tax	\$ 14,993,871.00
County Taxes	
County Tax	\$ 6,634,251.51
County Open Space	171,371.72
	<u>6,805,623.23</u>
Due County for Added and Omitted Taxes	22,032.72
	<u>6,827,655.95</u>
Total County Taxes	6,827,655.95
Library Tax	284,499.61
Local Tax for Municipal Purposes	6,310,471.28
Add: Additional Tax Levied	91,834.79
	<u>6,402,306.07</u>
	<u>\$ 28,508,332.63</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Tax Title Liens
 For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 2,205.16
Increased by:	
Transfer from Taxes Receivable	65.22
	2,270.38
Decreased by:	
Receipts	2,035.48
Balance Dec. 31, 2021	\$ 234.90

CURRENT FUND
 Schedule of Change Funds
 As of December 31, 2021

<u>Office</u>	<u>Amount</u>
Tax Collector	\$ 200.00
Municipal Court	150.00
	\$ 350.00

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Borough Clerk:				
Licenses		\$ 140.00	\$ 140.00	
Fees and Permits:				
Street Opening		4,550.00	4,550.00	
Vacant Property Registration		13,950.00	13,950.00	
Rental Property Registration		9,900.00	9,900.00	
Hen Registration Fee		100.00	100.00	
Heights Report Fees		17,880.02	17,880.02	
Registrar of Vital Statistics:				
Licenses		5,084.00	5,084.00	
Fees & Permits		5,660.00	5,660.00	
Planning & Zoning Board:				
Fees & Permits:				
Planning Board Fees		4,500.00	4,500.00	
Zoning Board Fees		4,410.00	4,410.00	
Curb & Sidewalk Fees		3,125.00	3,125.00	
Police Department				
Fees & Permits:				
Overnight Parking Permits		2,400.00	2,400.00	
Police Permits		1,108.35	1,108.35	
Fire Department				
Fees & Permits:				
Fire Prevention Inspection Fees		19,755.83	19,755.83	
Uniform Fire Safety Act		4,326.73	4,326.73	
Construction Code Official				
Uniform Construction Code Fees		168,233.00	168,233.00	
Recreation Department				
Recreation Fees		9,500.00	9,500.00	
Facilities Rentals		17,947.50	17,947.50	
Municipal Court				
Fines and Costs	\$ 4,651.15	75,891.77	76,565.22	\$ 3,977.70
Cable TV Franchise Fees		108,098.61	108,098.61	
	<u>\$ 4,651.15</u>	<u>\$ 476,560.81</u>	<u>\$ 477,234.26</u>	<u>\$ 3,977.70</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of 2020 Appropriation Reserves and Encumbrances
For the Year Ended December 31, 2021

	Balance Dec. 31, 2020		Balance After Modification	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
General Administration					
Salaries and Wages	\$ 395.57		\$ 395.57		\$ 395.57
Other Expense	4,287.92		4,287.92		4,287.92
Postage	1,390.25		1,390.25		1,390.25
Office Supplies	1,137.73	\$ 1,461.77	2,599.50	\$ 1,461.77	1,137.73
Marketing Events and Communications	7,862.66		7,862.66		7,862.66
Municipal Clerk					
Salaries and Wages	156.57		156.57		156.57
Other Expenses	10,426.73	362.20	10,788.93	2,784.46	8,004.47
Financial Administration					
Salaries and Wages	4,987.45		4,987.45		4,987.45
Other Expenses	1,365.50	1,050.00	2,415.50	2,260.81	154.69
Audit Services					
Other Expenses	200.00		200.00		200.00
Assessment of Taxes					
Salaries and Wages	11,682.15		11,682.15		11,682.15
Other Expenses	2,562.32		2,562.32		2,562.32
Collection of Taxes					
Salaries and Wages	14.71		14.71		14.71
Other Expenses	1,490.85		1,490.85		1,490.85
Legal Services					
Other Expenses	7,833.91	10,325.00	18,158.91	17,705.28	453.63
Engineering Services and Costs					
Other Expenses	1,440.24	8,058.00	9,498.24	8,058.00	1,440.24
Municipal Court					
Other Expenses	986.67	24,276.00	25,262.67	24,276.00	986.67
Municipal Building					
Salaries and Wages	4,369.56		4,369.56		4,369.56
Other Expenses	2,448.14	35,783.00	38,231.14	35,783.00	2,448.14
Planning Board:					
Other Expenses	3,480.06	3,273.04	6,753.10	3,913.04	2,840.06
Zoning Board of Adjustments:					
Salaries and Wages	1,560.95		1,560.95		1,560.95
Other Expenses	500.00		500.00		500.00
Environmental Commission					
Other Expenses	550.00		550.00		550.00
Insurance:					
General Liability	52,046.90		52,046.90		52,046.90
Worker's Compensation	2,069.00		2,069.00		2,069.00
Employee Group Insurance	194,494.05		180,494.05	897.34	179,596.71
Employee Benefit Waiver	708.88		708.88		708.88
PUBLIC SAFETY:					
Police					
Salaries and Wages	28,035.71		28,035.71		28,035.71
Other Expenses	30,132.61	1,845.00	31,977.61	2,070.00	29,907.61
Fire					
Salaries and Wages	3,179.01		3,179.01	3,179.01	
Other Expenses	19,854.06	1,117.00	20,971.06	6,893.66	14,077.40
Fire Hydrant Service	6,651.66	6,256.00	12,907.66	12,300.49	607.17
Fire Safety Official:					
Salaries and Wages	512.31		512.31		512.31
Other Expenses	600.00		600.00		600.00
Office of Emergency Management:					
Salaries and Wages	8.87		8.87		8.87
Other Expenses	480.00		480.00		480.00

