

NEW ISSUE
BOOK-ENTRY ONLY

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Notes is not treated as a preference item in calculating of the alternative minimum tax imposed by the Code, however, for tax years beginning after December 31, 2022 interest on the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Notes, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$5,881,000

**BOROUGH OF SOUTH RIVER
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2022B**

Consisting of:

\$3,485,000 General Improvement Bond Anticipation Notes

\$2,135,000 Water Utility Bond Anticipation Notes

and

\$261,000 Electric Utility Bond Anticipation Notes

(Non-Callable) (Bank Qualified)

Coupon: ____%

Yield: ____%

Dated: Date of Delivery**Due: December 14, 2023**

The \$5,881,000 Bond Anticipation Notes of the Borough of South River, in the County of Middlesex, New Jersey (the "Borough") consisting of \$3,485,000 General Improvement Bond Anticipation Notes (the "General Improvement Notes"), \$2,135,000 Water Utility Bond Anticipation Notes (the "Water Utility Notes") and \$261,000 Electric Utility Notes (the "Electric Utility Notes", and together with the General Improvement Notes and Water Utility Notes, the "Notes") will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as Securities Depository. The certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or greater through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

Principal of and interest on the Notes is payable on the due date, as shown above. As long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payment of the principal and interest on the Notes will be made by the Borough directly to DTC or its nominee, Cede & Co. The Notes are not subject to redemption prior to maturity.

Proceeds of the Notes, along with other available funds of the Borough, will be used to: (i) refund, on a current basis, the Borough's \$6,136,000 bond anticipation notes, dated December 16, 2021 and maturing December 16, 2022 (the "Prior Notes"); and (ii) pay the costs of issuing the Notes.

The Notes will constitute general obligations of the Borough for the payment of the principal of and interest on which the full faith, credit and taxing power of the Borough is available, and all the taxable real property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, serves as Municipal Advisor to the Borough in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about December 15, 2022.

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE NOTES, WILL
BE RECEIVED ON DECEMBER 1, 2022.**

**BOROUGH OF SOUTH RIVER
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
48 WASHINGTON STREET
SOUTH RIVER, NJ 08882
(732) 257-1999**

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

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

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

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**Official Statement
of
BOROUGH OF SOUTH RIVER
in the County of Middlesex, New Jersey
\$5,881,000 BOND ANTICIPATION NOTES, SERIES 2022B
Consisting of:
\$3,485,000 General Improvement Bond Anticipation Notes,
\$2,135,000 Water Utility Bond Anticipation Notes
and
\$261,000 Electric Utility Bond Anticipation Notes**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of South River (the “Borough”), in the County of Middlesex (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$5,881,000 Bond Anticipation Notes by the Borough consisting of \$3,485,000 General Improvement Bond Anticipation Notes (the “General Improvement Notes”), \$2,135,000 Water Utility Bond Anticipation Notes (the “Water Utility Notes”) and \$261,000 Electric Utility Notes (the “Electric Utility Notes”, and together with the General Improvement Notes and Water Utility Notes, the “Notes”).

THE NOTES

General Description

The Notes will be dated the date of delivery and will mature on the due date, as shown on the front cover hereof. The interest on the Notes will be payable on the due date as shown on the front cover page. The Notes will be issued in book-entry form only.

The Notes are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and interest thereon. The Borough is obligated to levy *ad valorem* taxes upon all of the taxable property within the Borough for the payment of principal of and interest on the Notes without limitation as to rate or amount.

Denominations and Place of Payment

The Notes are issuable only as fully registered Notes without coupons, and when issued will be in the form of one certificate for the aggregate principal amount of the Notes and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company (“DTC”), New York, New York. DTC will act as Securities Depository for the Notes. Purchase of the Notes will be made in book entry form, in the denomination of \$5,000 each or greater. Purchasers will not receive certificates representing their interest in Notes purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes. See “Book-Entry-Only System” herein.

Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial

Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

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

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the Paying Agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

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

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough/paying agent; (ii) the transfer of any Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Borough/paying agent together with the duly executed assignment in form satisfactory to the Borough/paying agent; and (iii) for every exchange or registration of transfer of Notes, the Borough/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date.

Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

AUTHORIZATION AND USE OF PROCEEDS

The Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and various bond ordinances of the Borough.

Proceeds of the Notes, along with other available funds of the Borough, will be used to: (i) refund, on a current basis, the Borough's \$6,136,000 bond anticipation notes, dated December 16, 2021 and maturing December 16, 2022 (the "Prior Notes"); and (ii) pay the costs of issuing the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Borough, which bond ordinances are described in the following tables by ordinance number and amount of Prior Notes refunded:

General Improvement Bond Anticipation Note Ordinances		
Ordinance Number	Description	Amount of Prior Notes Being Refunded
12-30	Rehabilitation of Jackson Street, William Street Pump Station and Human Resource Building, finally adopted December 17, 2012.	\$105,000
14-30/15-03	Various Capital Improvements and Equipment Acquisition, finally adopted September 22, 2014; as amended March 9, 2015	10,000
15-10/16-23 17-03/18-16	Construction of a new firehouse, finally adopted April 27, 2015; as amended December 29, 2016; as amended March 27, 2017; as amended May 14, 2018.	155,000
15-18	Acquisition of Various Capital Equipment, finally adopted August 10, 2015.	75,000
17-10	Various Capital Improvements, finally adopted May 22, 2017.	50,000
18-23	Various Capital Improvements, finally adopted July 16, 2018.	350,000
18-26	Various Capital Improvements for Main Street, finally adopted September 10, 2018	200,000
19-09	Various Capital Improvements and Equipment Acquisition, finally adopted June 24, 2019.	900,000
20-12	Various Sewer Improvements, finally adopted May 11, 2020.	475,000
20-24	Various Capital Improvements, finally adopted September 14, 2020	300,000
20-32	Various Capital Improvements and Acquisition of a New Firetruck, finally adopted December 21, 2020.	665,000
21-16	Roof Replacement for Municipal Buildings, finally adopted on October 4, 2021.	<u>200,000</u>
SUB TOTAL:		<u>\$3,485,000</u>

Water Utility Bond Anticipation Note Ordinances		
Ordinance Number	Description	Amount of Prior Notes Being Refunded
18-24	Various Water System Improvements, finally adopted July 16, 2018.	\$40,000
19-10	Various Water System Improvements and Equipment Acquisitions, finally adopted June 24, 2019.	200,000
19-15	Rehabilitation of Well #2 and Other Borough Wells, finally adopted August 19, 2019.	1,185,000
19-16	Improvement to Water Treatment, Storage and Distribution System, finally adopted August 19, 2019.	<u>710,000</u>
SUB TOTAL:		<u>\$2,135,000</u>

Electric Utility Bond Anticipation Note Ordinances		
Ordinance Number	Description	Amount of Prior Notes Being Refunded
16-12	Improvements to Willett Avenue Substation, finally adopted August 22, 2016.	\$261,000
SUB TOTAL:		<u>\$261,000</u>
GRAND TOTAL:		<u>\$5,881,000</u>

SECURITY FOR THE NOTES

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Notes. The Borough is required by law to levy *ad valorem* taxes on all taxable real property in the Borough for the payment of the principal, redemption premium, if any, of and the interest on the Notes, without limitation as to rate or amount.

The Borough

The Borough, primarily a residential community, is located along the eastern border of the County. See Appendix “A” for general information regarding the Borough. See Appendix “A” for general information regarding the Borough.

DISCLOSURE REGARDING COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, had been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has affected many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on, March 13, 2020, then President Trump declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United

States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020 and issued multiple Executive Orders regarding the Pandemic. On June 4, 2021, Governor Murphy signed an Executive Order declaring the end to the Pandemic, effective July 4, 2021, subject to certain executive orders remaining in effect until January 1, 2022. With hospitalizations falling, vaccines and treatments available and the Pandemic moving into an endemic stage, Governor Murphy announced Friday, March 4, 2022, with Executive Order 292 that he was ending the State's public health emergency declared in Executive Order 280 and lifting certain restrictions effective Monday, March 7, 2022. Ongoing actions may be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic negatively affected travel, commerce and financial markets globally.

Because of the evolving nature of the outbreak and new variants of COVID-19, along with federal, state and local responses thereto, the Borough cannot predict how the outbreak may impact the financial condition or operations of the Borough, if there will be any impact on the assessed values of property within the Borough or unexpected deferrals of tax payments to municipalities, or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs to the Borough.

The American Rescue Plan Act of 2021 (the "ARP") was passed by Congress on March 10, 2021 and signed into law by President Biden on March 11, 2021. The ARP includes funding for states and local governments, including the Borough, which may be used to respond to the COVID-19 public health emergency or its negative economic impacts, to provide premium pay to eligible workers that are providing essential work during the emergency, to provide government services to the extent of the reduction in revenue due to the emergency, and to make necessary investments in water, sewer, or broadband infrastructure. The American Rescue Plan Act of 2021 (the "ARP") was passed by Congress on March 10, 2021 and signed into law by President Biden on March 11, 2021. The ARP includes funding for states and local governments, including the Borough, which may be used to respond to the COVID-19 public health emergency or its negative economic impacts, to provide premium pay to eligible workers that are providing essential work during the emergency, to provide government services to the extent of the reduction in revenue due to the emergency, and to make necessary investments in water, sewer, or broadband infrastructure. The Borough received \$1,651,565.12 in ARP funding, half in 2021 and half in 2022.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories

of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the Borough has not exceeded its statutory debt limit as of December 31, 2021.

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director

determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the

Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Borough to levy ad valorem taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial

procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Borough has covenanted to comply with the provisions of the Code applicable to the Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Notes to be included in gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference in calculating of the alternative minimum tax imposed by the Code. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Assuming the Borough observes its covenants with respect to compliance with the Code, GluckWalrath LLP, Bond Counsel to the Borough, is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code, however, for the tax years beginning after December 31, 2022 interest on the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. See "Certain Federal Tax Considerations" below.

State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Notes, interest on the Notes and gain from the sale thereof are not excludable from gross income under the New Jersey Gross Income Tax Act.

Original Issue Premium

The initial public offering price of the Notes may be greater than the stated redemption price thereof at maturity (the "Premium Notes"). The difference between the initial public offering price for the Premium Notes and the stated redemption price at maturity is "original issue premium." For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Notes through reductions in the holder's tax basis for the Premium Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Notes rather than creating a deductible expense or loss. Purchasers of the Notes should consult

their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Notes.

Certain Federal Tax Considerations

Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Notes.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Backup Withholding

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Notes is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes, and thus on the value or marketability of the Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Notes may occur. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Notes may affect the tax status of interest on the Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other counsel.

Section 265 Qualification

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Borough is designating the Notes as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations under Section 265 of the Code.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LEGALITY FOR INVESTMENT

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

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Borough will deliver concurrently with the delivery of the Notes, a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix C (the "Continuing Disclosure Certificate"). The Borough has covenanted for the benefit of the Noteholders in accordance with the provisions of the Continuing Disclosure Certificate, to provide or cause to be provided, notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Dataport ("EMMA").

Within the five years immediately preceding the date of this Official Statement, the Borough previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements the audited financial information for the fiscal year ending December 31, 2019. Additionally, the Borough previously failed to timely file the late filing notice in connection with its untimely filing of the audited financial information. The Borough appointed Phoenix Advisors, LLC in October of 2014 to serve as continuing disclosure agent.

LITIGATION

Upon delivery of the Notes, the Borough shall furnish a certificate of Andera Wyatt, Esq., Toms River, New Jersey (the "Borough Attorney"), dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or, to his knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough or adversely affect the power of the

Borough to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Notes, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances of the Borough and the Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the Ordinances will be furnished by the Borough on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

CERTIFICATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein relating to the Borough are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Notes, by certificates signed by an official of the Borough, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATING

The Notes have not been rated. The Borough maintains a long-term rating of "AA" from S&P Global.

PURCHASER

The Notes have been purchased from the Borough, at a public sale, by _____, _____, _____, (the "Purchaser") at a price of \$_____. The Purchaser is obligated to purchase all of the Notes if any are purchased.

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

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

FINANCIAL STATEMENTS

Appendix “B” contains certain audited financial data of the Borough for the Borough’s fiscal year ending December 31, 2021. The audited financial data was extracted from the report prepared by Samuel Klein and Company, LLC, Freehold, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix “B” hereto) and, accordingly, we will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Borough’s Chief Financial Officer, 48 Washington Street, South River, New Jersey 08882-1247, telephone (732) 257-1999, extension 518, or the Borough’s Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

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

BOROUGH OF SOUTH RIVER, IN THE COUNTY OF MIDDLESEX, NEW JERSEY

Joseph Zanga
Chief Financial Officer

Dated: December __, 2022

APPENDIX A
GENERAL INFORMATION REGARDING THE BOROUGH

INFORMATION REGARDING THE BOROUGH¹

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

History of the Borough

The Borough finds its origin in the settlement of Hartshorne Willett, grandson of Sir Thomas Willett, Baronet of England, in 1720. Hartshorne Willett owned considerable holdings in this vicinity and until 1784 this locality was known as “Willetstown.”

Other origins of common local names are shown throughout the history of the Borough. For instance, a great admirer of George Washington, Abraham Barkelew, renamed the settlement “Washington”, and a post office was established under this name. During these early pioneering days, Washington consisted of only a few houses, and not until 1823 did the number of houses exceed 10.

During this time, Vincent Barkelew kept a store on the south side of Main Street near the dock and Samuel Whitehead, engaging in peach culture, made a small fortune selling these fruits in New York. This volume of trade prompted the improvement of the transportation route between Washington and New York through the construction of the Washington Canal.

After the construction of the Washington Canal in 1823, in which Samuel Gordon played an active part, the shipping business flourished with the additional products of wood and grain being shipped as goods destined for New York.

Further commercial activity focused on the Borough with the advent of the Camden and Amboy Railroad, which bypassed Washington and caused the South Amboy area to become the focal point of transportation to New York. The large and fine quality clay deposits stimulated the making of pottery around 1830 and later brought in the brick making industries. With this local economic growth came an increase in population and status. In 1870, the legislature elevated the Village of Washington to a town, directed by a Board of Commissioners to be elected annually.

The present name “South River” came into existence with the incorporation of the Borough from the Town of Washington in 1898. The name “South River” actually was prompted by the adoption of this name by the post office, authorized by the Postal Authorities because of continuous deliveries of mail intended for other cities by the name of Washington. By this time, the population increased to approximately 2,800 people and could boast even a three-room brick school.

The growth of the Borough during the early decades of the 1900's is similar to that of many other old cities of the Raritan Bay area such as South Amboy, Perth Amboy and Carteret.

¹ Source: The Borough, unless otherwise indicated.

Local development took place mainly along the area adjacent to the Causeway, Main Street, Jackson and Whitehead Avenues and Prospect Street. These streets were the main routes traveled by the industrial and commercial traffic created in connection with the area industrialization taking place, as well as by the brick, clay and garment manufacturing of a later period. Today, the Borough is almost completely developed.

Form of Government

The Borough operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

Transportation

Transportation is available to New York City by bus. Four major highways, Routes 18, 287, 1 and 9 provide access to the Garden State Parkway and the New Jersey Turnpike, allowing quick and convenient movement throughout the metropolitan area.