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of 2020 Appropriation Reserves and Encumbrances
For the Year Ended December 31, 2021

	<u>Balance Dec. 31, 2020</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>					
PUBLIC WORKS:					
Public Works:					
Salaries and Wages	\$ 6,853.49		\$ 6,853.49		\$ 6,853.49
Other Expenses	14,381.43		14,381.43	\$ 77.22	14,304.21
Garbage and Trash Removal					
Other Expenses	41,000.00		41,000.00	36,750.00	4,250.00
Vehicle Maintenance	3,266.40	\$ 1,842.78	5,109.18	1,842.78	3,266.40
Solid Waste Disposal	45,309.47	225.00	59,534.47	59,164.51	369.96
HEALTH AND WELFARE:					
Dog Regulation					
Contractual	600.00	500.00	1,100.00	500.00	600.00
RECREATION AND EDUCATION:					
Parks and Playgrounds					
Salaries and Wages	7.27		7.27		7.27
Other Expenses	10,630.00		10,630.00		10,630.00
Historic Commission					
Other Expenses	250.00		250.00		250.00
CODE ENFORCEMENT:					
Construction Code Official					
Salaries and Wages	15,920.23		15,920.23		15,920.23
Other Expenses	3,703.11		3,703.11	2,385.00	1,318.11
UNCLASSIFIED:					
Utilities:					
Gasoline	18,990.09	687.58	19,677.67	687.58	18,990.09
Telephone	2,045.08	1,768.51	3,813.59	2,019.39	1,794.20
Electric Utilities	21,146.55	2,028.56	23,175.11	2,028.56	21,146.55
Street Lighting	12,366.26	261.02	12,627.28	261.02	12,366.26
Water Utilities	4,060.91	44.90	4,105.81	1,176.17	2,929.64
<u>STATUTORY EXPENDITURES -</u>					
<u>MUNICIPAL WITHIN "CAPS":</u>					
Contribution to:					
Social Security	33,232.85		33,232.85		33,232.85
Consolidated Police and Firemen's Pension Fund	19.32		19.32		19.32
Public Employees Retirement System	21.00		21.00		21.00
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Judgements	70,333.37	140,666.66	211,000.03	140,666.66	70,333.37
Trash Collection Services/Apartments	6,848.00		6,848.00	5,000.00	1,848.00
Recycling Tax	2,579.07		2,579.07	1,803.24	775.83
TOTAL GENERAL APPROPRIATIONS	<u>\$ 723,466.90</u>	<u>\$ 241,832.02</u>	<u>\$ 965,298.92</u>	<u>\$ 375,944.99</u>	<u>\$ 589,353.93</u>
Disbursed				\$ 368,546.89	
Refunds				(100.00)	
Accounts Payable				7,498.10	
				<u>\$ 375,944.99</u>	

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 227,199.01
Increased by:	
Receipts	<u>215,810.02</u>
	443,009.03
Decreased by:	
Applied to Taxes Receivable	<u>227,199.01</u>
Balance Dec. 31, 2021	<u><u>\$ 215,810.02</u></u>

Exhibit SA-9

CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2021

Increased by:	
Receipts	\$ 3,935.91
Decreased by:	
Applied to 2020 Taxes	\$ 18.49
Disbursed - Refunded	<u>3,917.42</u>
	<u><u>\$ 3,935.91</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of County Taxes
For the Year Ended December 31, 2021

2021 Tax Levy:		
County General	\$ 6,634,251.51	
County Open Space	<u>171,371.72</u>	
		\$ 6,805,623.23
Decreased by:		
Disbursements		<u>\$ 6,805,623.23</u>

Exhibit SA-11

CURRENT FUND
Statement of Amount Due to County for Added and Omitted Taxes
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 26,908.93
Increased by:		
2021 Omitted/Added Taxes		<u>22,032.72</u>
		48,941.65
Decreased by:		
Disbursements		<u>26,908.93</u>
Balance Dec. 31, 2021		<u>\$ 22,032.72</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of School Taxes Payable
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 0.47
Increased by:		
2021 Levy	\$ 14,993,871.00	
Transferred to Prepaid School Taxes	<u>35,998.45</u>	
		<u>15,029,869.45</u>
		15,029,869.92
Decreased by:		
Disbursements		<u><u>\$ 15,029,869.92</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Due to State of New Jersey - Marriage License Fees
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 150.00
Increased by:	
Receipts	775.00
	925.00
Decreased by:	
Disbursements	725.00
Balance Dec. 31, 2021	\$ 200.00

CURRENT FUND
Statement of Due to State of New Jersey - DCA Fees
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 5,152.00
Increased by:	
Receipts	10,490.00
	15,642.00
Decreased by:	
Disbursements	13,743.00
Balance Dec. 31, 2021	\$ 1,899.00

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Accounts Payable
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 23,426.00
Increased by:		
Charges to Appropriation Reserves		<u>7,498.10</u>
		30,924.10
Decreased by:		
Canceled		<u>13,270.43</u>
Balance Dec. 31, 2021		<u><u>\$ 17,653.67</u></u>

Exhibit SA-16

FEDERAL, STATE AND OTHER GRANT FUND
Statement of Due Current Fund
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 263,905.68
Increased by:		
Current Fund Receipt on Behalf of Grant Fund:		
Grants Receivable	\$ 427,730.70	
Grants Receivable Cancelled	25,345.47	
Current Fund Budget Appropriation - Local Match	<u>2,685.45</u>	
		<u>455,761.62</u>
		719,667.30
Decreased by:		
Current Fund Disbursed on Behalf of Grant Fund:		
Reserve for Encumbrances	4,185.00	
Contracts Payable	252,852.33	
Reserve for Federal and State Grants Appropriated	75,021.63	
Reserve for Federal and State Grants Appropriated Cancelled	<u>68,056.71</u>	
		<u>400,115.67</u>
Balance Dec. 31, 2021		<u><u>\$ 319,551.63</u></u>

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2021

<u>Program</u>	<u>Balance Dec. 31, 2020</u>	<u>Accrued</u>	<u>Received</u>	<u>Canceled to Current Fund</u>	<u>Balance Dec. 31, 2021</u>
Federal Grants:					
COVID-19 Pandemic CARES Act	\$ 8,987.57			\$ 8,987.57	
Bullet Proof Vest	432.42	\$ 793.54	\$ 1,225.96		
Community Development Block Grant		250,000.00			\$ 250,000.00
American Recovery Plan		394,024.77	394,024.77		
Total Federal Grants	9,419.99	644,818.31	395,250.73	8,987.57	250,000.00
State Grants:					
Transportation Grant - 2018 Program	1.12			1.12	
Transportation Grant - 2019 Program	3,601.37			3,601.37	
Transportation Grant - 2020 Program	173,940.21				173,940.21
Transportation Grant - 2021 - Devon Avenue Phase III		285,000.00			285,000.00
Body Armor Fund		1,420.74	1,420.74		
Clean Communities Grant		15,444.35	15,444.35		
ANJEC Grant	500.00			500.00	
Municipal Alliance	12,255.41	10,741.78	1,229.61	12,255.41	9,512.17
Recycling Tonnage Grant		9,840.48	9,840.48		
Drunk Driving Enforcement		2,500.00	2,500.00		
Alcohol Education, Rehabilitation and Enforcement Fund		2,044.79	2,044.79		
Drive Sober or Get Pulled Over		6,000.00			6,000.00
Body Worn Camera Grant		36,684.00	36,684.00		
NJ Historic Trust		24,999.00			24,999.00
Total State Grants	190,298.11	394,675.14	69,163.97	16,357.90	499,451.38
Other Grants:					
Camden County Trail Grants	100,000.00				100,000.00
Camden County Recreation Grant		50,000.00			50,000.00
Total Other Grants	100,000.00	50,000.00	-	-	150,000.00
Total All Grants	\$ 299,718.10	\$1,089,493.45	\$ 464,414.70	\$ 25,345.47	\$ 899,451.38
Received by Current Fund			\$ 427,730.70		
Received by General Capital Fund			36,684.00		
			<u>\$ 464,414.70</u>		

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Reserve for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2021

<u>Program</u>	<u>Balance Dec. 31, 2020</u>	<u>Grants Receivable</u>	<u>Realized as Revenue in the 2021 Budget</u>	<u>Balance Dec. 31, 2021</u>
Federal Grants:				
Bullet Proof Vest		\$ 793.54		\$ 793.54
Community Development Block Grant		250,000.00	\$ 250,000.00	
American Recovery Plan		394,024.77		394,024.77
	<hr/>	<hr/>	<hr/>	<hr/>
Total Federal Grants	-	644,818.31	250,000.00	394,818.31
State Grants:				
Body Armor Fund		1,420.74	1,420.74	
Transportation Grant 2020 - Devon Ave Phase II		285,000.00	285,000.00	
Clean Communities Grant		15,444.35	15,444.35	
Drunk Driving Enforcement		2,500.00		2,500.00
Municipal Alliance on Alcoholism and Drug Abuse		10,741.78	10,741.78	
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund		2,044.79		2,044.79
Recycling Tonnage Grant		9,840.48	9,840.48	
Drive Sober or Get Pulled Over		6,000.00	6,000.00	
Body Worn Camera Grant		36,684.00	36,684.00	
NJ Historic Trust		24,999.00	24,999.00	
	<hr/>	<hr/>	<hr/>	<hr/>
Total State Grants	-	394,675.14	390,130.35	4,544.79
Other Grants:				
Camden County Recreation Grant	-	50,000.00	50,000.00	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Grants	-	\$ 1,089,493.45	\$ 690,130.35	\$ 399,363.10
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Original Budget			\$ 347,161.52	
Appropriated by 40A:4-87			342,968.83	
			<hr/>	
			\$ 690,130.35	
			<hr/> <hr/>	

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Reserve for Federal, State and Other Grants - Appropriate
For the Year Ended December 31, 2021