Pension and Retirement Systems

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

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to

certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2021	8,559	7,895	664	7.8%
2020	8,457	7,565	892	10.5%
2019	8,606	8,238	368	4.3%
2018	8,617	8,169	448	5.2%
2017	8,666	8,196	470	5.4%
<u>County</u>				
2021	453,161	427,204	25,957	5.7%
2020	447,472	409,364	38,108	8.5%
2019	456,287	442,757	13,530	3.0%
2018	450,549	434,819	15,730	3.5%
2017	452,408	434,331	18,077	4.0%
<u>State</u>				
2021	4,661,100	4,365,400	295,700	6.3%
2020	4,642,900	4,203,300	439,700	9.5%
2019	4,686,700	4,528,200	158,500	3.4%
2018	4,609,800	4,426,600	183,200	4.0%
2017	4,615,000	4,406,200	208,800	4.5%

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

Income (as of 2020)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$77,382	\$91,731	\$85,245
Median Family Income	92,086	109,871	104,804
Per Capita Income	35,270	40,933	44,153

Source: US Bureau of the Census, 2020 American Community Survey 5-Year Estimates

Population

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

	<u>Borough</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2020	16,118	0.69%	822,736	1.59%	8,882,371	1.03%
2010	16,008	4.48	809,859	7.96	8,791,894	4.49
2000	15,322	11.90	750,162	11.67	8,414,350	8.85
1990	13,692	-4.66	671,780	12.74	7,730,188	4.96
1980	14,361	-6.92	595,893	2.07	7,365,001	2.75

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2021 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
LIT Industrial c/o F. Greek	\$32,810,300	2.17%
Leonardine Garden Apartments	14,776,600	0.98%
East Coast Village Green Apts	9,745,300	0.64%
Emess Apartments LTD	8,554,800	0.57%
Absolute Property Management	4,174,500	0.28%
Felmore Associates	3,439,300	0.23%
425 Whitehead Ave., LLC	3,338,600	0.22%
Sherwood Court c/o Goldberg	3,251,300	0.22%
Zlatan & Luba ZiFovski	3,157,100	0.21%
Rite Aid Real Estate	<u>2,876,500</u>	<u>0.19%</u>
Total	<u><u>\$86,124,300</u></u>	<u><u>5.70%</u></u>

Source: Borough Auditor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2021	\$35,339,555	\$34,855,353	98.63%
2020	34,572,067	34,060,000	98.52%
2019	33,823,851	33,266,660	98.35%
2018	33,031,601	32,381,286	98.03%
2017	31,882,585	31,128,301	97.63%

Source: Annual Audit Reports of the Borough

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2021	\$687,617	\$422,351	\$1,109,968	3.14%
2020	656,174	445,456	1,101,630	3.19%
2019	641,602	476,555	1,118,156	3.31%
2018	579,203	572,031	1,151,234	3.49%
2017	522,627	687,884	1,210,511	3.80%

Source: Annual Audit Reports of the Borough

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2021	\$47,300
2020	47,300
2019	47,300
2018	47,300
2017	47,300

Source: Annual Audit Reports of the Borough

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

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

	Local			
<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
2021	\$0.733	\$1.204	\$0.400	\$2.337
2020R	0.711	1.201	0.375	2.287
2019	2.558	4.334	1.345	8.237
2018	2.443	4.254	1.342	8.039
2017	2.363	4.068	1.314	7.745

R = Revaluation

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

Valuation of Property

	Aggregate Assessed Valuation of	Aggregate True Value of	Ratio of Assessed to	Assessed Value of	Equalized Valuation
<u>Year</u>	<u>Real Property</u>	<u>Real Property</u>	<u>True Value</u>	<u>Personal Property</u>	
2021	\$1,509,579,100	\$1,682,919,844	89.70%	\$0	\$1,682,919,844
2020R	1,511,133,400	1,523,319,960	99.20	0	1,523,319,960
2019	409,978,600	1,440,543,219	28.46	0	1,440,543,219
2018	410,476,700	1,419,843,307	28.91	0	1,419,843,307
2017	411,212,600	1,383,622,476	29.72	0	1,383,622,476

R = Revaluation

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2021	\$11,477,800	\$1,258,076,900	\$0	\$85,596,300	\$98,636,700	\$55,791,400	\$1,509,579,100
2020R	11,729,100	1,259,103,300	0	85,872,900	98,636,700	55,791,400	1,511,133,400
2019	3,047,800	355,815,200	0	24,504,000	16,998,400	9,613,200	409,978,600
2018	3,009,200	356,487,700	0	24,601,200	17,118,400	9,260,200	410,476,700
2017	3,006,500	357,199,100	0	24,841,400	17,097,600	9,068,000	411,212,600

R = Revaluation

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Fund Balance Utilized	\$1,419,581	\$1,344,845	\$1,708,797	\$1,934,711	\$2,100,000
Miscellaneous Revenues	5,997,923	6,674,814	5,736,399	5,628,536	5,585,378
Receipts from Delinquent Taxes	650,000	565,000	470,000	440,000	420,000
Amount to be Raised by Taxation	<u>10,030,974</u>	<u>10,491,547</u>	<u>10,748,447</u>	<u>11,084,244</u>	<u>11,424,461</u>
Total Revenue:	<u>\$18,098,478</u>	<u>\$19,076,206</u>	<u>\$18,663,642</u>	<u>\$19,087,491</u>	<u>\$19,529,839</u>
<u>Appropriations</u>					
General Appropriations	\$12,329,386	\$12,588,957	\$12,986,579	\$13,103,427	\$13,589,785
Operations (Excluded from CAPS)	2,239,863	2,310,930	2,386,935	2,695,141	2,730,543
Deferred Charges and Statutory Expenditures	100,827	100,000	100,000	100,000	0
Capital Improvement Fund	300,000	130,000	200,000	150,000	150,000
Municipal Debt Service	2,268,402	3,076,319	2,110,129	2,148,923	2,159,511
Reserve for Uncollected Taxes	<u>860,000</u>	<u>870,000</u>	<u>880,000</u>	<u>890,000</u>	<u>900,000</u>
Total Appropriations:	<u>\$18,098,478</u>	<u>\$19,076,206</u>	<u>\$18,663,642</u>	<u>\$19,087,491</u>	<u>\$19,529,839</u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

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

	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2021	\$2,667,490	\$2,100,000
2020	2,056,856	1,934,711
2019	2,154,608	1,708,797
2018	1,680,979	1,344,845
2017	1,879,432	1,419,581

Source: Annual Audit Reports of the Borough

Electric Utility Operating Fund

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

<u>Fund Balance-Electric Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2021	\$3,720,137	\$3,100,000
2020	3,565,531	3,150,000
2019	3,039,128	3,039,000
2018	3,999,066	3,978,500
2017	3,846,272	3,250,000

Source: Annual Audit Reports of the Borough

Parking Utility Operating Fund

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

<u>Fund Balance - Parking Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2021	\$90,335	\$58,000
2020	89,409	32,500
2019	93,765	32,500
2018	94,755	30,500
2017	83,931	25,200

Source: Annual Audit Reports of the Borough

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Water Utility Operating Fund

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

<u>Fund Balance - Water Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2021	\$490,273	\$388,708
2020	540,958	275,000
2019	257,789	57,625
2018	289,754	288,935
2017	344,383	344,319

Source: Annual Audit Reports of the Borough

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Borough Indebtedness as of December 31, 2021**General Purpose Debt**

Serial Bonds	\$10,010,000
Bond Anticipation Notes	3,485,000
Bonds and Notes Authorized but Not Issued	3,178,382
Other Bonds, Notes and Loans	8,608,213
Total:	<u>\$25,281,595</u>

Local School District Debt

Serial Bonds	\$5,113,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$5,113,000</u>

Regional School District Debt

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$0</u>

Self-Liquidating Debt

Serial Bonds	\$2,710,000
Bond Anticipation Notes	2,694,000
Bonds and Notes Authorized but Not Issued	2,762,000
Other Bonds, Notes and Loans	0
Total:	<u>\$8,166,000</u>

TOTAL GROSS DEBT**\$38,560,595**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	5,113,000
Regional School District Debt	0
Self-Liquidating Debt	8,166,000
Total:	<u>\$13,279,000</u>

TOTAL NET DEBT**\$25,281,595**

Source: Annual Debt Statement of the Borough

Overlapping Debt (as of December 31, 2021)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$5,113,000	100.00%	\$5,113,000
County Net Debt	423,106,469	1.2881%	<u>5,450,034</u>
Net Indirect Debt			\$10,563,034
Net Direct Debt			<u>25,281,595</u>
Total Net Direct and Indirect Debt			<u>\$35,844,629</u>

Source: Annual Debt Statement of the Borough and Borough Auditor

Debt Limit

Average Equalized Valuation Basis (2019, 2020, 2021)	\$1,548,927,674
Permitted Debt Limitation (3 1/2%)	54,212,469
Less: Net Debt	<u>25,281,595</u>
Remaining Borrowing Power	<u>\$28,930,874</u>
Percentage of Net Debt to Average Equalized Valuation	1.632%
 Gross Debt Per Capita based on 2020 population of 16,118	 \$2,392
Net Debt Per Capita based on 2020 population of 16,118	\$1,569

Source: Annual Debt Statement of the Borough

² Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

APPENDIX B
FINANCIAL INFORMATION REGARDING THE BOROUGH

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY
NEW JERSEY
08882-1247**



August 29, 2022

Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex, New Jersey

The Comprehensive Annual Financial Report for the Borough of South River, County of Middlesex, State of New Jersey, for the year ended December 31, 2021 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designated to set forth fairly the financial position and results of operations of the Borough of South River as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four (4) sections: Introductory, Financial, Statistical, and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's organizational chart and a list of principal officials. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditor's report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. The fourth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Gerard Stankiewicz, Certified Public Accountant, Registered Municipal Accountant of Samuel Klein and Company, Freehold, New Jersey, independent certified public accountants whose opinion is expressed in the Financial Section. Please note that the auditor's report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

PRESENT AND FUTURE CHALLENGES

Current Fund

The Current Fund, which finances most of the operational areas of our local government, had total revenues exclusive of fund balance of \$19,968,862.52, total expenditures of \$19,338,529.54, and a fund balance increase of \$630,332.98 as of December 31, 2021. The following schedule summarizes revenues and expenses for 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 1,934,711.00	\$ 1,708,796.50	\$ 225,914.50	13.22 %
Real Estate Taxes	11,541,601.08	11,133,073.04	408,528.04	3.67
Delinquent Tax Receipts	462,787.30	524,498.97	(61,711.67)	(11.77)
Miscellaneous Anticipated Revenue	1,286,190.60	1,330,485.83	(44,295.23)	(3.33)
Construction Code	173,856.00	131,612.00	42,244.00	32.10
Miscellaneous - Electric Utility Surplus	3,150,000.00	3,200,000.00	(50,000.00)	(1.56)
Grants	493,998.54	194,379.46	299,619.08	154.14
Intergovernmental Revenue	825,291.00	825,291.01	(0.01)	(0.00)
Other Credits to Income	1,164,923.82	547,941.94	616,981.88	112.60
Nonbudget Revenue	870,214.18	778,460.65	91,753.53	11.79
	<u>\$ 21,903,573.52</u>	<u>\$ 20,374,539.40</u>	<u>\$ 1,529,034.12</u>	<u>7.50 %</u>

1. Real Estate Taxes - These are the taxes levied on all real property within the Borough.
2. Delinquent Tax Receipts - This represents receipts from delinquent taxes and tax title liens.
3. Intergovernmental Revenue - This represents funds received from the State of New Jersey and the Federal Government in the form of grants or direct aid.
4. Miscellaneous Anticipated Revenues - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct user charges, except those detailed separately above.

Current Fund (Continued)

The increase in budgetary expenditures in 2021 over 2020 was as follows:

<u>Expenditures</u>	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 817,500.00	\$ 908,100.00	\$ (90,600.00)	(9.98) %
Public Safety	5,045,250.00	4,932,850.00	112,400.00	2.28
Public Works	2,539,000.00	2,376,000.00	163,000.00	6.86
Utility Expense and Bulk Purchases	416,000.00	431,000.00	(15,000.00)	(3.48)
Land Use	78,000.00	60,000.00	18,000.00	30.00
Sanitary Landfill	600,000.00	570,000.00	30,000.00	5.26
Insurance	1,606,000.00	1,750,000.00	(144,000.00)	(8.23)
Health and Human Services	144,860.00	234,312.00	(89,452.00)	(38.18)
Parks and Recreation	454,317.00	422,317.00	32,000.00	7.58
Education - Library	507,773.00	490,181.00	17,592.00	3.59
Construction Code	115,500.00	151,000.00	(35,500.00)	(23.51)
Deferred Charges and Statutory Expenditures	1,858,000.00	1,712,000.00	146,000.00	8.53
Grants	521,998.54	209,579.46	312,419.08	149.07
Capital Improvements	175,000.00	200,000.00	(25,000.00)	(12.50)
Debt Service	2,148,923.00	2,110,128.50	38,794.50	1.84
Sewer	1,419,908.00	1,321,064.00	98,844.00	7.48
Contingent	500.00	500.00	0.00	0.00
Reserve for Uncollected Taxes	890,000.00	880,000.00	10,000.00	1.14
	<u>\$ 19,338,529.54</u>	<u>\$ 18,759,031.96</u>	<u>\$ 579,497.58</u>	<u>3.09 %</u>

The Borough operates Electric, Parking and Water Utilities. These utilities are budgetary entities that allow for the segregation of the revenue and expenses of the utilities. The utilities are under the operational control of the Mayor and Council.

Electric Utility Fund

The Electric Utility serves the entire Borough, which encompasses approximately 5,768 residential and 673 commercial accounts. Revenues in 2021 exclusive of fund balance utilized were \$14,961,939.53 and expenditures exclusive of the transfer to the general budget were \$11,657,334.00. Fund balance increased \$154,605.53. The Electric Utility debt was considered to be self-liquidating for 2021, and, as a result, the Fund's debt is not factored into the Borough's statutory net debt. The following schedule summarizes revenue and expenses for 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance Utilized	\$ 3,150,000.00	\$ 3,039,000.00	\$ 111,000.00	3.65 %
Electric Charges	13,830,796.69	13,793,119.25	37,677.44	0.27
Nonbudget Revenue	172,492.97	140,862.42	31,630.55	22.45
Other Credits to Income	<u>958,649.87</u>	<u>1,257,021.91</u>	<u>(298,372.04)</u>	<u>(23.74)</u>
	<u>\$ 18,111,939.53</u>	<u>\$ 18,230,003.58</u>	<u>\$ (118,064.05)</u>	<u>(0.65) %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 10,568,000.00	\$ 10,388,000.00	\$ 180,000.00	1.73 %
Capital Improvements	220,000.00	220,000.00	0.00	0.00
Debt Service	544,334.00	543,600.00	734.00	0.14
Deferred Charges	325,000.00	313,000.00	12,000.00	3.83
Surplus (General Budget)	<u>3,150,000.00</u>	<u>3,200,000.00</u>	<u>(50,000.00)</u>	<u>(1.56)</u>
	<u>\$ 14,807,334.00</u>	<u>\$ 14,664,600.00</u>	<u>\$ 142,734.00</u>	<u>0.97 %</u>

Parking Utility Fund

The Borough created a utility operating fund to meet the parking needs of the downtown area, which has 141 street slots and 69 parking lot spot permits. Revenues in 2021 exclusive of fund balance utilized were \$72,426.01 and expenditures were \$71,500.00. Fund balance increased by \$926.01. The following schedule summarizes revenue and expenses for 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance Utilized	\$ 32,500.00	\$ 32,500.00	\$ 0.00	0.00 %
Parking Permit Fee	39,034.42	39,877.82	(843.40)	(2.11)
Nonbudget Revenue	2,007.86	2,019.00	(11.14)	(0.55)
Other Credits to Income	<u>31,383.73</u>	<u>26,247.71</u>	<u>5,136.02</u>	<u>19.57</u> %
	<u>\$ 104,926.01</u>	<u>\$ 100,644.53</u>	<u>\$ 4,281.48</u>	<u>4.25</u> %
<u>Expenditures</u>				
Operating Expenses	\$ 38,000.00	\$ 39,000.00	\$ (1,000.00)	(2.56) %
Capital Improvements	6,500.00	6,500.00	0.00	0.00
Debt Service	22,000.00	22,000.00	0.00	0.00
Deferred Charges	<u>5,000.00</u>	<u>5,000.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 71,500.00</u>	<u>\$ 72,500.00</u>	<u>\$ (1,000.00)</u>	<u>(1.38)</u> %

Water Utility Fund

The Water Utility serves the entire Borough which encompasses approximately 4,939 accounts. Revenues exclusive of fund balance were \$4,317,615.19 and expenditures were \$4,368,300.00. Fund balance decreased \$50,684.81. The Water Utility Fund was considered to be self-liquidating for 2021 and, as a result, the Fund's debt is not factored into the Borough's statutory net debt. The following schedule summarizes revenues and expenses for 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance Utilized	\$ 275,000.00	\$ 57,625.00	\$ 217,375.00	377.22 %
Water Rents	4,199,771.50	4,082,784.76	116,986.74	2.87
Miscellaneous Revenue	13,757.00	26,000.00	(12,243.00)	(47.09)
Nonbudget Revenue	82,906.74	70,736.44	12,170.30	17.21
Other Credits to Income	21,179.95	145,272.76	(124,092.81)	(85.42)
	<u>\$ 4,592,615.19</u>	<u>\$ 4,382,418.96</u>	<u>\$ 210,196.23</u>	<u>4.80 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 3,021,000.00	\$ 2,851,000.00	\$ 170,000.00	5.96 %
Capital Improvements	640,000.00	325,000.00	315,000.00	96.92
Debt Service	499,800.00	463,125.00	36,675.00	7.92
Deferred Charges	207,500.00	402,500.00	(195,000.00)	(48.45)
	<u>\$ 4,368,300.00</u>	<u>\$ 4,041,625.00</u>	<u>\$ 326,675.00</u>	<u>8.08 %</u>

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Borough of South River encompasses 2.87 square miles. The Borough is a fully developed mature community comprised of mostly residential dwellings. The Borough has eleven apartment complexes and is densely populated. The Borough relies heavily on its Electric Utility and thus dramatic changes in the weather pattern effect the Borough's revenues dramatically.

The Borough Council has, in recent years, become aggressive in their Capital Program of improvements. The Borough, annually, has appropriated monies for Parks and Recreation Equipment, Roadway Resurfacing and Improvements to the Infrastructure.

PROSPECTS FOR THE FUTURE

The 2022 Municipal Budget as adopted reflects a rate of \$0.718, representing an increase from the prior year in the Local Purpose Tax Rate. The 2022 Budget as adopted will have increase of \$287,017.00, or 2.72% compared to 2021 appropriations exclusive of the Library.

In 2020, the Borough is continuing a several year plan of beautifying the downtown area. In addition, park improvements are in process using a combination of grants and local funds. Initial plans for a Redevelopment program in the business district have advanced to the serious conceptual stage and a number of professionals have been consulted in this process.