Program	Balance Dec. 31, 2020	2021 Budget Appropriation	Contracts Payable Canceled	Decreased	Balance Dec. 31, 2021
Federal Grants:					
COVID-19 Pandemic Cares Act	\$ 13,835.61			\$ 13,835.61	
Distracted Driving	5,830.00				\$ 5,830.00
Click It or Ticket	5,500.00				5,500.00
Bullet Proof Vest	762.20			762.20	
Community Development Block Grant		\$ 250,000.00		31,656.20	218,343.80
Total Federal Grants	<u>25,927.81</u>	<u>250,000.00</u>	<u>-</u>	<u>46,254.01</u>	<u>229,673.80</u>
State Grants:					
Body Armor Fund	211.33	1,420.74			1,632.07
Clean Communities Grant	19,267.72	15,444.35			34,712.07
Drive Sober or Get Pulled Over	712.27	6,000.00		4,920.00	1,792.27
Drunk Driving Enforcement Grant	11,563.59			843.17	10,720.42
NJDEP Historic Commission - Preservation	5,462.47			5,462.47	
NJ Historic Trust		24,999.00		24,955.00	44.00
Municipal Alliance on Alcoholism and Drug Abuse	50,004.18	13,427.23		55,154.80	8,276.61
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund	9,832.65				9,832.65
Transportation Grant - 2018	1.12			1.12	
Transportation Grant - 2019	3,601.37			3,601.37	
Transportation Grant - 2020	48,806.77		\$ 3,391.90	30,430.00	21,768.67
Transportation Grant - 2021 - Devon Ave Phase II		285,000.00			285,000.00
Recycling Tonnage Grant		9,840.48		3,162.60	6,677.88
Body Worn Camera Grant		36,684.00		19,513.00	17,171.00
Total State Grants	<u>149,463.47</u>	<u>392,815.80</u>	<u>3,391.90</u>	<u>148,043.53</u>	<u>397,627.64</u>
Other Grants:					
Georgia Pacific Bucket Brigade Grant	50.00			50.00	
Camden County Trail Grants	88,913.45				88,913.45
Camden County Recreation Grant		50,000.00			50,000.00
Total Other Grants	<u>88,963.45</u>	<u>50,000.00</u>	<u>-</u>	<u>50.00</u>	<u>138,913.45</u>
Total All Grants	<u>\$ 264,354.73</u>	<u>\$ 692,815.80</u>	<u>\$ 3,391.90</u>	<u>\$ 194,347.54</u>	<u>\$ 766,214.89</u>
Original Budget					
Appropriated by 40A:4-87		\$ 347,161.52			
		<u>342,968.83</u>			
Local Match					
		690,130.35			
		<u>2,685.45</u>			
		<u>\$ 692,815.80</u>			
Disbursed by Grant Fund					
Disbursed by General Capital Fund				\$ 75,021.63	
Encumbered				19,513.00	
Canceled				31,756.20	
				<u>68,056.71</u>	
				<u>\$ 194,347.54</u>	

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Due To General Capital Fund
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 35,745.84
Increased by:	
General Capital Fund Disbursed on Behalf of Grant Fund	<u>19,513.00</u>
	55,258.84
Decreased by:	
Grants Collected in General Capital Fund	<u>36,684.00</u>
Balance Dec. 31, 2021	<u><u>\$ 18,574.84</u></u>

SUPPLEMENTAL EXHIBITS

TRUST FUND

BOROUGH OF HADDON HEIGHTS
TRUST FUNDS
Statement of Trust Cash
Per N.J.S. 40A: 5-5 - Treasurer
For the Year Ended December 31, 2021

	Animal Control	Other Trust
Balance Dec. 31, 2020	\$ 1,167.85	\$ 747,869.49
Increased by Receipts:		
Reserve for Animal Control	\$ 2,627.80	
Due State of New Jersey	355.20	
Due Current Fund	5.71	\$ 1,812.00
Police Outside Services Receivable		46,626.58
Reserve for Unemployment Compensation		2,258.04
Reserve for Zoning Board Deposits		11,480.00
Reserve for Planning Board Escrow		55,779.21
Reserve for Tax Title Lien Redemptions		202,068.00
Reserve for Tax Title Lien Premiums		60,900.00
Reserve for Citizen Donations to Police Department		4,204.29
Reserve for POAA		592.00
Reserve for Municipal Drug Alliance Donations		14,935.13
Reserve for Police Forfeiture		48.84
Reserve for Off Duty Police		182,312.16
Reserve for Community Garden		800.00
Reserve for Shade Tree Donations		940.00
Reserve for Neighbor's Night Out		3,763.00
Reserve for Heights Grows		10,182.05
Reserve for Bike Racks		5,670.00
Reserve for Net Payroll		1,594,732.63
Reserve for Payroll Deductions Payable		888,109.28
	<u>2,988.71</u>	<u>3,087,213.21</u>
	4,156.56	3,835,082.70
Decreased by Disbursements:		
Expenditures under R.S. 4:19-15.11	175.00	
Due State of New Jersey	352.80	
Reserve for Unemployment Compensation		535.83
Reserve for Planning Board Escrow		20,840.25
Reserve for Tax Title Lien Redemptions		197,442.42
Reserve for Tax Title Lien Premiums		190,000.00
Reserve for Municipal Drug Alliance Donations		8,766.50
Reserve for Off Duty Police		196,915.89
Reserve for Memorial Clock Donations		1,260.00
Reserve for Community Garden		1,007.59
Reserve for Shade Tree Donations		999.78
Reserve for Affordable Housing (COAH)		22,162.66
Reserve for Neighbor's Night Out		3,089.50
Reserve for Heights Grows		6,822.14
Reserve for Net Payroll		1,594,732.63
Reserve for Payroll Deductions Payable		885,050.52
Reserve for Encumbrances		4,955.84
	<u>527.80</u>	<u>3,134,581.55</u>
Balance Dec. 31, 2021	<u>\$ 3,628.76</u>	<u>\$ 700,501.15</u>