LOCAL ECONOMIC EVENTS

Major infrastructure improvements were undertaken in a number of areas including:

- Road resurfacing and intersection improvements with local funds as well as a variety of other governmental sources to reduce the local financial burden of such work. Being a crossroads community in such a busy part of the region, South River has an unusually large infrastructure renewal burden for a community our size. By taking advantage of multiple sources and continuing to maintain our existing programs, South River is responsibly tending to the transportation needs of our citizens and visitors.
- Improvements to the Borough's parks and recreational facilities continue.
- Upgrade to various aspects of the Borough's water, electric and sewer system continue.
- Various equipment, vehicles and building improvements are being purchased for all departments in order to provide a better level of service to the residents.
- Improvements to Albourne Street partially funded by the NJDOT and other roads are substantially complete.
- Improvement to First Street, Claremont Avenue, Obert Street, Clayton Court, Gordon Street, Prentice Avenue, Wilcox Avenue, and Ferris Street partially funded by NJDOT are in the design phase.
- The Governing Body is in constant pursuit of grants from the federal, state and county governments in order to improve the Borough at minimal cost to the local residents.
- Curb and sidewalk improvements funded by the Housing and Community Development Grant funds and residential assessment continues.
- Ongoing computer equipment and network upgrades,
- Improvements to the Borough's downtown area continues.

CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2021, funds were deposited in interest bearing accounts.

DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$25,281,594.61 which represents 1.632% of its average equalized value. Debt Service appropriations for 2021 were \$3,215,057 for all Borough funds.

RISK MANAGEMENT

The Borough is a member of the Middlesex County Joint Insurance Fund along with the statewide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund, as well as a Private Insurance Plan for Volunteer Firemen. The Borough is well insured. These funds provide professional risk management, legal defense, loss prevention, claims management and actuarial services and are regulated by the New Jersey Department of Insurance.

The Borough is a member of the Central Jersey Health Insurance Fund as of April 1, 2016, as well as having a dental plan with Blue Cross and Blue Shield of New Jersey and prescription plan with Bollinger Insurance.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the help and dedicated services of the entire staff of the Finance Department and the Administration of the Borough.

Respectfully submitted,

//signed// Arthur Londensky

Arthur Londensky
Borough Administrator

//signed// Joseph Zanga

Joseph Zanga
Chief Financial Officer

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

Report on the Financial Statements

Opinions

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of South River, County of Middlesex, State of New Jersey as of December 31, 2021, and the related statement of operations and change in fund balance – regulatory basis for the year then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the year then ended.

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on the United States Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of South River, County of Middlesex, State of New Jersey as of December 31, 2021, and change in financial position thereof for the year then ended.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws 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 – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion of the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements – regulatory basis been audited, the financial statements referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of South River, County of Middlesex, State of New Jersey, as of December 31, 2021, and the results of its operations and change in fund balance of such funds – regulatory basis for the year then ended, and the revenues, regulatory basis, expenditures – regulatory basis of the various funds and account groups 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.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 42.05% of the assets and liabilities of the Borough's Trust Funds as of December 31, 2021.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – regulatory basis, in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements – regulatory basis as a whole are free from material misstatements, 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 generally accepted auditing standards, *Government Auditing Standards* and auditing standards prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In performing an audit in accordance with generally accepted auditing standards 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 – regulatory basis, 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 of South River, State of New Jersey'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 – regulatory basis.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of South River, State of New Jersey'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.

Other Matters

Accounting principles generally accepted in the United States of America require that pension plan information, including the Notes thereto, (Required Supplementary Information – RSI Schedules), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of South River, County of Middlesex, New Jersey. The information included Combining and Individual Funds and Account Statements as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of South River, County of Middlesex, New Jersey. The information included in the Combining and Individual Funds and Account Statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to auditing procedures applied in the audit of the financial statements – regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

The information contained in the Statistical Section have not been subjected to auditing procedures applied in the audit of the financial statements – regulatory basis and, accordingly, we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2022, on our consideration of the Borough of South River'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 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 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 South River's internal control over financial reporting and compliance.



Gérard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
August 29, 2022

SAMUEL KLEIN AND COMPANY, LLP
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**INDEPENDENT AUDITORS 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**

The Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

We have audited, in accordance with the 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of South River (herein referred to as “the Borough”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough’s financial statements – regulatory basis, and have issued our report thereon dated August 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements – regulatory basis, we considered the Borough’s internal control over financial reporting (internal control) to determine the 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 a 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.

**INDEPENDENT AUDITORS 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
(CONTINUED)**

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Borough of South River's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of South River's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
August 29, 2022

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	Governmental Funds				Utilities *	General Capital Asset Account	Totals	
	Current	General Capital	Trust Funds	Operating	Capital		(Memorandum Only)	
							2021	2020
<u>ASSETS AND OTHER DEBITS</u>								
Cash and Cash Equivalents	\$ 6,691,075.71	\$ 1,405,557.48	\$ 2,578,822.99	\$ 7,188,791.57	\$ 1,990,067.09		\$ 19,854,314.84	\$ 16,152,147.75
Investment-BAN				43,000.00			43,000.00	64,000.00
Amount Held by Plan Administrator (unaudited)			1,696,075.53				1,696,075.53	1,453,429.16
Intergovernmental Accounts Receivable		1,062,993.25					1,062,993.25	1,209,533.84
Receivables and Other Assets:								
Delinquent Property Taxes	426,934.22						426,934.22	445,456.12
Consumer Accounts Receivable				3,004,304.54			3,004,304.54	2,268,648.56
Liens Receivable	687,616.86			51,933.85			739,550.71	708,108.10
Inventory				352,689.32			352,689.32	394,662.24
Property Acquired for Taxes -								
Assessed Valuation	47,300.00						47,300.00	47,300.00
Other Accounts Receivable	3,833.42		4,218.29	57,812.00			65,863.71	65,672.67
Deferred Charges		25,281,594.61					25,281,594.61	25,208,829.09
Fixed Capital					41,700,395.51		41,700,395.51	41,292,048.90
Fixed Assets						\$ 34,147,075.12	34,147,075.12	35,222,705.38
Grant Fund:								
Grants Receivable	159,465.13						159,465.13	45,616.54
Interfund Receivable	765,276.55						765,276.55	89,059.42
	\$ 8,781,501.89	\$ 27,750,145.34	\$ 4,279,116.81	\$ 10,698,531.28	\$ 43,690,462.60	\$ 34,147,075.12	\$ 129,346,833.04	\$ 124,667,217.77

* Electric, Water and Parking Utility

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	Governmental Funds		Trust Funds	Utilities *		General Capital Asset Account	Totals (Memorandum Only)	
	Current	General Capital		Operating	Capital		2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>								
Liabilities and Reserves:								
Appropriation Reserves	\$ 918,252.62			\$ 982,819.05		\$ 1,901,071.67	\$ 2,083,147.84	
Reserve for Losap (unaudited)			\$ 1,696,075.53			1,696,075.53	1,453,429.16	
Other Liabilities and Reserves	2,340,056.54	\$ 2,937,439.62	2,578,161.21	1,940,683.02	\$ 1,129,389.43	10,925,729.82	7,981,805.14	
Improvement Authorizations		2,273,121.35			3,193,958.28	5,467,079.63	6,926,339.75	
Accrued Interest on Bonds, Loans and Notes				7,544.29		7,544.29	9,235.06	
Interfunds Payable	765,276.55					765,276.55	89,059.42	
Serial Bonds		10,010,000.00			2,710,000.00	12,720,000.00	14,860,000.00	
Bond Anticipation Notes		3,485,000.00			2,694,000.00	6,179,000.00	3,749,000.00	
Loans Payable		8,608,212.51				8,608,212.51	8,857,957.56	
Reserve for Receivables and Other Assets	1,165,684.50			3,466,739.71		4,632,424.21	3,924,309.40	
Reserve for Amortization					33,356,395.51	33,356,395.51	32,012,048.90	
Deferred Reserve for Amortization					178,000.00	178,000.00	178,000.00	
Grant Fund:								
Reserve for Encumbrances	37,101.87					37,101.87	8,420.04	
Unappropriated/Appropriated Reserves	887,639.81					887,639.81	126,255.92	
Total Liabilities and Reserves	\$ 6,114,011.89	\$ 27,313,773.48	\$ 4,274,236.74	\$ 6,397,786.07	\$ 43,261,743.22	\$ 87,361,551.40	\$ 82,259,008.19	
Equity and Other Credits:								
Fund Balance	\$ 2,667,490.00	\$ 436,371.86	\$ 4,880.07	\$ 4,300,745.21	\$ 428,719.38	\$ 7,838,206.52	\$ 7,185,504.20	
Investment in General Capital Assets						\$ 34,147,075.12	34,147,075.12	35,222,705.38
Total Equity and Other Credits	\$ 2,667,490.00	\$ 436,371.86	\$ 4,880.07	\$ 4,300,745.21	\$ 428,719.38	\$ 34,147,075.12	\$ 41,985,281.64	\$ 42,408,209.58
Total Liabilities, Reserves and Fund Balance	\$ 8,781,501.89	\$ 27,750,145.34	\$ 4,279,116.81	\$ 10,698,531.28	\$ 43,690,462.60	\$ 34,147,075.12	\$ 129,346,833.04	\$ 124,667,217.77

* Electric, Water and Parking Utility

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	Current Fund			Utility Operating Funds *		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 1,934,711.00	\$ 1,934,711.00		\$ 3,457,500.00	\$ 3,457,500.00	
Rents				15,775,877.00	18,069,602.61	\$ 2,293,725.61
Miscellaneous Revenues	4,560,285.00	4,610,046.60	\$ 49,761.60	13,757.00	13,757.00	
State Aid	825,291.00	825,291.00				
Grants	493,998.54	493,998.54				
	<u>\$ 7,814,285.54</u>	<u>\$ 7,864,047.14</u>	<u>\$ 49,761.60</u>	<u>\$ 19,247,134.00</u>	<u>\$ 21,540,859.61</u>	<u>\$ 2,293,725.61</u>
Receipts from Delinquent Taxes	440,000.00	462,787.30	22,787.30			
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes						
Including Reserve for Uncollected Taxes	10,576,471.00	11,033,828.08	457,357.08			
Municipal Library Tax	<u>507,773.00</u>	<u>507,773.00</u>				
Budget Totals	<u>\$ 19,338,529.54</u>	<u>\$ 19,868,435.52</u>	<u>\$ 529,905.98</u>	<u>\$ 19,247,134.00</u>	<u>\$ 21,540,859.61</u>	<u>\$ 2,293,725.61</u>
Nonbudget Revenue		870,214.18	870,214.18		257,407.57	257,407.57
Other Credits to Income		1,164,923.82	1,164,923.82		1,011,213.55	1,011,213.55
Taxes Allocated to School and County	<u>24,203,752.12</u>	<u>24,203,752.12</u>				
Total Revenues	<u>\$ 43,542,281.66</u>	<u>\$ 46,107,325.64</u>	<u>\$ 2,565,043.98</u>	<u>\$ 19,247,134.00</u>	<u>\$ 22,809,480.73</u>	<u>\$ 3,562,346.73</u>

* Electric, Water and Parking Utility

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	Current Fund			Utility Operating Funds *		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Expenditures:						
Current:						
Within "CAPS":						
General Government	\$ 817,500.00	\$ 817,500.00				
Public Safety	5,039,250.00	5,039,250.00				
Public Works	2,164,000.00	2,164,000.00				
Health and Human Services	144,860.00	144,860.00				
Utility Expense and Bulk Purchases	416,000.00	416,000.00				
Sanitary Landfill	600,000.00	600,000.00				
Land Use	78,000.00	78,000.00				
Insurance	1,606,000.00	1,606,000.00				
Parks and Recreation	454,317.00	454,317.00				
Contingent	500.00	500.00				
Deferred Charges and Statutory Expenditures	1,758,000.00	1,758,000.00				
Excluded from "CAPS":						
Public Safety	121,500.00	121,500.00				
Public Works	375,000.00	375,000.00				
Education - Library	507,773.00	507,773.00				
Sewer	1,419,908.00	1,419,908.00				
Grants	521,998.54	521,998.54				
Operating - Utility				\$ 13,657,000.00	\$ 13,657,000.00	
Deferred Charges and Statutory Expenditures	100,000.00	100,000.00		537,500.00	537,500.00	
Capital Improvements	175,000.00	175,000.00		836,500.00	836,500.00	
Debt Service	2,148,923.00	2,148,923.00		1,066,134.00	1,066,134.00	
Budget - Anticipated Surplus to Current				3,150,000.00	3,150,000.00	
Reserve for Uncollected Taxes	890,000.00	890,000.00				
 Total Budget Expenditures	 \$ 19,338,529.54	 \$ 19,338,529.54		 \$ 19,247,134.00	 \$ 19,247,134.00	

* Electric, Water and Parking Utility

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	Current Fund			Utility Operating Funds *		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Expenditures (Continued):						
County and School Taxes	\$ 24,203,752.12	\$ 24,203,752.12				
Other Expenses		19,699.42	\$ (19,699.42)			
Total Expenditures	\$ 43,542,281.66	\$ 43,561,981.08	\$ (19,699.42)	\$ 19,247,134.00	\$ 19,247,134.00	
Excess in Revenues over Expenditures		\$ 2,545,344.56	\$ 2,545,344.56		\$ 3,562,346.73	\$ 3,562,346.73
Fund Balance, January 1, 2021		2,056,856.44	2,056,856.44		4,195,898.48	4,195,898.48
		\$ 4,602,201.00	\$ 4,602,201.00		\$ 7,758,245.21	\$ 7,758,245.21
Decreased by:						
Utilization as Anticipated Revenue		\$ 1,934,711.00	\$ 1,934,711.00		\$ 3,457,500.00	\$ 3,457,500.00
Fund Balance, December 31, 2021		\$ 2,667,490.00	\$ 2,667,490.00		\$ 4,300,745.21	\$ 4,300,745.21

* Electric, Water and Parking Utility

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Trust Other Fund #1</u>	<u>Trust Other Fund #2</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2020</u>	\$ 598.22	\$ 4,281.85	\$ 4,880.07
<u>BALANCE, DECEMBER 31, 2021</u>	\$ <u>598.22</u>	\$ <u>4,281.85</u>	\$ <u>4,880.07</u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

<u>BALANCE, DECEMBER 31, 2020</u>	\$ 506,678.36
<u>INCREASED BY</u>	
Premium on Sale of Bond Anticipation Notes	27,986.55
Funded Improvement Authorizations Canceled	<u>25,706.95</u>
	\$ 560,371.86
<u>DECREASED BY</u>	
Transferred to Current Fund as Anticipated Revenue	<u>124,000.00</u>
<u>BALANCE, DECEMBER 31, 2021</u>	<u>\$ 436,371.86</u>

BOROUGH OF SOUTH RIVER
UTILITY CAPITAL FUNDS
COMBINED STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Electric Utility</u>	<u>Parking Utility</u>	<u>Water Utility</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2020</u>	\$ 285,200.97	\$ 15,663.00	\$ 120,326.88	\$ 421,190.85
<u>INCREASED BY</u>				
Premium on Sale of Bond Anticipation Notes			19,191.48	19,191.48
Funded Improvement Authorizations Canceled	<u>2,094.05</u>			<u>2,094.05</u>
	\$ 287,295.02	\$ 15,663.00	\$ 139,518.36	\$ 442,476.38
<u>DECREASED BY</u>				
Transferred to Operating Fund as Anticipated Revenue			<u>13,757.00</u>	<u>13,757.00</u>
<u>BALANCE, DECEMBER 31, 2021</u>	<u>\$ 287,295.02</u>	<u>\$ 15,663.00</u>	<u>\$ 125,761.36</u>	<u>\$ 428,719.38</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

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

- A. Reporting Entity - The Borough of South River is located in Middlesex County, just outside the City of New Brunswick, approximately 65 miles north of Philadelphia and approximately 35 miles south of New York City and 5 miles east of New Brunswick. The population, according to the 2020 census, is 16,118.

The Borough of South River operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

The financial statements do not include the operations of the Municipal Library and Volunteer Fire Company, which are separate entities subject to separate reporting requirements.

- B. Description of Funds - The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are on the regulatory basis which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. Such principles and practices 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. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds and an account which differs from GAAP.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal, State, County and Local grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund, Electric Consumer Deposits, Tax Title Lien Premiums/Redemption, Unemployment, and the Length of Service Awards Plan ("LOSAP") and other required funds.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. **Description of Funds (Continued)**

Utilities Funds – Water, Parking and Electric Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenues, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Free Public Library – The municipal library levy through budget appropriations and state aid are transferred to the Free Public Library Trust Fund account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are financial retained by the Library and expended there from. The Library is subjected to separate audit report.

Payroll Trust Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly there from. A Payroll Fund does not exist under GAAP.

Capital Asset Accounts - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

- C. Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from GAAP. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Grant Revenue – Federal, State, County and Local grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of South River's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Appropriation Reserves - 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 additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water, Parking and Electric utilities is required, by regulation, to be prepared by Borough personnel for inclusion on the Fund balance sheets. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets

General - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough of South River has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (capital assets) are accounted for in the Capital Asset Account Group. Public domain ("infrastructure") capital assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water, Parking and Electric Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP")("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of service award plan under section 457(e)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

- D. Basic Financial Statements - The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. **Other Accounting Standards**

The Borough is currently reviewing the following for applicability and potential impact on the financial statements:

- **GASB Statement No. 87. Leases.** The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Borough does not expect this Statement to impact its financial statements.

- ***GASB Statement No. 91. Conduit Debt Obligations.*** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Borough does not expect this Statement to impact its financial statements.

- ***GASB Statement 92. Omnibus 2020.*** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. **Other Accounting Standards (Continued)**

- *GASB Statement 92. (Continued)*

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Implementation has been postponed to June 15, 2021. The Borough does not expect this Statement to impact its financial statement.

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statement.

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021. The Borough does not expect this Statement to impact its financial statement.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. **Other Accounting Standards (Continued)**

- *GASB Statement 95. Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019 and later.