BOROUGH OF HADDON HEIGHTS
ANIMAL CONTROL FUND
 Statement of Reserve for Animal Control Expenditures
 For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 1,120.68
Increased by:		
Receipts:		
Dog License Fees	\$ 2,028.80	
Cat License Fees	<u>599.00</u>	
		<u>2,627.80</u>
		3,748.48
Decreased by:		
Disbursed by Current Fund on Behalf of Animal Control Expenditures under R.S. 4:19-15.11	543.00	
	<u>175.00</u>	
		<u>718.00</u>
Balance Dec. 31, 2021		<u><u>\$ 3,030.48</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2019	\$ 2,539.80
2020	<u>2,232.40</u>
	<u><u>\$ 4,772.20</u></u>

BOROUGH OF HADDON HEIGHTS
ANIMAL CONTROL FUND
 Statement of Due to the State of New Jersey
 For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 46.80
Increased by:		
Receipts		355.20
		402.00
Decreased by:		
Disbursements		352.80
Balance Dec. 31, 2021		\$ 49.20

ANIMAL CONTROL FUND
 Statement of Due to Current Fund
 For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 0.37
Increased by:		
Disbursed by Current Fund on Behalf of Animal Control	\$ 543.00	
Receipts - Interest Earned	5.71	
		548.71
Balance Dec. 31, 2021		\$ 549.08

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Due From (To) Current Fund
For the Year Ended December 31, 2021

Balance Dec. 31, 2020 (Due from)		\$ 2,851.51
Increased by:		
Payroll Deductions Collected by Current Fund		55.56
		2,907.07
Decreased by:		
Police Off Duty Paid by Current Fund	\$ 46,703.45	
Receipts - Interest Earnings	1,812.00	
		48,515.45
Balance Dec. 31, 2021 (Due to)		\$ 45,608.38
 <u>Analysis of Balance Dec. 31, 2021</u>		
Payroll Trust		\$ 17.49
Tax Title Lien		1,143.65
Trust - Other		44,447.24
		\$ 45,608.38

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2021

	Balance Dec. 31, 2020	Increased			Decreased			Balance Dec. 31, 2021
		Receipts	Due Current	Accounts Receivable	Disbursed	Due Current Fund	Reserve for Encumbrances	
Reserve for Public Defender	\$ 2,908.57							\$ 2,908.57
Reserve for Unemployment Compensation	238.44	\$ 2,258.04			\$ 535.83			1,960.65
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						11,480.00
Reserve for Planning Board Escrow	19,081.75	55,779.21			20,840.25		\$ 112.00	53,908.71
Reserve for Tax Title Lien Redemptions	3,017.86	202,068.00			197,442.42			7,643.44
Reserve for Tax Title Lien Premiums	236,300.00	60,900.00			190,000.00			107,200.00
Reserve for Citizen Donations to Police Department	7,122.10	4,204.29						11,326.39
Reserve for POAA	4,496.28	592.00						5,088.28
Reserve for Municipal Drug Alliance Donations	22,181.57	14,935.13			8,766.50			28,350.20
Reserve for Police Forfeiture	12,025.87	48.84						12,074.71
Reserve for Fire Department	516.12							516.12
Reserve for Off Duty Police	191,243.42	182,312.16		\$ 34,646.72	196,915.89	\$ 46,703.45	48,132.12	116,450.84
Reserve for Fourth of July Parade	176.95							176.95
Reserve for Memorial Clock Donations	16,055.53				1,260.00		3,872.00	10,923.53
Reserve for Community Garden	889.00	800.00			1,007.59			681.41
Reserve for Shade Tree Donations	587.08	940.00			999.78			527.30
Reserve for Affordable Housing (COAH)	238,099.87				22,162.66			215,937.21
Reserve for Recreation Donations	306.54							306.54
Reserve for Recreation Field Use	25.00							25.00
Reserve for Neighbor's Night Out	5,148.71	3,763.00			3,089.50			5,822.21
Reserve for Heights Grows	830.92	10,182.05			6,822.14			4,190.83
Reserve for Bike Racks		5,670.00						5,670.00
Reserve for Net Payroll		1,594,732.63			1,594,732.63			
Reserve for Payroll Deductions Payable	21,256.26	888,109.28	\$ 55.56		885,050.52			24,370.58
Reserve for Encumbrances	7,373.63				4,955.84		(52,116.12)	54,533.91
	<u>\$ 797,347.58</u>	<u>\$ 3,038,774.63</u>	<u>\$ 55.56</u>	<u>\$ 34,646.72</u>	<u>\$ 3,134,581.55</u>	<u>\$ 46,703.45</u>	<u>\$ -</u>	<u>\$ 689,539.49</u>

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Police Outside Services Receivable
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 46,626.58
Increased by:	
Reserve for Off Duty Police	34,646.72
	81,273.30
Decreased by:	
Receipts	46,626.58
Balance Dec. 31, 2021	\$ 34,646.72

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Investments - Length of Service Award Program
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 122,508.87
Increased by:		
Contributions	\$ 8,000.00	
Increase in Investment Value	10,804.78	
Adjustments	32.43	
Interest Earned	885.40	
		19,722.61
		142,231.48
Decreased by:		
Benefits Paid to Participants		3,314.10
Balance Dec. 31, 2021		\$ 138,917.38