Effective Date: The requirements of this Statement are effective immediately. The Borough does not expect this Statement to impact its financial statement.

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Station.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. **Other Accounting Standards (Continued)**

- *GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would performs; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, 99, 100, 101 *Postponement of the Effective Dates of Certain Authoritative Guidance*.

- *GASB Statement 99. Omnibus 2022.in Authoritative Guidance.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement 99. (Continued)*
 - Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
 - Clarification of provisions in Statement No. 87, *Leases*.
 - Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
 - Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*.
 - Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for accounting for the distribution benefits (SNAP).
 - Disclosures related to nonmonetary transactions.
 - Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.
 - Terminology used in Statement No. 53 to refer to resource flows statements.

Effective Date: The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPSs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. **Other Accounting Standards (Continued)**

- *GASB Statement 99. (Continued)*

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

- *GASB Statement 100. Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting charges and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

Effective Date: The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement 101. Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

F. **Subsequent Events**

Management has reviewed and evaluated all events and transactions from December 31, 2021 through August 29, 2022, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

The Borough's Electric Utility Operating Fund holds an Investment of a Parking Utility Capital Fund Bond Anticipation Note ("BAN") of \$43,000.00 with no interest and a maturity date of November 17, 2022.

C. Risk

As of December 31, 2021, the Borough had funds on deposit in checking and statement savings accounts. The carrying amount of the Borough's Cash and Cash Equivalents as of December 31, 2021 was \$22,309,856.83. The funds were covered by the Government Unit Deposit Protection Act "GUDPA". These funds constitute "deposits with financial institutions" as defined by GASB Statement #3 as amended by GASB Statement No. 40. There were no securities that the Borough held that could be categorized as investments.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 3. **TAXES AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

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 years.

Comparative Schedule of Tax Rates

	<u>2021</u>	<u>2020</u> *	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 2.337	\$ 2.287	\$ 8.237	\$ 8.039	\$ 7.745
Apportionment of Tax Rate:					
Municipal	0.700	0.680	2.443	2.331	2.254
Library	0.033	0.031	0.115	0.112	0.109
County:					
Regular	0.369	0.346	1.240	1.240	1.215
Open Space	0.031	0.029	0.105	0.102	0.099
Local School	1.204	1.201	4.334	4.254	4.068

* Revaluation effective for 2020

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 3. **TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)**

Assessed Valuation

2021	\$	1,509,579,100.00
2020 *		1,511,133,400.00
2019		409,978,600.00
2018		410,476,700.00
2017		411,212,600.00

* Revaluation effective for 2020

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2021	\$ 35,339,555.46	\$ 34,855,353.20	98.62%
2020	34,572,066.72	34,060,000.24	98.52%
2019	33,823,850.99	33,266,659.54	98.35%
2018	33,031,600.85	32,381,285.91	98.03%
2017	31,882,585.24	31,128,301.33	97.63%

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	\$ 687,616.86	\$ 422,351.49	\$ 1,109,968.35	3.14%
2020	656,174.25	445,456.12	1,101,630.37	3.19%
2019	641,601.95	476,554.51	1,118,156.46	3.31%
2018	579,203.13	572,030.65	1,151,233.78	3.49%
2017	522,627.14	687,883.62	1,210,510.76	3.80%

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

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

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

<u>Year</u>	<u>Amount</u>
2021	\$ 47,300.00
2020	47,300.00
2019	47,300.00
2018	47,300.00
2017	47,300.00

Note 5. **UTILITY RECEIVABLES AND COLLECTIONS**

The Borough operates an Electric Utility, Parking Utility and a Water Utility for the benefit of its residents.

Comparison of Electric Utility Levies and Collections

The Borough's Electric Utility Customers are billed monthly based on usage.

<u>Year</u>	<u>Levy **</u>	<u>Cash Collections *</u>
2021	\$ 14,371,873.14	\$ 13,830,796.69
2020	14,124,712.47	13,793,119.25
2019	14,124,357.67	14,230,911.16
2018	14,585,087.52	14,471,870.53
2017	14,028,417.66	14,081,441.84

* Cash collections include amounts that were levied in prior years.

** In 2011 the Borough effected an Annual Power Cost Adjustment ("APCA") which essentially is an automatic pass-through adjustment based on the cost of power purchased.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 5. UTILITY RECEIVABLES AND COLLECTIONS (CONTINUED)

Comparison of Water Utility Levies and Collections

The Borough's Water Utility Customers are billed based on usage quarterly on a cycle basis.

<u>Year</u>	<u>Levy</u> **	<u>Cash Collections</u> *
2021	\$ 4,414,376.53	\$ 4,199,771.50
2020	4,134,468.25	4,082,784.76
2019	3,660,044.87	3,543,873.23
2018	3,175,538.28	3,041,152.72
2017	3,129,151.21	3,096,284.18

* Cash collections include amounts that were levied in prior years.

** In 2019 and 2020 the Borough adopted Water rate increases.

Any unpaid levies are subject to the same provision as unpaid taxes under the provision of the New Jersey Statutes.

Comparison of Parking Utility Collections

<u>Year</u>	<u>Cash Collections</u>
2021	\$ 39,034.42
2020	39,877.82
2019	55,134.91
2018	59,728.79
2017	54,832.40

Note 6. CAPITAL (GENERAL FIXED) ASSETS

During 2021 the following changes occurred in the capital assets of the Borough:

<u>CAPITAL ASSETS:</u>	<u>Dec 31, 2020</u>	<u>Increased by</u>	<u>Decreased by</u>	<u>Dec 31, 2021</u>
Land	\$ 4,848,616.00			\$ 4,848,616.00
Buildings	19,670,226.98			19,670,226.98
Vehicles	8,061,014.32		\$ 1,052,081.04	7,008,933.28
Equipment	2,642,848.08		23,549.22	2,619,298.86
	<u>\$ 35,222,705.38</u>	<u>\$ -</u>	<u>\$ 1,075,630.26</u>	<u>\$ 34,147,075.12</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 7. **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund as Revenue in Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>				
2021	\$ 2,667,490.00	\$ 2,100,000.00	N/A	78.73%
2020	2,056,856.44	1,934,711.00	N/A	94.06%
2019	2,154,607.82	1,708,796.50	N/A	79.31%
2018	1,680,979.17	1,344,844.98	N/A	80.00%
2017	1,879,432.09	1,419,581.07	N/A	75.53%
<u>Electric Utility Operating Fund</u>				
2021	\$ 3,720,136.67	\$ 3,100,000.00	None	83.33%
2020	3,565,531.44	3,150,000.00	None	88.35%
2019	3,039,127.86	3,039,000.00	None	100.00%
2018	3,999,065.69	3,978,500.00	None	99.49%
2017	3,846,272.31	3,250,000.00	None	84.50%
<u>Parking Utility Operating Fund</u>				
2021	\$ 90,335.47	\$ 58,000.00	None	64.21%
2020	89,409.47	32,500.00	None	36.35%
2019	93,764.94	32,500.00	None	34.66%
2018	94,755.40	30,500.00	None	32.19%
2017	83,930.57	25,200.00	None	30.02%
<u>Water Utility Operating Fund</u>				
2021	\$ 490,272.76	\$ 388,708.00	None	79.28%
2020	540,957.57	275,000.00	None	50.84%
2019	257,788.61	57,625.00	None	22.35%
2018	289,753.51	288,935.00	None	99.72%
2017	344,383.32	344,319.00	None	99.98%

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 8. **DEFERRED CHARGES**

The Borough reflects Deferred Charges resulting from 2021 that must be raised in the subsequent year annual budgets.

	Original	1/5 of	Balance	Resulting	Raised in	Appropriated *
	Amount	Amount	December 31, <u>2020</u>	from <u>2021</u>	<u>2021 Budget</u>	<u>in 2021</u>
<u>Current Fund</u>						
Special Emergency - 40A:4-53						
Revaluation of Real						
Property and Update						
of Tax Maps	\$ 500,000	\$ 100,000	\$ <u>100,000</u>	None	\$ <u>100,000</u>	<u>None</u>
<u>Water Utility Operating Fund</u>						
Emergency per						
NJSA 40A:4-46	200,000	N/A	\$ <u>200,000</u>	None	\$ <u>200,000</u>	<u>None</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

During 2021 the following changes occurred in the debt of the Borough:

	Balance <u>Dec 31, 2020</u>	Increased <u>by</u>	Decreased <u>by</u>	Balance <u>Dec 31, 2021</u>
General Capital Fund:				
Serial Bonds	\$ 11,370,000.00		\$ 1,360,000.00	\$ 10,010,000.00
USDA Loan	8,857,957.56		249,745.05	8,608,212.51
Bond Anticipation Notes	<u>2,335,000.00</u>	<u>\$ 1,150,000.00</u>		<u>3,485,000.00</u>
	<u>\$ 22,562,957.56</u>	<u>\$ 1,150,000.00</u>	<u>\$ 1,609,745.05</u>	<u>\$ 22,103,212.51</u>
Electric Utility Capital Fund:				
Serial Bonds	\$ 1,025,000.00		\$ 500,000.00	\$ 525,000.00
Bond Anticipation Notes		<u>\$ 261,000.00</u>		<u>261,000.00</u>
	<u>1,025,000.00</u>	<u>261,000.00</u>	<u>500,000.00</u>	<u>786,000.00</u>
Parking Utility Capital Fund:				
Bond Anticipation Notes	<u>\$ 64,000.00</u>		<u>\$ 21,000.00</u>	<u>\$ 43,000.00</u>
Water Utility Capital Fund:				
Serial Bonds	\$ 2,465,000.00		\$ 280,000.00	\$ 2,185,000.00
Bond Anticipation Notes	<u>1,350,000.00</u>	<u>\$ 1,175,000.00</u>	<u>135,000.00</u>	<u>2,390,000.00</u>
	<u>\$ 3,815,000.00</u>	<u>\$ 1,175,000.00</u>	<u>\$ 415,000.00</u>	<u>\$ 4,575,000.00</u>
	<u>\$ 27,466,957.56</u>	<u>\$ 2,586,000.00</u>	<u>\$ 2,545,745.05</u>	<u>\$ 27,507,212.51</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 22,103,212.51	\$ 22,562,957.56	\$ 21,781,875.16
Electric Utility:			
Bonds and Notes	786,000.00	1,025,000.00	1,505,000.00
Parking Utility:			
Bonds and Notes	43,000.00	64,000.00	85,000.00
Water Utility:			
Bonds, Loans and Notes	<u>4,575,000.00</u>	<u>3,815,000.00</u>	<u>2,810,000.00</u>
Total Issued	\$ <u>27,507,212.51</u>	\$ <u>27,466,957.56</u>	\$ <u>26,181,875.16</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 3,178,382.10	\$ 2,545,871.53	\$ 4,492,645.10
Electric Utility:			
Bonds and Notes	500,000.00	761,000.00	1,161,000.00
Parking Utility:			
Bonds and Notes	15,000.00	15,000.00	15,000.00
Water Utility:			
Bonds and Notes	<u>2,247,000.00</u>	<u>3,422,000.00</u>	<u>4,796,000.00</u>
Total Authorized But Not Issued	\$ <u>5,940,382.10</u>	\$ <u>6,743,871.53</u>	\$ <u>10,464,645.10</u>
Net Bonds and Notes Issued and Authorized But Not Issued	\$ <u><u>33,447,594.61</u></u>	\$ <u><u>34,210,829.09</u></u>	\$ <u><u>36,646,520.26</u></u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.632%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 5,113,000.00	5,113,000.00	\$ None
Electric Utility Debt	1,286,000.00	1,286,000.00	None
Parking Utility Debt	58,000.00	58,000.00	None
Water Utility Debt	6,822,000.00	6,822,000.00	None
General Debt	<u>25,281,594.61</u>	<u>None</u>	<u>25,281,594.61</u>
	<u>\$ 38,560,594.61</u>	<u>\$ 13,279,000.00</u>	<u>\$ 25,281,594.61</u>

Net Debt \$25,281,594.61 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$1,548,927,674.33 equals 1.632%. The Annual Debt Statement has been filed.

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

3½% of Average Equalized Valuation Basis (Municipal)	\$ 54,212,468.61
Net Debt	<u>25,281,594.61</u>
Remaining Borrowing Power	<u>\$ 28,930,874.00</u>

School Debt Deduction

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

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

Cash Receipts for Fees, Rents and Other Charges for the Year	\$ 17,087,543.27
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Deductions:

Operating and Maintenance Costs	\$ 10,893,000.00	
Debt Service	<u>539,476.35</u>	
Total Deductions		<u>11,432,476.35</u>

Excess in Revenue	\$ <u>5,655,066.92</u>
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There being an excess in revenue for the Electric Utility, the fund was self-liquidating and therefore, the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

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

Cash Receipts for Fees, Rents and Other Charges for the Year	\$ 4,524,085.47
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Deductions:

Operating and Maintenance Costs	\$ 3,228,500.00	
Debt Service	<u>495,582.88</u>	
Total Deductions		<u>3,724,082.88</u>

Excess in Revenue	\$ <u>800,002.59</u>
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There being an excess in revenue for the Water Utility, the fund was self-liquidating and therefore, the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

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

Cash Receipts for Fees, Rents and Other Charges for the Year		\$ 73,542.28
Deductions:		
Operating and Maintenance Costs	\$ 43,000.00	
Debt Service	<u>21,000.00</u>	
		<u>64,000.00</u>
Excess in Revenue		\$ <u>9,542.28</u>

There being an excess in revenue for the Parking Utility, the fund was self-liquidating and therefore, the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

Long-Term Debt

General Capital Fund:

\$10,500,000 General Obligation Bonds, Series 2019A
Annual maturities of \$700,000.00 to \$725,000.00 through
December 1, 2034 at interest rates of 2.00% to 3.00%. \$ 9,300,000.00 **

\$3,630,000.00 General Improvement Refunding Bonds,
Series 2016A - Refunding of 2007 Series.
Final Annual maturity of \$710,000.00 on
December 1, 2022 at an interest rate of 4.0%. 710,000.00 *

\$ 10,010,000.00

Electric Utility Capital Fund:

\$2,415,000.00 Electric Utility Refunding Bonds, Series 2016B
Refunding of 2007 Series.
Final Annual maturity of \$525,000 on
December 1, 2022 at an interest rate of 4.0%. \$ 525,000.00 *

Water Utility Capital Fund

\$2,605,000.00 Water Utility Bonds, Series 2019B
Annual maturities of \$260,000 to \$280,000 through
December 1, 2029 at interest rates of 2.00% to 3.00%. \$ 2,185,000.00 **

\$ 12,720,000.00

* The 2016 Series A & B Refunding Bonds are not subject to redemption prior to maturity.

** The \$10,500,000.00 General Improvement Bonds, Series 2019A and \$2,605,000.00 Water Improvement Bonds, Series 2019B – the Bonds maturing prior to December 1, 2027 are not subject to optional redemption. The Bonds maturing on or after December 1, 2027 shall be subject to redemption at the option of the Borough, in whole or in part, on any date on or after December 1, 2026 at a price of 100% of the principal amount being redeemed, plus unpaid accrued interest to the date fixed for redemption.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Serial Bonds:

<u>Calendar Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,410,000.00	\$ 246,706.26	\$ 1,656,706.26
2023	725,000.00	197,906.26	922,906.26
2024	725,000.00	183,406.26	908,406.26
2025	725,000.00	168,906.26	893,906.26
2026	725,000.00	147,156.26	872,156.26
	<u>4,310,000.00</u>	<u>944,081.30</u>	<u>5,254,081.30</u>
2027	725,000.00	125,406.26	850,406.26
2028	725,000.00	110,906.26	835,906.26
2029	725,000.00	96,406.26	821,406.26
2030	725,000.00	81,906.26	806,906.26
2031	700,000.00	66,500.00	766,500.00
	<u>3,600,000.00</u>	<u>481,125.04</u>	<u>4,081,125.04</u>
2032	700,000.00	50,750.00	750,750.00
2033	700,000.00	34,125.00	734,125.00
2034	700,000.00	17,500.00	717,500.00
	<u>2,100,000.00</u>	<u>102,375.00</u>	<u>2,202,375.00</u>
	<u>\$ 10,010,000.00</u>	<u>\$ 1,527,581.34</u>	<u>\$ 11,537,581.34</u>

<u>Calendar Year</u>	<u>Electric Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 525,000.00	\$ 21,000.00	\$ 546,000.00
	<u>\$ 525,000.00</u>	<u>\$ 21,000.00</u>	<u>\$ 546,000.00</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Continued)

Serial Bonds (Continued)

<u>Calendar Year</u>	<u>Water Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 280,000.00	\$ 52,100.00	\$ 332,100.00
2023	280,000.00	43,700.00	323,700.00
2024	280,000.00	38,100.00	318,100.00
2025	280,000.00	32,500.00	312,500.00
2026	280,000.00	24,100.00	304,100.00
	<u>1,400,000.00</u>	<u>190,500.00</u>	<u>1,590,500.00</u>
2027	265,000.00	15,700.00	280,700.00
2028	260,000.00	10,400.00	270,400.00
2029	260,000.00	5,200.00	265,200.00
2030	<u>785,000.00</u>	<u>31,300.00</u>	<u>816,300.00</u>
	\$ <u><u>2,185,000.00</u></u>	\$ <u><u>221,800.00</u></u>	\$ <u><u>2,406,800.00</u></u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Continued)

Serial Bonds (Continued)

<u>Calendar Year</u>	<u>Total for all Funds - Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,215,000.00	\$ 319,806.26	\$ 2,534,806.26
2023	1,005,000.00	241,606.26	1,246,606.26
2024	1,005,000.00	221,506.26	1,226,506.26
2025	1,005,000.00	201,406.26	1,206,406.26
2026	1,005,000.00	171,256.26	1,176,256.26
	<u>6,235,000.00</u>	<u>1,155,581.30</u>	<u>7,390,581.30</u>
2027	990,000.00	141,106.26	1,131,106.26
2028	985,000.00	121,306.26	1,106,306.26
2029	985,000.00	101,606.26	1,086,606.26
2030	725,000.00	81,906.26	806,906.26
2031	700,000.00	66,500.00	766,500.00
	<u>4,385,000.00</u>	<u>512,425.04</u>	<u>4,897,425.04</u>
2032	700,000.00	50,750.00	750,750.00
2033	700,000.00	34,125.00	734,125.00
2034	700,000.00	17,500.00	717,500.00
	<u>2,100,000.00</u>	<u>102,375.00</u>	<u>2,202,375.00</u>
	<u>\$ 12,720,000.00</u>	<u>\$ 1,770,381.34</u>	<u>\$ 14,490,381.34</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. **MUNICIPAL DEBT (CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Continued)

United States Department of Agriculture – Community Facilities Loan

General Capital Fund

Original Loan Amount - 2016	\$ 9,800,000.00
Balance December 31, 2020	\$ 8,608,212.51
Interest Rate:	2.375%
Due Dates:	June 15 and December 15
Final Maturity:	December 15, 2046
Purpose:	Construction of a Firehouse
Semi-annual Payment	\$ 229,320.00
Source of Repayment Funds	Current Fund

Bond Anticipation Notes

At December 31, 2021, the Borough's outstanding Bond Anticipation Notes (BAN) are as follows:

Fund	Interest Rate	Original Issue Date	Amount	Payment Required	
				First	Final
General Capital	1.25%	2020	\$ 2,335,000.00	2023	2031
General Capital	1.25%	2021	1,150,000.00	2024	2032
Electric Utility Capital	1.25%	2021	261,000.00	2024	2032
Parking Utility Capital *	0.00%	2014	43,000.00	2017	2025
Water Utility Capital	1.25%	2020	1,215,000.00	2023	2031
Water Utility Capital	1.25%	2021	1,175,000.00	2024	2032
			\$ <u>6,179,000.00</u>		

The budget for 2022 with regards to the minimum annual required BAN paydown has been met.

* The Parking Utility Capital BAN is held by the Electric Utility Operating Fund as an Investment and is due to mature on November 17, 2022 at no interest.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 9. MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2021, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 3,178,382.10
Electric Utility Capital Fund	500,000.00
Water Utility Capital Fund	2,247,000.00
Parking Utility Capital Fund	<u>15,000.00</u>
	<u>\$ 5,940,382.10</u>

Due to Bond Registrar/Paying Agent

The Water Utility Operating Fund Balance Sheet reflects an amount of due from Bond Registrar/Paying Agent of \$57,812 and due to Bond Registrar/Paying Agent of \$81,840. These balances represent amounts that were paid (due from) in prior year and a liability (due to) for the current and prior years. The amounts were possibly never invoiced properly by the Paying Agent. These amounts were being reviewed on an ongoing basis for liquidation.

Continuing Disclosure Requirement

As a result of the General Obligation Refunding Bonds, Series 2016 A and B and General Obligation Bond Series 2019, the Borough is required to comply with the Securities and Exchange Commission Rule 15c2-12, which is related to the Annual Continuing Disclosure Requirement. The Borough complied with the requirement.

Subsequent Event

The Borough adopted three (3) improvement authorizations totaling \$2,885,000.00 for various capital improvements, sewer system improvements, water system improvements, acquisition of public works equipment, and park improvements, which are funded by the Capital Improvement Fund of \$98,557.44, ARPA Grant of \$825,782.56, NJDOT Grant of \$457,410.00, and Bonds and Notes Authorized in the amount of \$1,503,250.00.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 10. DEFERRED SCHOOL DISTRICT TAXES

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows.

The Borough of South River has elected to defer school taxes as follows:

	Local School District Taxes Balance, December 31		Increase/ (Decrease)
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>
Balance of Tax*	\$ 8,713,146.00	\$ 8,694,849.00	\$ 18,297.00
Deferred	<u>7,559,686.00</u>	<u>7,559,686.00</u>	<u>None</u>
Payable	<u>\$ 1,153,460.00</u>	<u>\$ 1,135,163.00</u>	<u>\$ 18,297.00</u>

* Required for school operations for the six-month period following December 31st.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

The PERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations. Those reports are available by visiting their website at:

www.state.nj.us/treasury/pensions/actuarial-valuations.shtml.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees and all that qualify of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. The following represents the membership tiers for PERS:

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

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Public Employees' Retirement System (Continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ 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 or more years 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 Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
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, as defined, 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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contributions Required to be Made

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 an option for local employers of PERS and PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Employee contributions for 2020 were 7.50% for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions. The Borough's contributions to the plan for the past three (3) years are as follows:

	PERS		
	2021	2020	2019
Covered Payroll	\$ 4,203,477	\$ 4,085,029	\$ 4,227,550
Actuarial Contribution Requirements	663,686	632,568	678,187
Total Contributions Employer Share	663,686	632,568	678,187
Percent of Covered Payroll	15.79 %	15.49 %	16.04 %
Employee's Share	315,261	306,377	317,066
Percent of Covered Payroll	7.50 %	7.50 %	7.50 %

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2022 would be needed in the amount of \$663,686 since the obligation relates to the period December 31, 2021 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

	PFRS		
	2021	2020	2019
Covered Payroll	\$ 3,536,162	\$ 3,445,878	\$ 3,427,899
Actuarial Contribution Requirements	1,134,797	1,001,490	937,614
Total Contributions Employer Share	1,134,797	1,001,490	937,614
Percent of Covered Payroll	32.09 %	29.06 %	27.35 %
Employee's Share	353,052	344,588	342,790
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2021 would be needed in the amount of \$1,134,797 since the obligation relates to the period December 31, 2020 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2021 and June 30, 2020 Independent Auditor's Report dated June 4, 2021 and June 5, 2020, respectively.

The Borough's reported liability of \$6,713,557 and \$9,854,915 for its proportionate share of the net pension liability at December 31, 2021 (*measurement date of June 30, 2021*) and December 31, 2020 (*measurement date of June 30, 2020*), respectively. The net pension liability was measured as of June 30, 2021 and June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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 entities, actuarially determined.

	June 30, (<i>Measurement Date</i>)	
	<u>2021</u>	<u>2020</u>
Local Group Share	\$ 11,972,782,878	\$ 16,435,616,426
Borough Proportionate Percentage	0.0566712326 %	0.0604322194 %
Difference - Increase/(Decrease)	(0.0037609868) %	

For the year ended December 31, 2021, the Borough's recognizable (under GAAP) pension benefit was \$2,087,438. At December 31, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 34,964	\$ 2,390,070
Net difference between expected and actual experience	105,881	33,160
Net difference between projected and actual investment earnings on pension plan investments		
Changes in proportion	15,758	1,668,974
Borough contributions made subsequent to yearend	<u>663,686</u>	<u></u>
Total	<u>\$ 820,289</u>	<u>\$ 4,092,204</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$663,686 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2021, the plan measurement date is June 30, 2021) would be recognized (under GAAP) as a reduction of the net pension liability in the Borough year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ (1,567,398)
2023	(1,119,118)
2024	(763,048)
2025	(573,585)
2026	223

Additional Information:

Collective (local employers) balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$ 1,164,738,169	\$ 2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective net pension liability	11,972,782,878	16,435,616,426
Collective pension expenses	(1,599,674,464)	407,705,399
Borough's proportion (of Local Group)	0.0566712326 %	0.0604322194 %

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% (based on years of service)
Thereafter	3.00 – 7.00% (based on years of service)
Investment Rate of Return	7.00%

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2000 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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's target asset allocation as of June 30, 2020 are summarized in the following table:

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	3.00	3.40
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 78% of the actuarially determined contributions for the State employer and 100% of the 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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2020 and June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

December 31, 2021			
<u>[Measurement Date June 30, 2021]</u>			
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 9,142,499	\$ 6,713,557	\$ 4,652,250

December 31, 2020			
<u>[Measurement Date June 30, 2020]</u>			
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 12,405,719	\$ 9,854,915	\$ 7,690,525

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

As of the date of this report the State of New Jersey Department of Treasury, Division of Pension and Benefits has not yet released the GASB #68 Police and Firemen's Retirement System Schedule of Employer and Nonemployer Allocations and Schedule of Pension Amounts by Employer and Nonemployer, which would have been as of June 30, 2021. The State of New Jersey Local Finance Board has ruled that the data need not be included for those local government entities that do not report the financial statements under the GASB/GAAP method. In the past the data was included merely for disclosure (*informational purposes*) in the Notes to Financial Statements. The lack of data does not distort the fund balances of the various funds as presented in the report under the regulatory (OCBOA) basis. Data from the two (2) prior years which was included in December 31, 2020 Notes to Financial Statements is reflected.

The information for PFRS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2020 and June 30, 2019 Independent Auditor's Report dated June 4, 2021 and June 5, 2020, respectively.

The Borough's reported liability of \$13,125,185 and \$12,133,377 for its proportionate share of the net pension liability at December 31, 2020 (*measurement date of June 30, 2020*) and December 31, 2019 (*measurement date of June 30, 2019*), respectively. The net pension liability was measured as of June 30, 2020 and June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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 entities, actuarially determined.

	<u>June 30, (Measurement Date)</u>	
	<u>2020</u>	<u>2019</u>
Local Group Share	\$ 14,926,648,722	\$ 12,237,818,793
Borough Proportionate Percentage	0.1015777485 %	0.0991465691 %
Difference - Increase	0.0024311794	

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended December 31, 2021, the Borough's recognizable (under GAAP) pension expense was \$889,914. At December 31, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 33,029	\$ 3,518,784
Net difference between expected and actual experience	132,324	47,105
Net difference between projected and actual investment earnings on pension plan investment	769,591	
Changes in proportion	1,289,739	147,747
Borough contributions made subsequent to measurement date	<u>1,134,797</u>	
Total	<u>\$ 3,359,480</u>	<u>\$ 3,713,636</u>

The \$1,134,797 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2020, the plan measurement date is June 30, 2020) would be recognized (under GAAP) as a reduction of the net pension liability in the Borough year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ (1,062,881)
2022	(717,316)
2023	(292,024)
2024	(110,316)
2025	(95,070)

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Additional Information:

Collective (local employers) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$ 1,601,195,680	\$ 1,198,936,924
Collective deferred inflows of resources	4,191,274,402	4,874,748,912
Collective pension expenses	949,220,570	1,325,963,796
Collective net pension liability		
Local Group	14,926,648,722	14,170,193,618
Less: Special Funding Situation (1)	<u>2,005,329,818</u>	<u>1,932,374,825</u>
	<u>\$ 12,921,318,904</u>	<u>\$ 12,237,818,793</u>
Borough's proportion (of Local Group)	0.1015777485 %	0.0991145690 %

(1) Special Funding Situation

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 that 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. The State special funding situation net pension liability amount of \$2,005,329,818 and \$1,932,374,825 as of June 30, 2020 and June 30, 2019, respectively, are the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. 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 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 pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Additional Information: (Continued)

(1) Special Funding Situation

	State Proportionate Share Net Pension Liability <u>Attributed to Borough</u>	State Pension <u>Expense Proportion</u>
June 30, 2020	\$ 2,036,969.00	\$ 230,850.00
June 30, 2019	1,915,883.00	222,610.00
June 30, 2018	1,762,785.00	208,799.00

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions.

Inflation rate:

Price	2.75%
Wage	3.25%

Salaries Increase:

Through all Future Years	3.25 – 15.25% (based on years of services)
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Investment Rate of Return	7.00%
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Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Mortality Rates (Continued)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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 PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	3.00	3.40
	<u>100.00 %</u>	

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 78% of the actuarially determined contributions for the State employer and 100% of the 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 the Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2021 and June 30, 2020, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

December 31, 2020			
<u>[Measurement Date June 30, 2020]</u>			
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 17,454,714	\$ 13,125,185	\$ 9,530,446

December 31, 2019			
<u>[Measurement Date June 30, 2020]</u>			
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 16,399,316	\$ 12,133,377	\$ 8,601,902

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 11. PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

Note 12. POST EMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 10, the Borough provides post retirement healthcare benefits for employees who retire with 25 years or more of service and their dependents. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the Borough plan becomes the secondary insurer.

Plan Description

The Borough provides its retirees with health benefits (the "Plan"), which are funded fully or in part by the Borough, which benefits are negotiated through bargaining unit contracts. Eligibility requirements are described below. The annual costs are determined by the provider, per approved schedules in accordance with the insured individual's age and plan status.

The Plan offers medical, prescription drug and dental insurance coverage to retirees and their covered dependents. The Plan is not a separate entity or trust and does not issue standalone financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Borough's total OPEB liability of \$53,869,443 and \$56,098,718 for the years ended December 31, 2021 and December 31, 2020, respectively.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 12. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Key actuarial assumption – the total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Consumer Price Index	2.50%
Salary increases	2.50%
Discount rate	2.12%

Medical Trend:

Drug: 7.0% in 2021, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026.

Medicare Advantage: 4.5% per annum

Dental and Vision: 3.5% per annum

Healthcare cost trend range from 5.50% in 2021 reducing by 0.2% per annum, leveling to 4.50% per annum in 2026

The discount rate was based on the Bond Buyer 20-Bond Go Index.

Mortality rates were based on the RP-2000 Combined Healthy Male Mortality rates set forward one year and adjusted for Generational Improvement.

Turnover based on NJ State Pensions Ultimate Withdrawal Rates – prior to benefit eligibility.

Assumed Retirement Age – at first eligibility after completing 25 years of service.

Medical Cost Aging Factor – NJ SHBP Medical Morbidity Rates.

The attribution period begins with the date of hire and ends with the full benefits eligibility date.

Per capita cost methods – the valuation reflects per capita net premium costs based on actual 2020 medical premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequently, per capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 12. **POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

Plan Description (Continued)

Retire Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, it is assumed that future retiree contributions percentage rates will not increase. Thus, it is assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increased annually by the rate of medical trend.

The actuarial assumptions used in the December 31, 2021 and December 31, 2020 valuation were based on the results of an actuarial experience study for the periods January 1, 2021 to December 31, 2021 and January 1, 2020 to December 31, 2020, respectively.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Total OPEB Liability</u>	
Balance as of December 31,	\$ 56,098,718	\$ 56,572,134
Changes for the year:		
Interest cost	1,186,718	1,548,090
Service cost	451,506	451,506
Difference between expected and actual expenses		(5,224,188)
Changes in assumptions	(2,721,499)	3,799,199
Benefit payments	<u>(1,146,000)</u>	<u>(1,048,023)</u>
Net Changes	<u>(2,229,275)</u>	<u>(473,416)</u>
Balance as of December 31,	<u>\$ 53,869,443</u>	<u>\$ 56,098,718</u>

Sensitivity of the total OPEB liability to changes in the 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 using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>December 31, 2021 [Measurement Date]</u>		
	<u>At 1%</u>	<u>At Discount</u>	<u>At 1%</u>
	<u>Decrease (1.06%)</u>	<u>Rate (2.06%)</u>	<u>Increase (3.06%)</u>
Total OPEB Liability	\$ 61,982,454	\$ 53,869,443	\$ 47,315,122

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 12. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Plan Description (Continued)

	<u>December 31, 2020 [Measurement Date]</u>		
	<u>At 1%</u>	<u>At Discount</u>	<u>At 1%</u>
	<u>Decrease (1.12%)</u>	<u>Rate (2.12%)</u>	<u>Increase (3.12%)</u>
Total OPEB Liability	\$ 62,163,454	\$ 56,098,718	\$ 51,066,115

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates –
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 [Measurement Date]</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 47,812,632	\$ 53,869,443	\$ 61,215,992

	<u>December 31, 2020 [Measurement Date]</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 50,528,663	\$ 56,098,718	\$ 62,887,411

OPEB Expense – for the year ended December 31, 2021 and December 31, 2020, the Borough recognized OPEB expense of \$1,722,198 and \$2,274,727, respectively.

The following table illustrates the Deferred Inflows and Outflows as of December 31, 2021 under GASB 75 prior to any reduction due to the fiscal year 2021 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in Assumptions	<u>\$ 7,600,870</u>	<u>\$ (7,070,064)</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 12. **POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

Plan Description (Continued)

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Measurement Period Ending December 31

	<u>Deferred Outflow</u>	<u>Deferred Inflow</u>
2022	\$ 426,407	\$ 342,233
2023	426,407	342,233
2024	426,407	342,233
2025	426,407	342,233
2026	426,407	342,233
Total Thereafter	2,939,493	2,828,557

REFER TO NOTE 11-Special Funding Situation-Data Not Available for June 30, 2021

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.

The State of New Jersey's Total OPEB Liability for special funding situation was \$5,525,718,739 and \$6,213,844,492 at June 30, 2020 and 2019, respectively.

The amount of the State's proportionate share of the net OPEB liability for special funding situation attributable to employees and retirees of the Borough of South River was \$5,931,251 and \$7,216,262 at June 30, 2020 and 2019, respectively.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 12. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Special Funding Situation – PFRS

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 percent 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 contribute 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.