Schedule of Investments Dec. 31, 2021

<u>Description</u>	<u>Amount</u>
Fixed Annuity Contract	\$ 47,179.60
Money Market Funds	25,984.00
Pooled Separate Accounts	65,753.78
	\$ 138,917.38

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of General Capital Cash
Per N.J.S. 40A: 5-5 - Treasurer
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$	177,637.70
Increased by Receipts:			
Budget Appropriation - Capital Improvement Fund	\$		20,000.00
Bond Anticipation Note Payable		1,398,455.00	
Refunds to Improvement Authorizations		19,513.00	
Reserve to Pay Debt		15,684.04	
Due Federal and State Grant Fund		36,684.00	
Due Current Fund		<u>143,330.50</u>	
			<u>1,633,666.54</u>
			1,811,304.24
Decreased by Disbursements:			
Improvement Authorizations		138,603.75	
Encumbrances		38,010.00	
Contracts Payable		158,234.31	
Bond Anticipation Note Payable		1,380,455.00	
Due Federal and State Grant Fund		<u>19,513.00</u>	
			<u>1,734,816.06</u>
Balance Dec. 31, 2021		\$	<u><u>76,488.18</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2021

	Balance (Deficit) <u>Dec. 31, 2020</u>	Receipts		Disbursements			Transfers		Balance (Deficit) <u>Dec. 31, 2021</u>
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Fund Balance	\$ 4,931.07								\$ 4,931.07
Capital Improvement Fund	78,211.22		\$ 20,000.00				\$ 75,000.00		23,211.22
Reserve to Pay Debt	53,384.04		15,684.04				24,684.04		44,384.04
Reserve for Encumbrances	40,262.16					\$ 38,010.00		\$ 12,195.82	14,447.98
Contracts Payable	168,098.47					158,234.31		236,100.00	245,964.16
Due Current Fund	(177,172.27)		143,330.50					24,684.04	(9,157.73)
Due Federal and State Grant Fund	(35,745.84)		36,684.00			19,513.00			(18,574.84)
Grants and Loans Receivable	(100,000.00)								(100,000.00)
Reserve for Grants and Loans Receivable	100,000.00								100,000.00
Improvement Authorizations:									
2015:1425 Various Improvements	(18,000.00)	\$ 18,000.00							
2015:1430 Installation of Lights for McCullough Field		287,656.00			\$ 287,656.00				
2017:1441 Various Improvements	55,965.47	694,844.00			694,844.00				55,965.47
2017:1443 Purchase Police Vehicle	(32,000.00)								(32,000.00)
2018:1455 New Web Site	355.90								355.90
2018:1459 Improvements to Various Roads	16,656.00								16,656.00
2018:1464 Repairs to Lake Street Pump Station	2,701.00								2,701.00
2019:1470 Improvement to Devon Ave Tennis Courts		285,000.00			285,000.00				
2019:1478 Repave W High St & Devon Ave		50,000.00			50,000.00				
2019:1479 Improvement to Tennis & Basketball Courts	7,814.38	24,480.00			24,480.00				7,814.38
2020:1486 Upgrade Technology Equipment	760.00	38,475.00			38,475.00				760.00
2020:1492 Preparation of a Small System Asset Management Plan for the Sanitary Sewer System				\$ 95,150.75					(95,150.75)
2020:1493 Streetscape Improvements	1,916.10								1,916.10
2020:1495 Replace Community Center Roof	9,500.00			8,940.00					560.00
2021:1502 Capital Equipment for the Police Department			19,513.00	19,513.00				2,500.00	2,500.00
2021:1507 Various Capital Acquisitions				15,000.00				15,000.00	
2021:1510 Acquisition of Various Capital Equipment and Completion of Various Capital Improvements							248,295.82	57,500.00	(190,795.82)
	<u>\$ 177,637.70</u>	<u>\$ 1,398,455.00</u>	<u>\$ 235,211.54</u>	<u>\$ 138,603.75</u>	<u>\$ 1,380,455.00</u>	<u>\$ 215,757.31</u>	<u>\$ 347,979.86</u>	<u>\$ 347,979.86</u>	<u>\$ 76,488.18</u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 2,529,113.74
Decreased by:		
Budget Appropriations:		
General Serial Bonds	\$ 648,000.00	
Green Trust Loan Payable	<u>13,406.56</u>	
		<u>661,406.56</u>
Balance Dec. 31, 2021		<u><u>\$ 1,867,707.18</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation - Unfunded
 For the Year Ended December 31, 2021