The Borough has the following attributed to it related to the Special Funding Situation:

<u>December 31,</u>	<u># of</u>	<u>Percent of</u>	<u>State</u>	<u>Expense and</u>
	<u>Employees</u>	<u>Total State</u>	<u>Proportionate</u>	<u>Related Revenue</u>
		<u>Liability</u>	<u>Share of Net</u>	<u>Attributed</u>
			<u>OPEB Liability</u>	<u>to Borough</u>
2020	- NOT AVAILABLE -			
2019	32	0.107339 %	\$ 5,931,251	\$ 78,620
2018	33	0.116132	7,216,262	218,445

Other

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the Borough. The reporting of these benefits are the responsibility of the individual local Borough. The Borough provides Chapter 88 Reimbursement to certain retirees for the share of Medicare premiums that is withheld from their social security benefits. Amounts paid for the prior three years are as follows and is limited to employees who were hired prior to April 1, 2016:

<u>Year</u>	<u>Number of Employees</u>	<u>Amount</u>
2021	45	\$ 71,866.32
2020	45	71,939.27
2019	46	69,108.90

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 13. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 13. DEFINED CONTRIBUTION RETIREMENT PROGRAM (CONTINUED)

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

There were no employer and employees contributions to the plan for years 2018-2020.

Note 14. TERMINATION BENEFITS – OTHER POST EMPLOYMENT RETIREMENT BENEFITS

The Borough grants terminal leave for all employees who retire from the Borough, the amount due to be paid is two (2) days of terminal leave for every year of service with the Borough subject to a minimum of ten (10) years of service. In accordance with GASB #47, the Borough is obligated to determine the amount; however, not required to fund or encumber the liability. Amounts are provided for in the Borough's annual operating budgets to meet the obligations as they become due and detail is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$646,759.74
2020	632,879.80
2019	692,300.45

Note 15. INTERFUNDS RECEIVABLE AND PAYABLE

Interfund receivable and payable balances at December 31, 2021 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 765,276.55
Grant Fund	<u>\$ 765,276.55</u>	<u> </u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 16. **SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS**

The Borough of South River maintains three (3) enterprise funds that provide electric, parking and water to the residents and businesses of the Borough. Segment information for the year ended December 31, 2021 is as follows:

	Electric <u>Utility</u>	Parking <u>Utility</u>	Water <u>Utility</u>	Total Enterprise <u>Fund</u>
Revenue and Other Income Realized:				
Operating Fund Balance Appropriated	\$ 3,150,000.00	32,500.00	275,000.00	\$ 3,457,500.00
Rents	13,830,796.69	39,034.42	4,199,771.50	18,069,602.61
Miscellaneous			13,757.00	13,757.00
Budget Totals	\$ <u>16,980,796.69</u>	\$ <u>71,534.42</u>	\$ <u>4,488,528.50</u>	\$ <u>21,540,859.61</u>
Nonbudget Revenue	\$ 172,492.97	2,007.86	82,906.74	\$ 257,407.57
Other Credits to Income:				
Current Appropriations Canceled	4,857.65	1,000.00	4,217.12	10,074.77
Unexpended Balance of Appropriation Reserves Lapsed and Encumbrances Canceled	953,792.22	30,383.73	16,962.83	1,001,138.78
Total Revenues	\$ <u>18,111,939.53</u>	\$ <u>104,926.01</u>	\$ <u>4,592,615.19</u>	\$ <u>22,809,480.73</u>
Expenditures:				
Operating:				
Salaries and Wages	\$ 1,465,000.00	24,000.00	750,000.00	\$ 2,239,000.00
Other Expenses	2,103,000.00	14,000.00	1,371,000.00	3,488,000.00
Purchase of Power/Water	7,000,000.00		900,000.00	7,900,000.00
Capital Improvements	220,000.00	6,500.00	640,000.00	866,500.00
Debt Service	544,334.00	22,000.00	499,800.00	1,066,134.00
Deferred Charges and Statutory Expenditures	325,000.00	5,000.00	207,500.00	537,500.00
Surplus - General Budget	3,150,000.00			3,150,000.00
Total Expenditures	\$ <u>14,807,334.00</u>	\$ <u>71,500.00</u>	\$ <u>4,368,300.00</u>	\$ <u>19,247,134.00</u>
Excess in Revenue	\$ <u>3,304,605.53</u>	\$ <u>33,426.01</u>	\$ <u>224,315.19</u>	\$ <u>3,562,346.73</u>
Fund Balance, January 1, 2021	\$ <u>3,565,531.44</u>	\$ <u>89,409.47</u>	\$ <u>540,957.57</u>	\$ <u>4,195,898.48</u>
	\$ <u>6,870,136.97</u>	\$ <u>122,835.48</u>	\$ <u>765,272.76</u>	\$ <u>7,758,245.21</u>
Decreased by:				
Utilization as Anticipated Revenue	\$ <u>3,150,000.00</u>	\$ <u>32,500.00</u>	\$ <u>275,000.00</u>	\$ <u>3,457,500.00</u>
Fund Balance, December 31, 2021	\$ <u>3,720,136.97</u>	\$ <u>90,335.48</u>	\$ <u>490,272.76</u>	\$ <u>4,300,745.21</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 17. RISK MANAGEMENT

Property and Liability Insurance

The Borough together with other governmental units are members of the Middlesex County Municipal Joint Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ended December 31, 2021, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

Middlesex County Municipal Joint Insurance Fund (JIF)

At December 31, 2020, the Fund reported for all years combined, total assets of \$10,578,887, liabilities and reserves of \$36,117,446, which includes loss reserves of \$34,106,774 and an unrestricted net position deficit balance of \$25,538,559. This represents the latest available information.

The information was abstracted from the Annual Independent Financial Audit of the JIF as of December 31, 2020, which expressed an Qualified opinion. The audit for the period December 31, 2021 is in progress.

* Subsequent Event – Subsequent to yearend the JIF billed the Borough \$988,663.79 for what is their potential pro rata share of an accumulated deficit of the JIF. The matter is still under review and the anticipated repayment of the bill over the next nine (9) years, commencing in 2022, will need to be raised in the annual budget.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 17. RISK MANAGEMENT (CONTINUED)

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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and prior two years:

<u>Year Ended December 31,</u>	<u>Employer Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 76,071.20	\$ 580.61	\$ 58,293.20	\$ 101,311.63
2020	97,320.99	136.61	44,242.29	82,953.02
2019	24,954.35	384.87	55,745.16	29,737.71

Note 18. DEFERRED COMPENSATION PLAN

The Borough of South River offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund.

The Borough of South River authorized such modifications to their plan by resolution of the Borough Council adopted September 10, 1997.

The Deferred Compensation Plan is administered by the American Insurance General (AIG).

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 19. LENGTH OF SERVICE AWARDS PROGRAM

On November 2, 1999, the voters of the Borough approved a referendum authorizing the establishment of a Length of Service Awards Program (LOSAP). On November 2, 2004 the voters of the Borough approved an increase of the annual appropriation to \$112,800.00 subject to a per member minimum of \$800.00 and a maximum of \$1,500.00. The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters and first aid members who are eligible to participate.

The LOSAP funds are administered independently and distinct from the Borough and are subjected to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. A separate report as of December 31, 2021 revealed net position available for benefits of \$1,696,075.53. The Borough's contribution for December 31, 2021 is \$64,317.54. Contributions for the past three (3) years are as follows:

	<u>Total</u>	<u>Per Member</u>
2021	\$ 64,317.54	\$ 1,531.37
2020	60,906.72	1,450.16
2019	61,861.95	1,438.65

Note 20. CONTINGENT LIABILITIES

A. Accrued Sick Pay

The Borough's collective bargaining agreements provide for payment to employees upon retirement for unused sick days. There are six (6) collective bargaining agreements, which provide for amounts of payments based on the individual agreements. The noncollective bargaining employees are subject to a limit of one (1) day for every six (6) days accumulated and used. The total liability, based upon the above data and limitations, is on file in the Finance Office and amounts to \$693,573.68.

B. Litigation

The Borough is a party to various legal proceedings. These legal proceedings are not likely to have an adverse financial impact on the Borough, based on inquiry of management and the various attorneys.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Note 20. CONTINGENT LIABILITIES (CONTINUED)

C. Grants

The Borough of South River participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

D. Reserve for State Tax Appeals

The Borough has a Reserve for State Tax Appeals at December 31, 2021 of \$75,000.00, which represents an estimate for several tax appeals that are pending for 2021. In the event the appeals are awarded in excess of that amount, then a charge to Fund Balance/(Operations) will be needed.

Note 21. SUBSEQUENT EVENT – COVID-19 CORONAVIRUS PANDEMIC

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the Borough (which is essential) has evaluated the impact of the situation and has determined that there is no adverse impact on its December 31, 2021 financial statements. Management does not believe that there will be an adverse impact for the year ending December 31, 2022. A significant portion of the revenue to support Borough operations is tax levy and utility rents; however, certain other miscellaneous revenues most especially municipal court and construction code revenue may be impacted due to the economic effect of the closures and curfew.

BOROUGH OF SOUTH RIVER
SCHEDULE OF THE BOROUGH PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST EIGHT (8) FISCAL YEARS

<u>Year</u>	<u>Borough's Proportion of Net Pension Liability</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset)</u>	<u>Borough's Covered Payroll</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2021	0.0566713260 %	\$ 6,713,557	\$ 4,203,477	159.71 %	70.34 %
2020	0.0604322194	9,854,915	4,085,029	241.24	58.32
2019	0.0650318150	11,717,747	4,227,550	277.18	56.27
2018	0.0681816346	13,424,624	4,443,829	302.10	53.60
2017	0.0692809510	16,127,498	4,755,619	339.13	48.69
2016	0.0684558507	20,274,659	4,746,984	427.11	47.92
2015	0.0683678325	15,347,208	4,615,015	332.55	47.92
2014	0.0671828833	12,578,473	4,574,593	274.96	52.08

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate was 7.00% as of June 30, 2020 and 7.00% as of June 30, 2021.

BOROUGH OF SOUTH RIVER
SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST EIGHT (8) FISCAL YEARS

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Borough's Covered Payroll</u>	<u>Contributions as Percentage of Covered-Payroll</u>
2021	\$ 663,686	\$ 663,686	None	\$ 4,203,477	15.79 %
2020	632,568	632,568	None	4,085,029	15.49
2019	678,187	678,187	None	4,227,550	16.04
2018	641,814	641,814	None	4,443,829	14.44
2017	608,152	608,152	None	4,755,619	12.79
2016	587,780	587,780	None	4,746,984	12.38
2015	553,846	553,846	None	4,615,015	12.00
2014	500,903	500,903	None	4,574,593	10.95

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate was 7.00% as of June 30, 2020 and 7.00% as of June 30, 2021.

BOROUGH OF SOUTH RIVER
SCHEDULE OF THE BOROUGH PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE & FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST EIGHT (8) FISCAL YEARS

<u>Year</u>	<u>Borough's Proportion of Net Pension Liability</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset)</u>	<u>Borough's Covered Payroll</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2021	Not Available %	\$ Not Available	\$ 3,536,162	Not Available %	Not Available %
2020	0.1015777485	13,125,185	3,445,878	380.90	63.52
2019	0.0991465691	12,133,377	3,427,899	353.96	64.99
2018	0.0959051356	12,977,546	3,355,148	386.80	62.48
2017	0.0875320743	13,513,260	3,207,108	421.35	58.61
2016	0.0885528092	16,915,852	2,909,520	581.40	47.99
2015	0.0956571650	15,923,148	2,892,559	550.49	52.01
2014	0.0970808528	12,211,871	2,916,179	418.76	58.70

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate was 7.00% as of June 30, 2020 and not available as of June 30, 2021.

BOROUGH OF SOUTH RIVER
SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
POLICE & FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST EIGHT (8) FISCAL YEARS

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>Borough's Covered Payroll</u>	<u>Contributions as Percentage of Covered-Payroll</u>
2021	\$ 1,134,797	\$ 1,134,797	None	\$ 3,536,162	32.09 %
2020	1,001,490	1,001,490	None	3,445,878	29.06
2019	937,614	937,614	None	3,427,899	27.35
2018	774,675	774,675	None	3,355,148	23.09
2017	722,007	722,007	None	3,207,108	22.51
2016	777,550	777,550	None	2,909,520	26.72
2015	745,648	745,648	None	2,892,559	25.78
2014	699,967	699,967	None	2,916,179	24.00

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate was 7.00% as of June 30, 2020 and not available as of June 30, 2021.

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	Balance December 31, <u>2021</u>	Balance December 31, <u>2020</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 6,691,075.71	\$ 5,459,115.94
Receivables and Other Assets with Full Reserves:		
Taxes Receivable	426,934.22	445,456.12
Tax Title Liens Receivable	687,616.86	656,174.25
Property Acquired for Taxes - Assessed Valuation	47,300.00	47,300.00
Other Accounts Receivable:		
Revenue Accounts Receivable	3,833.42	2,322.38
Deferred Charges	<u> </u>	<u>100,000.00</u>
Total Current Fund	\$ <u>7,856,760.21</u>	\$ <u>6,710,368.69</u>
Grant Fund:		
Grants Receivable	\$ 159,465.13	\$ 45,616.54
Interfund Receivable- Due from Current Fund	<u>765,276.55</u>	<u>89,059.42</u>
Total Grant Fund	\$ <u>924,741.68</u>	\$ <u>134,675.96</u>
Total Assets	\$ <u><u>8,781,501.89</u></u>	\$ <u><u>6,845,044.65</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	Balance December 31, <u>2021</u>	Balance December 31, <u>2020</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 918,252.62	\$ 1,069,174.86
Reserve for Encumbrances	549,095.01	593,077.35
Accounts Payable	78,944.62	70,348.00
Prepaid Taxes	281,894.53	268,313.49
Due to State of New Jersey:		
Ch. 20,P.L. 1971	43,792.13	44,542.13
DCA Training Fees	2,435.00	2,146.00
Various Reserves	230,435.25	230,435.25
Local School Taxes Payable	1,153,460.00	1,135,163.00
Interfunds Payable-		
Due to Grant Fund	<u>765,276.55</u>	<u>89,059.42</u>
	\$ 4,023,585.71	\$ 3,502,259.50
Reserve for Receivables and Other Assets	1,165,684.50	1,151,252.75
Fund Balance	<u>2,667,490.00</u>	<u>2,056,856.44</u>
Total Current Fund	\$ <u>7,856,760.21</u>	\$ <u>6,710,368.69</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	Balance December 31, <u>2021</u>	Balance December 31, <u>2020</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE (CONTINUED)</u>		
Grant Fund:		
Reserve for Grants:		
Appropriated	\$ 61,857.25	\$ 65,125.59
Unappropriated	825,782.56	61,130.33
Reserve for Encumbrances	<u>37,101.87</u>	<u>8,420.04</u>
 Total Grant Fund	 \$ <u>924,741.68</u>	 \$ <u>134,675.96</u>
 Total Liabilities, Reserves and Fund Balance	 \$ <u><u>8,781,501.89</u></u>	 \$ <u><u>6,845,044.65</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 1,934,711.00	\$ 1,708,796.50
Miscellaneous Revenues Anticipated	4,610,046.60	4,662,097.83
State Aid	825,291.00	825,291.01
Grants	493,998.54	194,379.46
Receipts from Delinquent Taxes	462,787.30	524,498.97
Amount to be Raised by Taxation for Support of Municipal Budget	11,541,601.08	11,133,073.04
Nonbudget Revenue	870,214.18	778,460.65
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	1,122,512.67	528,279.12
Current Appropriations Canceled	155.29	17,043.22
Cancellation of Prior Year Grant Appropriated and Unappropriated Reserves	9,507.86	2,619.60
Cancellation of Accounts Payable	32,748.00	
Taxes Allocated to School and County Taxes	<u>24,203,752.12</u>	<u>23,806,630.62</u>
Total Income	<u>\$ 46,107,325.64</u>	<u>\$ 44,181,170.02</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	\$ 817,500.00	\$ 908,100.00
Land Use	78,000.00	60,000.00
Insurance	1,606,000.00	1,750,000.00
Public Safety	5,039,250.00	4,962,350.00
Public Works	2,164,000.00	2,036,000.00
Health and Human Services	144,860.00	234,312.00
Parks and Recreation	454,317.00	422,317.00
Utility Expense and Bulk Purchases	416,000.00	431,000.00
Sanitary Landfill	600,000.00	570,000.00
Contingent	500.00	500.00
Deferred Charges and Statutory Expenditures	1,758,000.00	1,612,000.00
Excluded from "CAPS":		
Public Safety	121,500.00	121,500.00
Public Works	375,000.00	340,000.00
Education - Library	507,773.00	490,181.00
Sewer	1,419,908.00	1,321,064.00

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS" (Continued):		
Grants	\$ 521,998.54	\$ 209,579.46
Capital Improvements	175,000.00	200,000.00
Municipal Debt Service	2,148,923.00	2,110,128.50
Deferred Charges and Statutory Expenditures	100,000.00	100,000.00
Reserve for Uncollected Taxes	890,000.00	880,000.00
County Taxes	6,026,648.55	5,658,132.26
County Added and Omitted Taxes:		
2021	10,387.57	
2020	355.49	1,927.36
2019		296.58
Local District School Taxes	18,166,716.00	18,146,571.00
Cancellation of Prior Grant Receivables	13,823.01	
Prior Years Senior Citizens and Veterans Disallowed	<u>5,520.92</u>	<u>4,165.74</u>
Total Expenditures	\$ <u>43,561,981.08</u>	\$ <u>42,570,124.90</u>
Excess to Fund Balance	\$ 2,545,344.56	\$ 1,611,045.12
Fund Balance, January 1	<u>2,056,856.44</u>	<u>2,154,607.82</u>
	\$ 4,602,201.00	\$ 3,765,652.94
Decreased by:		
Utilized as Anticipated Revenue	<u>1,934,711.00</u>	<u>1,708,796.50</u>
Fund Balance, December 31	<u><u>\$ 2,667,490.00</u></u>	<u><u>\$ 2,056,856.44</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	Budget as <u>Modified</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	\$ 1,934,711.00	\$ 1,934,711.00	_____
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	\$ 23,000.00	\$ 27,753.27	\$ 4,753.27
Other	3,100.00	4,667.00	1,567.00
Fees and Permits	73,000.00	101,372.50	28,372.50
Fines and Costs - Municipal Court	68,000.00	40,044.49	(27,955.51)
Interest and Costs on Taxes	100,000.00	91,755.00	(8,245.00)
Anticipated Operating Surplus - Electric	<u>3,150,000.00</u>	<u>3,150,000.00</u>	_____
	\$ 3,417,100.00	\$ 3,415,592.26	\$ (1,507.74)
State Aid Without Offsetting Appropriations:			
Energy Receipts Tax	\$ 749,356.00	\$ 759,341.00	\$ 9,985.00
Consolidated Municipal Property Tax Relief Aid	<u>75,935.00</u>	<u>65,950.00</u>	<u>(9,985.00)</u>
	\$ 825,291.00	\$ 825,291.00	_____
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):			
Uniform Construction Code Fees	\$ 120,000.00	\$ 165,116.00	\$ 45,116.00
Zoning Fees	<u>10,000.00</u>	<u>8,740.00</u>	<u>(1,260.00)</u>
	\$ 130,000.00	\$ 173,856.00	\$ 43,856.00
Special Items of Revenue Offset with Appropriations:			
Drunk Driving Enforcement Fund	\$ 7,083.66	7,083.66	
Clean Communities Program	29,448.36	29,448.36	
Alcohol Education and Rehabilitation Fund	916.89	916.89	
Body Armor Replacement Fund	2,464.25	2,464.25	
Middlesex County Office on Aging Grant:			
Physical	4,000.00	4,000.00	
Residential Maintenance	9,000.00	9,000.00	
Information & Assistance	11,352.00	11,352.00	
Assisted Transportation	41,485.00	41,485.00	
Cares Act - Mental Health	76,000.00	76,000.00	
Cares Act - Information and Assistance	42,865.00	42,865.00	
Cares Act June 1 - September 30,2020	60,213.44	60,213.44	
Cares Act October 1 - December 31,2020	85,695.09	85,695.09	
Bulletproof Vest Partnership Grant	5,319.60	5,319.60	
Recycling Enhancement Grant	7,500.00	7,500.00	
State of New Jersey Department of Law and Public Safety:			
Body Worn Camera Grant	87,634.00	87,634.00	
Recycling Tonnage Grant	<u>23,021.25</u>	<u>23,021.25</u>	_____
	\$ 493,998.54	\$ 493,998.54	_____

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	Budget as <u>Modified</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Special Items of Revenue with Prior Consent of the Director:			
Host Community Benefits	\$ 774,496.00	\$ 774,496.29	\$ 0.29
Cable Television Percentage of Revenue - 2%	38,689.00	38,689.15	0.15
Payment in Lieu of Taxes - National Church Residence - Willet Manor	38,000.00	39,835.80	1,835.80
Payment in Lieu of Taxes - National Church Residence - South River Landing	38,000.00	43,577.10	5,577.10
General Capital Fund Balance	<u>124,000.00</u>	<u>124,000.00</u>	<u> </u>
	<u>\$ 1,013,185.00</u>	<u>\$ 1,020,598.34</u>	<u>\$ 7,413.34</u>
Receipts from Delinquent Taxes	<u>\$ 440,000.00</u>	<u>\$ 462,787.30</u>	<u>\$ 22,787.30</u>
Amount to be Raised by Taxation for Support of Municipal Budget:			
Local Tax for Municipal Purposes	\$ 10,576,471.00	\$ 11,033,828.08	\$ 457,357.08
Minimum Library Tax	<u>507,773.00</u>	<u>507,773.00</u>	<u> </u>
	<u>\$ 11,084,244.00</u>	<u>\$ 11,541,601.08</u>	<u>\$ 457,357.08</u>
Budget Totals	\$ 19,338,529.54	\$ 19,868,435.52	\$ 529,905.98
Nonbudget Revenue	<u> </u>	<u>870,214.18</u>	<u>870,214.18</u>
	<u>\$ 19,338,529.54</u>	<u>\$ 20,738,649.70</u>	<u>\$ 1,400,120.16</u>
Detail:			
Budget as Adopted	\$ 19,087,491.35		
Added by N.J.S.A. 40A:4-87	<u>251,038.19</u>		
	<u>\$ 19,338,529.54</u>		

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>GENERAL GOVERNMENT FUNCTIONS</u>						
General Administration:						
Salaries and Wages	\$ 119,000.00	\$ 99,000.00	\$ 93,253.58		\$ 5,746.42	
Other Expenses	15,000.00	15,000.00	9,133.01	\$ 1,526.00	4,340.99	
Cable Television	15,000.00	15,000.00	11,037.06	3,049.41	913.53	
Communication and Technology:						
Other Expenses	12,500.00	12,500.00	12,500.00			
Human Resources:						
Other Expenses	55,000.00	55,000.00	37,355.04	10,000.00	7,644.96	
Mayor and Council:						
Salaries and Wages	25,500.00	25,500.00	21,898.08		3,601.92	
Other Expenses	11,000.00	11,000.00	7,956.90	2,000.00	1,043.10	
Borough Clerk:						
Salaries and Wages	95,000.00	95,000.00	84,609.84		10,390.16	
Other Expenses	13,000.00	15,000.00	12,397.01	815.14	1,787.85	
Codification of Ordinances	8,000.00	8,000.00	7,815.00		185.00	
Elections:						
Salaries and Wages	1,000.00	1,000.00			1,000.00	
Other Expenses	8,000.00	8,000.00	7,933.22		66.78	
Financial Administration:						
Salaries and Wages	115,000.00	115,000.00	102,253.07		12,746.93	
Other Expenses	35,000.00	27,500.00	15,488.73	8,258.93	3,752.34	
Audit Services:						
Other Expenses	33,000.00	33,000.00		32,200.00	800.00	
Collection of Taxes:						
Salaries and Wages	52,000.00	52,000.00	47,473.22		4,526.78	
Other Expenses	8,000.00	8,000.00	4,037.97	739.00	3,223.03	
Assessment of Taxes:						
Salaries and Wages	32,000.00	32,000.00	31,789.94		210.06	
Other Expenses	17,500.00	17,500.00	12,013.76		5,486.24	
Legal Services:						
Other Expenses	100,000.00	120,000.00	88,059.91	18,232.50	13,707.59	
Engineering Services and Costs:						
Other Expenses	40,000.00	40,000.00	18,952.00	8,983.25	12,064.75	
Economic Development Commission:						
Other Expenses	1,500.00	1,500.00	35.90		1,464.10	
Green Team Commission:						
Other Expenses	1,000.00	1,000.00			1,000.00	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):						
Planning Board:						
Salaries and Wages	\$ 10,000.00	\$ 10,000.00	\$ 8,077.02		1,922.98	
Other Expenses	15,000.00	15,000.00	11,895.89	\$ 2,515.00	\$ 589.11	
Update of Master Plan	15,000.00	15,000.00	4,657.50	10,242.50	100.00	
Board of Adjustment:						
Salaries and Wages	23,000.00	23,000.00	14,036.39		8,963.61	
Other Expenses	15,000.00	15,000.00	2,885.16	1,500.00	10,614.84	
<u>INSURANCE</u>						
Liability Insurance	213,000.00	218,000.00	217,877.35		122.65	
Workers' Compensation	143,000.00	143,000.00	142,250.00		750.00	
Group Health Benefits	1,380,000.00	1,155,000.00	1,036,296.65	36,490.92	82,212.43	
Unemployment Insurance	30,000.00	30,000.00	30,000.00			
Health Benefit Waiver	60,000.00	60,000.00	40,772.57		19,227.43	
<u>PUBLIC SAFETY FUNCTIONS</u>						
Police:						
Salaries and Wages	3,755,000.00	3,820,000.00	3,679,951.86		140,048.14	
Other Expenses	130,000.00	145,000.00	117,395.82	23,606.68	3,997.50	
Special Police:						
Salaries and Wages	110,000.00	110,000.00	78,121.50		31,878.50	
Other Expenses	15,000.00	15,000.00	542.36	2,070.36	12,387.28	
School Guards:						
Salaries and Wages	222,000.00	222,000.00	183,517.32		38,482.68	
Other Expenses	3,500.00	3,500.00	557.01	42.00	2,900.99	
Juvenile Conference Committee:						
Other Expenses	500.00	500.00			500.00	
Police Dispatch/911:						
Salaries and Wages	225,000.00	225,000.00	209,588.04		15,411.96	
Other Expenses	6,000.00	6,000.00	1,627.03	1,005.82	3,367.15	
Office of Emergency Management:						
Other Expenses	7,100.00	7,100.00	5,212.25		1,887.75	
Aid to Volunteer Fire Companies:						
Other Expenses	90,000.00	90,000.00	71,632.64	15,297.28	3,070.08	
Clothing Allowance	40,000.00	40,000.00	39,997.10		2.90	
Emergency Medical Services:						
Other Expenses	1,000.00	11,000.00			11,000.00	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PUBLIC SAFETY FUNCTIONS (CONTINUED)</u>						
Code Enforcement:						
Salaries and Wages	\$ 54,500.00	\$ 54,500.00	\$ 49,338.50		\$ 5,161.50	
Other Expenses	3,000.00	3,000.00	564.99		2,435.01	
Municipal Prosecutor:						
Other Expenses	15,000.00	15,000.00	14,888.00		112.00	
Municipal Court:						
Salaries and Wages	188,000.00	142,900.00	136,626.15		6,273.85	
Other Expenses	13,000.00	13,000.00	5,766.53	\$ 3,003.12	4,230.35	
Public Defender (P.L. 1997, C.256):						
Salaries and Wages	250.00	250.00			250.00	
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	599,000.00	599,000.00	579,340.53		19,659.47	
Other Expenses	110,000.00	110,000.00	73,168.33	12,514.00	24,317.67	
Garbage and Trash Removal:						
Salaries and Wages	640,000.00	670,000.00	645,704.77		24,295.23	
Other Expenses	20,000.00	20,000.00	8,590.30		11,409.70	
Public Buildings and Grounds:						
Other Expenses	170,000.00	240,000.00	202,293.40	17,989.60	19,717.00	
Vehicle Maintenance:						
Salaries and Wages	100,000.00	105,000.00	100,936.65		4,063.35	
Other Expenses	270,000.00	335,000.00	288,505.57	23,950.03	22,544.40	
Lease/Purchase of Police Car(s)	85,000.00	85,000.00	85,000.00			
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Board of Health:						
Salaries and Wages	12,000.00	12,000.00	11,375.07		624.93	
Other Expenses	1,500.00	1,500.00	759.02		740.98	
County Health Program (C. 329, P.L. 1975)	68,760.00	68,760.00	68,759.81		0.19	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>HEALTH AND HUMAN SERVICES FUNCTIONS (CONTINUED)</u>						
Office on Aging:						
Salaries and Wages	\$ 75,000.00	\$ 35,000.00			\$ 35,000.00	
Other Expenses	13,000.00	13,000.00	\$ 9,652.01	\$ 274.28	3,073.71	
Environmental Commission (N.J.S.A. 56A-1 et seq.):						
Other Expenses	1,500.00	1,500.00			1,500.00	
Animal Control:						
Other Expenses	10,000.00	10,000.00		2,025.00	7,975.00	
Municipal Alliance:						
Salaries and Wages	3,000.00	3,100.00	3,067.63		32.37	
<u>PARK AND RECREATION FUNCTIONS</u>						
Board of Recreation Commissioners:						
Salaries and Wages	59,000.00	49,000.00	38,927.22		10,072.78	
Other Expenses	13,500.00	13,500.00	7,535.36	173.70	5,790.94	
Celebration of Public Events, Anniversary or Holiday:						
Fireworks	10,000.00	10,000.00	9,700.00		300.00	
Memorial Day Parade	750.00	750.00			750.00	
Senior Events	13,000.00	13,000.00	4,290.43		8,709.57	
Holiday Lighting	500.00	500.00	200.00	241.85	58.15	
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.):						
Other Expenses	5,567.00	5,567.00	1,472.00	4,095.00		
Maintenance of Parks:						
Salaries and Wages	317,000.00	337,000.00	328,001.30		8,998.70	
Other Expenses	25,000.00	25,000.00	10,436.03	757.32	13,806.65	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone	52,000.00	52,000.00	46,926.05	1,083.59	3,990.36	
Heat	50,000.00	50,000.00	31,529.26	6,425.88	12,044.86	
Gasoline, Lubricants and Oil	65,000.00	85,000.00	60,749.56	4,774.09	19,476.35	
Office Supplies	24,000.00	24,000.00	12,109.77	1,276.60	10,613.63	
Postage	25,000.00	25,000.00	17,248.86		7,751.14	
Sewer Department:						
Salaries and Wages	55,000.00	75,000.00	63,709.89		11,290.11	
Other Expenses	30,000.00	55,000.00	33,270.80	21,070.65	658.55	
Computer Maintenance Service Contract	50,000.00	50,000.00	41,822.63		8,177.37	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Sanitary Landfill - Contractual	600,000.00	600,000.00	507,543.59	48,000.00	44,456.41	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET</u>						
<u>BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Salaries and Wages	\$ 160,000.00	\$ 110,500.00	\$ 103,959.12		\$ 6,540.88	
Other Expenses	5,000.00	5,000.00	3,077.99		1,922.01	
Accumulated Absences	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>			
Total Operations within "CAPS"	\$ <u>11,344,927.00</u>	\$ <u>11,319,927.00</u>	\$ <u>10,139,731.82</u>	\$ <u>326,229.50</u>	\$ <u>853,965.68</u>	
<u>CONTINGENT</u>	\$ <u>500.00</u>	\$ <u>500.00</u>			\$ <u>500.00</u>	
Total Operations Including Contingent - within "CAPS"	\$ <u>11,345,427.00</u>	\$ <u>11,320,427.00</u>	\$ <u>10,139,731.82</u>	\$ <u>326,229.50</u>	\$ <u>854,465.68</u>	
Detail:						
Salaries and Wages	\$ 7,057,250.00	\$ 7,032,750.00	\$ 6,625,556.69		\$ 407,193.31	
Other Expenses (Including Contingent)	4,288,177.00	4,287,677.00	3,514,175.13	\$ 326,229.50	447,272.37	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 335,000.00	\$ 335,000.00	\$ 329,299.50		\$ 5,700.50	
Social Security System (O.A.S.I.)	282,000.00	282,000.00	266,483.61		15,516.39	
Police & Firemen's Retirement System	1,140,000.00	1,140,000.00	1,134,797.00		5,203.00	
Defined Contribution Retirement Plan	<u>1,000.00</u>	<u>1,000.00</u>			<u>1,000.00</u>	
Total Deferred Charges and Statutory Expenditures - Expenditures - Municipal within "CAPS"	\$ <u>1,758,000.00</u>	\$ <u>1,758,000.00</u>	\$ <u>1,730,580.11</u>		\$ <u>27,419.89</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	\$ <u>13,103,427.00</u>	\$ <u>13,078,427.00</u>	\$ <u>11,870,311.93</u>	\$ <u>326,229.50</u>	\$ <u>881,885.57</u>	
<u>OPERATIONS - EXCLUDED FROM "CAPS"</u>						
Other Operations - Excluded from "CAPS":						
Sanitation:						
County Sewerage Authority Contract						
Operating and Maintenance	\$ 836,846.00	\$ 836,846.00	\$ 836,845.84		\$ 0.16	
Debt Service	434,038.00	434,038.00	434,037.48		0.52	
Deficit Prior Year	149,024.00	149,024.00	149,023.10		0.90	
Maintenance of Free Public Library	507,773.00	507,773.00	484,741.94	\$ 23,031.06		
Length of Service Award Program (LOSAP)	<u>80,000.00</u>	<u>80,000.00</u>		<u>80,000.00</u>		
Total Other Operations - Excluded from "CAPS"	\$ <u>2,007,681.00</u>	\$ <u>2,007,681.00</u>	\$ <u>1,904,648.36</u>	\$ <u>103,031.06</u>	\$ <u>1.58</u>	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
Interlocal Municipal Service Agreements:						
Middlesex County Improvement Authority:						
Recycling:						
Other Expenses	\$ 375,000.00	\$ 375,000.00	\$ 329,143.92	\$ 31,600.64	\$ 14,255.44	
East Brunswick - Radio Safety Communications System	<u>41,500.00</u>	<u>41,500.00</u>	<u>41,156.16</u>		<u>343.84</u>	
Total Interlocal Municipal Service Agreements	<u>\$ 416,500.00</u>	<u>\$ 416,500.00</u>	<u>\$ 370,300.08</u>	<u>\$ 31,600.64</u>	<u>\$ 14,599.28</u>	
Public and Private Programs Offset by Revenues:						
N.J.D.E.P.E. - Office of Recycling:						
Clean Communities Act (N.J.S.A. 13:1E-99.2)		\$ 29,448.36	\$ 29,448.36			
Drunk Driving Enforcement Fund	\$ 7,083.66	7,083.66	7,083.66			
State of NJ Department of Law and Public Safety:						
Body Worn Camera Grant		87,634.00	87,634.00			
Alcohol Education and Rehabilitation		916.89	916.89			
Body Armor Replacement Fund	2,464.25	2,464.25	2,464.25			
NJ Recycling Tonnage Grant		23,021.25	23,021.25			
County of Middlesex:						
Older Americans Act:						
Grant:						
Residential	9,000.00	9,000.00	9,000.00			
Physical	4,000.00	4,000.00	4,000.00			
Assisted Transportation	35,334.00	41,485.00	41,485.00			
Information and Assistance	6,000.00	11,352.00	11,352.00			
Match:						
Information and Assistance	1,000.00	1,000.00	1,000.00			
Cares Act- Information and Assistance:						
Grant:	42,865.00	42,865.00	42,865.00			
Match:	17,000.00	17,000.00	17,000.00			
Cares Act- Mental Health:						
Grant:	76,000.00	76,000.00	76,000.00			
Cares Act June 1 - September 30, 2020	60,213.44	60,213.44	60,213.44			
Cares Act October 1 - December 31, 2020		85,695.09	85,695.09			
Bullet Proof Vest Grant		5,319.60	5,319.60			
Recycling Enhancement Grant		7,500.00	7,500.00			
Matching Funds for Grants	<u>10,000.00</u>	<u>10,000.00</u>			<u>10,000.00</u>	
Total Public and Private Programs Offset by Revenues	<u>\$ 270,960.35</u>	<u>\$ 521,998.54</u>	<u>\$ 511,998.54</u>		<u>10,000.00</u>	
Total Operations - Excluded from "CAPS"	<u>\$ 2,695,141.35</u>	<u>\$ 2,946,179.54</u>	<u>\$ 2,786,946.98</u>	<u>\$ 134,631.70</u>	<u>\$ 24,600.86</u>	
Detail:						
Other Expenses	\$ 2,695,141.35	\$ 2,946,179.54	\$ 2,786,946.98	\$ 134,631.70	\$ 24,600.86	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00			
Park Improvements	<u>75,000.00</u>	<u>100,000.00</u>		\$ 88,233.81	\$ 11,766.19	
Total Capital Improvements Excluded from "CAPS"	\$ <u>150,000.00</u>	\$ <u>175,000.00</u>	\$ <u>75,000.00</u>	\$ <u>88,233.81</u>	\$ <u>11,766.19</u>	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 1,360,000.00	\$ 1,360,000.00	\$ 1,360,000.00			
Payment of Bond Anticipation Notes and Capital Notes						
Interest on Bonds	295,257.00	295,257.00	295,256.26			\$ 0.74
Interest on Notes	35,025.00	35,025.00	34,871.45			153.55
United States Department of Agriculture:						
Principal	249,746.00	249,746.00	249,745.05			0.95
Interest	<u>208,895.00</u>	<u>208,895.00</u>	<u>208,894.95</u>			<u>0.05</u>
Total Municipal Debt Service - Excluded from "CAPS"	\$ <u>2,148,923.00</u>	\$ <u>2,148,923.00</u>	\$ <u>2,148,767.71</u>			\$ <u>155.29</u>
<u>DEFERRED CHARGES:</u>						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	\$ <u>100,000.00</u>	\$ <u>100,000.00</u>	\$ <u>100,000.00</u>			
Total Deferred Charges - Excluded from "CAPS"	\$ <u>100,000.00</u>	\$ <u>100,000.00</u>	\$ <u>100,000.00</u>			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ <u>5,094,064.35</u>	\$ <u>5,370,102.54</u>	\$ <u>5,110,714.69</u>	\$ <u>222,865.51</u>	\$ <u>36,367.05</u>	\$ <u>155.29</u>
Total General Appropriations - Excluded from "CAPS"	\$ <u>5,094,064.35</u>	\$ <u>5,370,102.54</u>	\$ <u>5,110,714.69</u>	\$ <u>222,865.51</u>	\$ <u>36,367.05</u>	\$ <u>155.29</u>
Subtotal General Appropriations	\$ 18,197,491.35	\$ 18,448,529.54	\$ 16,981,026.62	\$ 549,095.01	\$ 918,252.62	\$ 155.29
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>890,000.00</u>	<u>890,000.00</u>	<u>890,000.00</u>			
Total General Appropriations	\$ <u>19,087,491.35</u>	\$ <u>19,338,529.54</u>	\$ <u>17,871,026.62</u>	\$ <u>549,095.01</u>	\$ <u>918,252.62</u>	\$ <u>155.29</u>
<u>Detail:</u>						
Budget as Adopted		\$ 19,087,491.35				
Added by NJSA 40A:4-87		<u>251,038.19</u>				
		\$ <u>19,338,529.54</u>				