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2021	Analysis of Balance Dec. 31, 2021		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2015:1425	Various Improvements	\$ 18,000.00			\$ 18,000.00	\$ 18,000.00		
2016:1430	Installation of Lights for McCullough Field	301,578.00		\$ 13,922.00	287,656.00	287,656.00		
2017:1441	Various Improvements	740,922.00		46,078.00	694,844.00	694,844.00		
2017:1443	Purchase Police Vehicle	32,000.00			32,000.00		\$ 32,000.00	
2019:1470	Improvement to Devon Ave Tennis Courts	285,000.00			285,000.00	285,000.00		
2019:1478	Repave W High St & Devon Ave	50,000.00			50,000.00	50,000.00		
2019:1479	Improvement to Tennis & Basketball Courts	24,480.00			24,480.00	24,480.00		
2020:1486	Acquisition of and Upgrades to Various Information Technology Equipment	38,475.00			38,475.00	38,475.00		
2020:1492	Preparation of a Small System Asset Management Plan for the Sanitary Sewer System	100,000.00			100,000.00		95,150.75	\$ 4,849.25
2021:1502	Capital Equipment for the Police Department		\$ 47,500.00		47,500.00			47,500.00
2021:1510	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements		1,092,500.00		1,092,500.00		190,795.82	901,704.18
		<u>\$ 1,590,455.00</u>	<u>\$ 1,140,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 2,670,455.00</u>	<u>\$ 1,398,455.00</u>	<u>\$ 317,946.57</u>	<u>\$ 954,053.43</u>
Balance of Unexpended Improvement Authorizations								\$ 1,018,593.28
Less Unexpended Proceeds of Bond Anticipation Notes:								
	Ordinance 1441						\$ 55,965.47	
	Ordinance 1479						7,814.38	
	Ordinance 1486						760.00	
								<u>64,539.85</u>
								<u>\$ 954,053.43</u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 177,172.27
Decreased by:		
Realized as Revenue in Current Fund - Reserve to Pay Debt	\$ 24,684.04	
Receipts:		
Interest on Investments	116.00	
Receipts from Current Fund	<u>143,214.50</u>	
		<u>168,014.54</u>
Balance Dec. 31, 2021		<u><u>\$ 9,157.73</u></u>

Exhibit SC-6

GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2021

Balance Dec. 31, 2020		\$ 78,211.22
Increased by:		
Receipts - Budget Appropriation	<u>20,000.00</u>	
		98,211.22
Decreased by:		
Appropriation to Finance Improvement Authorizations	<u>75,000.00</u>	
Balance Dec. 31, 2021		<u><u>\$ 23,211.22</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2021

Ordinance Number	Improvement Description	Date	Balance Dec. 31, 2020		2021 Authorizations		Paid or Charged	Balance Dec. 31, 2021	
			Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation--Unfunded		Funded	Unfunded
2017:1441	Various Improvements	05-16-17	\$ 827,000.00	\$ 55,965.47					\$ 55,965.47
2018:1455	Development, Maintenance and Operation of Borough Website	07-03-18	10,000.00	\$ 355.90				\$ 355.90	
2018:1459	Improvements to Various Roads	09-18-18	26,655.15					16,656.00	
2018:1464	Repairs to Lake Street Pump Station	12-18-18	17,500.00					2,701.00	
2018:1478	Repave W High St & Devon Ave	07-16-19	450,000.00						
2019:1479	Improvement to Tennis & Basketball Courts	07-16-19	78,400.00						7,814.38
2020:1486	Acquisition of and Upgrades to Various Information Technology Equipment	04-07-20	40,500.00						760.00
2020:1492	Preparation of a Small System Asset Management Plan for the Sanitary Sewer System	08-04-20	100,000.00				\$ 95,150.75		4,849.25
2020:1493	Streetscape Improvements	08-18-20	18,000.00					1,916.10	
2020:1495	Replace Community Center Roof	12-01-20	9,500.00	9,500.00			8,940.00	560.00	
2021:1502	Capital Equipment for the Police Department	04-06-21	50,000.00		\$ 2,500.00	\$ 47,500.00		2,500.00	47,500.00
2021:1507	Various Capital Acquisitions	07-06-21	15,000.00		15,000.00		15,000.00		
2021:1510	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	09-07-21	1,150,000.00		57,500.00	1,092,500.00	248,295.82		901,704.18
			<u>\$ 9,855.90</u>	<u>\$ 185,812.95</u>	<u>\$ 75,000.00</u>	<u>\$ 1,140,000.00</u>	<u>\$ 367,386.57</u>	<u>\$ 24,689.00</u>	<u>\$1,018,593.28</u>
Disbursed							\$ 138,603.75		
Reimbursed							(19,513.00)		
Reserve for Encumbrances							12,195.82		
Contracts Payable							236,100.00		
							<u>\$ 367,386.57</u>		

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Due From Federal and State Grant Fund
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 35,745.84
Increased by:	
Disbursed by General Capital on Behalf of Grant Fund	19,513.00
	55,258.84
Decreased by:	
Receipts	36,684.00
Balance Dec. 31, 2021	\$ 18,574.84

GENERAL CAPITAL FUND
Statement of Reserve for Encumbrances and Contracts Payable
For the Year Ended December 31, 2021

	<u>Contracts Payable</u>	<u>Encumbrances</u>	<u>Total</u>
Balance Dec. 31, 2020	\$ 168,098.47	\$ 40,262.16	\$ 208,360.63
Increased by:			
Charged to Improvement Authorizations	236,100.00	12,195.82	248,295.82
	404,198.47	52,457.98	456,656.45
Decreased by:			
Disbursements	158,234.31	38,010.00	196,244.31
Balance Dec. 31, 2021	\$ 245,964.16	\$ 14,447.98	\$ 260,412.14

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Reserve to Pay Debt
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 53,384.04
Increased by:	
Received	<u>15,684.04</u>
	69,068.08
Decreased by:	
Realized as Revenue in Current Fund	<u>24,684.04</u>
Balance Dec. 31, 2021	<u><u>\$ 44,384.04</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of New Jersey Green Trust Loan Payable
For the Year Ended December 31, 2021

Balance Dec. 31, 2020	\$ 48,113.74
Decreased by:	
Paid by Budget Appropriation	13,406.56
Balance Dec. 31, 2021	\$ 34,707.18