BOROUGH OF SOUTH RIVER
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Payroll Fund</u>		<u>Animal Control</u>		<u>Trust Other Fund #1</u>		<u>Trust Other Fund #2</u>		<u>Tax Title Lien Premium</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>										
Cash and Cash Equivalents	\$ 3,702.59	\$ 3,535.68	\$ 1,228.65	\$ 996.90	\$ 738,064.13	\$ 731,599.47	\$ 578,447.36	\$ 550,589.51	\$ 564,753.82	\$ 431,455.48
Amount Held by Plan Administrator (Unaudited)										
Due from Municipal Court							200.00			
Due from Vendor							<u>4,018.29</u>	<u>5,538.29</u>		
Total Assets	<u>\$ 3,702.59</u>	<u>\$ 3,535.68</u>	<u>\$ 1,228.65</u>	<u>\$ 996.90</u>	<u>\$ 738,064.13</u>	<u>\$ 731,599.47</u>	<u>\$ 582,665.65</u>	<u>\$ 556,127.80</u>	<u>\$ 564,753.82</u>	<u>\$ 431,455.48</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>										
Due to Vendor							\$ 25,077.69	\$ 25,077.69		
Payroll Deductions Payable	\$ 3,702.59	\$ 3,535.68								
Reserves			<u>\$ 1,228.65</u>	<u>\$ 996.90</u>	<u>\$ 737,465.91</u>	<u>\$ 731,001.25</u>	<u>553,306.11</u>	<u>526,768.26</u>	<u>\$ 564,753.82</u>	<u>\$ 431,455.48</u>
	\$ 3,702.59	\$ 3,535.68	\$ 1,228.65	\$ 996.90	\$ 737,465.91	\$ 731,001.25	\$ 578,383.80	\$ 551,845.95	\$ 564,753.82	\$ 431,455.48
Fund Balance					<u>598.22</u>	<u>598.22</u>	<u>4,281.85</u>	<u>4,281.85</u>		
Total Liabilities, Reserves and Fund Balance	<u>\$ 3,702.59</u>	<u>\$ 3,535.68</u>	<u>\$ 1,228.65</u>	<u>\$ 996.90</u>	<u>\$ 738,064.13</u>	<u>\$ 731,599.47</u>	<u>\$ 582,665.65</u>	<u>\$ 556,127.80</u>	<u>\$ 564,753.82</u>	<u>\$ 431,455.48</u>

BOROUGH OF SOUTH RIVER
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	Length of Service Awards (Unaudited)		Law Enforcement		Electric Consumer Deposits		Unemployment		Totals (Memorandum Only)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
ASSETS										
Cash and Cash Equivalents			\$ 24,577.94	\$ 21,303.20	\$ 566,736.87	\$ 560,498.40	\$ 101,311.63	\$ 82,953.02	\$ 2,578,822.99	\$ 2,382,931.66
Amount Held by Plan Administrator (Unaudited)	\$ 1,696,075.53	\$ 1,453,429.16							1,696,075.53	1,453,429.16
Due from Municipal Court									200.00	
Due from Vendor									4,018.29	5,538.29
Total Assets	<u>\$ 1,696,075.53</u>	<u>\$ 1,453,429.16</u>	<u>\$ 24,577.94</u>	<u>\$ 21,303.20</u>	<u>\$ 566,736.87</u>	<u>\$ 560,498.40</u>	<u>\$ 101,311.63</u>	<u>\$ 82,953.02</u>	<u>\$ 4,279,116.81</u>	<u>\$ 3,841,899.11</u>
LIABILITIES, RESERVES AND FUND BALANCE										
Due to Vendor									\$ 25,077.69	\$ 25,077.69
Payroll Deductions Payable									3,702.59	3,535.68
Reserves	<u>\$ 1,696,075.53</u>	<u>\$ 1,453,429.16</u>	<u>\$ 24,577.94</u>	<u>\$ 21,303.20</u>	<u>\$ 566,736.87</u>	<u>\$ 560,498.40</u>	<u>\$ 101,311.63</u>	<u>\$ 82,953.02</u>	<u>4,245,456.46</u>	<u>3,808,405.67</u>
	\$ 1,696,075.53	\$ 1,453,429.16	\$ 24,577.94	\$ 21,303.20	\$ 566,736.87	\$ 560,498.40	\$ 101,311.63	\$ 82,953.02	\$ 4,274,236.74	\$ 3,837,019.04
Fund Balance									4,880.07	4,880.07
Total Liabilities, Reserves and Fund Balance	<u>\$ 1,696,075.53</u>	<u>\$ 1,453,429.16</u>	<u>\$ 24,577.94</u>	<u>\$ 21,303.20</u>	<u>\$ 566,736.87</u>	<u>\$ 560,498.40</u>	<u>\$ 101,311.63</u>	<u>\$ 82,953.02</u>	<u>\$ 4,279,116.81</u>	<u>\$ 3,841,899.11</u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	Balance December 31, <u>2021</u>	Balance December 31, <u>2020</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>1,405,557.48</u>	\$ <u>478,478.14</u>
Intergovernmental Accounts Receivable	\$ <u>1,062,993.25</u>	\$ <u>1,209,533.84</u>
Deferred Charges to Future Taxation:		
Funded	\$ 18,618,212.51	\$ 20,227,957.56
Unfunded	<u>6,663,382.10</u>	<u>4,880,871.53</u>
	\$ <u>25,281,594.61</u>	\$ <u>25,108,829.09</u>
Total Assets	\$ <u><u>27,750,145.34</u></u>	\$ <u><u>26,796,841.07</u></u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	Balance December 31, <u>2021</u>	Balance December 31, <u>2020</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE</u>		
Serial Bonds	\$ 10,010,000.00	\$ 11,370,000.00
Bond Anticipation Notes	\$ 3,485,000.00	2,335,000.00
USDA Loan Payable	\$ 8,608,212.51	8,857,957.56
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 8,221.33	\$ 29,646.33
Reserve for Encumbrances	2,928,993.47	451,046.42
Reserve for Fire Hoses, Appropriated	224.82	224.82
	<u>\$ 2,937,439.62</u>	<u>\$ 480,917.57</u>
Improvement Authorizations:		
Funded	\$ 139,363.01	\$ 533,567.16
Unfunded	2,133,758.34	2,712,720.42
	<u>\$ 2,273,121.35</u>	<u>\$ 3,246,287.58</u>
Fund Balance	\$ 436,371.86	\$ 506,678.36
Total Liabilities, Reserves and Fund Balance	<u>\$ 27,750,145.34</u>	<u>\$ 26,796,841.07</u>

There were Bonds and Notes Authorized but not Issued of \$3,178,382.10 at December 31, 2021.

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Electric Utility</u>		<u>Parking Utility</u>		<u>Water Utility</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 5,435,123.84	\$ 5,135,497.29	\$ 122,503.05	\$ 127,148.20	\$ 1,631,164.68	\$ 887,351.47	\$ 7,188,791.57	\$ 6,149,996.96
Investment - BAN	43,000.00	64,000.00					43,000.00	64,000.00
Due from Bond Registrar/Paying Agent					57,812.00	57,812.00	57,812.00	57,812.00
Consumer Accounts Receivable	2,134,321.82	1,613,270.87			869,982.72	655,377.69	3,004,304.54	2,268,648.56
Consumer Liens Receivable	43,716.15	43,716.15			8,217.70	8,217.70	51,933.85	51,933.85
Inventory	349,816.14	387,640.92			2,873.18	7,021.32	352,689.32	394,662.24
Total Assets	<u>\$ 8,005,977.95</u>	<u>\$ 7,244,125.23</u>	<u>\$ 122,503.05</u>	<u>\$ 127,148.20</u>	<u>\$ 2,570,050.28</u>	<u>\$ 1,615,780.18</u>	<u>\$ 10,698,531.28</u>	<u>\$ 8,987,053.61</u>
<u>LIABILITIES, RESERVES</u>								
<u>AND FUND BALANCE</u>								
Liabilities:								
Appropriation Reserves	\$ 607,803.44	\$ 910,870.44	\$ 23,352.40	\$ 30,383.73	\$ 351,663.21	\$ 52,534.77	\$ 982,819.05	\$ 993,788.94
Other Liabilities and Reserves:								
Reserve for Encumbrances	\$ 942,201.57	\$ 519,652.88	\$ 8,700.17	\$ 3,750.00	\$ 577,467.83	\$ 72,718.81	\$ 1,528,369.57	\$ 596,121.69
Prepaid Parking Permits			115.00	105.00			115.00	105.00
Consumer Overpayments	198,159.83	181,325.86			124,269.61	114,581.93	322,429.44	295,907.79
Accounts Payable	7,929.01	18,700.00		3,500.00		18,900.00	7,929.01	41,100.00
Accrued Interest on Bonds, Notes and Loans	1,893.02	3,416.67			5,651.27	5,818.39	7,544.29	9,235.06
Due to Bond Registrar/Paying Agent					81,840.00	81,840.00	81,840.00	81,840.00
	<u>\$ 1,150,183.43</u>	<u>\$ 723,095.41</u>	<u>\$ 8,815.17</u>	<u>\$ 7,355.00</u>	<u>\$ 789,228.71</u>	<u>\$ 293,859.13</u>	<u>\$ 1,948,227.31</u>	<u>\$ 1,024,309.54</u>
Reserve for Receivables and Other Assets	<u>\$ 2,527,854.11</u>	<u>\$ 2,044,627.94</u>			<u>\$ 938,885.60</u>	<u>\$ 728,428.71</u>	<u>\$ 3,466,739.71</u>	<u>\$ 2,773,056.65</u>
Fund Balance	<u>\$ 3,720,136.97</u>	<u>\$ 3,565,531.44</u>	<u>\$ 90,335.48</u>	<u>\$ 89,409.47</u>	<u>\$ 490,272.76</u>	<u>\$ 540,957.57</u>	<u>\$ 4,300,745.21</u>	<u>\$ 4,195,898.48</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 8,005,977.95</u>	<u>\$ 7,244,125.23</u>	<u>\$ 122,503.05</u>	<u>\$ 127,148.20</u>	<u>\$ 2,570,050.28</u>	<u>\$ 1,615,780.18</u>	<u>\$ 10,698,531.28</u>	<u>\$ 8,987,053.61</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Year 2021</u>	<u>Year 2020</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 3,150,000.00	\$ 3,039,000.00
Electric Charges	13,830,796.69	13,793,119.25
Other Credits to Income:		
Nonbudget Revenue	172,492.97	140,862.42
Current Appropriations Canceled	4,857.65	5,000.00
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	<u>953,792.22</u>	<u>1,252,021.91</u>
Total Income	\$ <u>18,111,939.53</u>	\$ <u>18,230,003.58</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 10,568,000.00	\$ 10,388,000.00
Capital Improvements	220,000.00	220,000.00
Debt Service	544,334.00	543,600.00
Deferred Charges and Statutory Expenditures	325,000.00	313,000.00
Surplus - General Budget	<u>3,150,000.00</u>	<u>3,200,000.00</u>
Total Expenditures	\$ <u>14,807,334.00</u>	\$ <u>14,664,600.00</u>
Excess to Fund Balance	\$ 3,304,605.53	\$ 3,565,403.58
Fund Balance, January 1	<u>3,565,531.44</u>	<u>3,039,127.86</u>
	\$ 6,870,136.97	\$ 6,604,531.44
Decreased By:		
Utilization as Anticipated Revenue	\$ <u>3,150,000.00</u>	\$ <u>3,039,000.00</u>
	\$ <u>3,150,000.00</u>	\$ <u>3,039,000.00</u>
Fund Balance, December 31	\$ <u><u>3,720,136.97</u></u>	\$ <u><u>3,565,531.44</u></u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 3,150,000.00	\$ 3,150,000.00	
Electric Charges	<u>11,657,334.00</u>	<u>13,830,796.69</u>	<u>\$ 2,173,462.69</u>
	\$ 14,807,334.00	\$ 16,980,796.69	\$ 2,173,462.69
Nonbudget Revenue	<u> </u>	<u>172,492.97</u>	<u>172,492.97</u>
	<u>\$ 14,807,334.00</u>	<u>\$ 17,153,289.66</u>	<u>\$ 2,345,955.66</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Electric Charges:	
Consumer Accounts Receivable	\$ 13,808,634.19
State of New Jersey Lifeline	<u>22,162.50</u>
	<u>\$ 13,830,796.69</u>
Nonbudget Revenue:	
Interest on Investments	\$ 46,934.11
Interest on Delinquent Rents	8,452.93
Connection Fees	100.00
Refund of Prior