<u>Maturities of Loan Outstanding Dec. 31, 2021</u>	<u>Interest</u>	<u>Principal</u>
2022	\$ 626.10	\$ 13,676.02
2023	351.21	13,950.92
2024	70.80	7,080.24
	\$ 1,048.11	\$ 34,707.18

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of General Serial Bonds
For the Year Ended December 31, 2021

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2021</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2021</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement 2010 (Non-Callable)	06-11-10	\$2,693,000.00				\$ 443,000.00	\$ 443,000.00	
General Improvement 2015 (Callable on or after July 15, 2024)	06-26-15	3,033,000.00	07-15-22	\$ 210,000.00	2.50%			
			07-15-23	220,000.00	2.50%			
			07-15-24	225,000.00	3.00%			
			07-15-25	230,000.00	3.00%			
			07-15-26	230,000.00	3.00%			
			07-15-27	230,000.00	3.00%			
			07-15-28	240,000.00	3.00%			
			07-15-29	248,000.00	3.00%			
						<u>2,038,000.00</u>	<u>205,000.00</u>	<u>\$ 1,833,000.00</u>
						<u>\$ 2,481,000.00</u>	<u>\$ 648,000.00</u>	<u>\$ 1,833,000.00</u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Bond Anticipation Notes
For the Year Ended December 31, 2021

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2021</u>
Various Capital Improvements and Vehicles	2015:1425	08-03-21	08-03-21	08-02-22	0.32%		\$ 18,000.00		\$ 18,000.00
Installation of Lights for McCullough Field	2016:1430	08-11-16 08-11-16	08-05-20 08-03-21	08-04-21 08-02-22	0.73% 0.32%	\$ 301,578.00	287,656.00	\$ 301,578.00	287,656.00
Various Capital Improvements	2017:1441	08-10-17 08-10-17	08-05-20 08-03-21	08-04-21 08-02-22	0.73% 0.32%	740,922.00	694,844.00	740,922.00	694,844.00
Improvement to Devon Ave Tennis Courts	2019:1470	08-07-19 08-07-19	08-05-20 08-03-21	08-04-21 08-02-22	0.73% 0.32%	285,000.00	285,000.00	285,000.00	285,000.00
Repave W High St & Devon Ave	2019:1478	08-07-19 08-07-19	08-05-20 08-03-21	08-04-21 08-02-22	0.73% 0.32%	50,000.00	50,000.00	50,000.00	50,000.00
Improvement to Tennis & Basketball Courts	2019:1479	08-07-19 08-07-19	08-05-20 08-03-21	08-04-21 08-02-22	0.73% 0.32%	24,480.00	24,480.00	24,480.00	24,480.00
Upgrade Technology Equipment	2020:1486	08-05-20 08-05-20	08-05-20 08-03-21	08-04-21 08-02-22	0.73% 0.32%	38,475.00	38,475.00	38,475.00	38,475.00
						<u>\$ 1,440,455.00</u>	<u>\$ 1,398,455.00</u>	<u>\$ 1,440,455.00</u>	<u>\$ 1,398,455.00</u>
Renewals							\$ 1,380,455.00	\$ 1,380,455.00	
Paid by Budget Appropriation								60,000.00	
Issued for Cash							18,000.00		
							<u>\$ 1,398,455.00</u>	<u>\$ 1,440,455.00</u>	

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2021

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>2021 Authorizations</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2021</u>
2015:1425	Various Improvements	\$ 18,000.00		\$ 18,000.00	
2017:1443	Purchase Police Vehicle	32,000.00			\$ 32,000.00
2020:1492	Preparation of a Small System Asset Management Plan for the Sanitary Sewer System	100,000.00			100,000.00
2021:1502	Capital Equipment for the Police Department		\$ 47,500.00		47,500.00
2021:1510	Acquisition of Various Capital Equipment				
	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements		1,092,500.00		1,092,500.00
		<u>\$ 150,000.00</u>	<u>\$ 1,140,000.00</u>	<u>\$ 18,000.00</u>	<u>\$ 1,272,000.00</u>

BOROUGH OF HADDON HEIGHTS

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2021

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

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BOROUGH OF HADDON HEIGHTS
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.

BOROUGH OF HADDON HEIGHTS
Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Zachary Houck	Mayor	(A)
Scott Schreiber	Council President	(A)
Asiyah Kurtz	Councilwoman	(A)
Tom Ottoson	Councilman	(A)
Christopher Morgan	Councilman	(A)
Trisha Egbert	Councilwoman	(A)
Regina Phillips	Councilwoman	(A)
Kelly Santosusso	Borough Clerk, Deputy Registrar of Vital Statistics and Operations Manager	(A)
Christie Ehret	Treasurer and Chief Financial Officer (To March 2021)	(B)
Debra DiMattia	Treasurer and Chief Financial Officer (From March 2021)	(B)
Eric Fitzgerald	Tax Collector and Municipal Search Officer	(B)
Thomas J. Colavecchio	Tax Assessor	(A)
Marian Hauser	Registrar of Vital Statistics	(A)
Edward Gorman	Construction Code Official	(A)
Dave Taraschi	Administrative Consultant	(A)

(A) Insured for \$1,000,000 by the Garden State Municipal Joint Insurance Fund.

(B) Statutory positions are covered by a Public Employee Blanket Crime Bond of \$1,000,000 with the Garden State Municipal Joint Insurance Fund.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Borough officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant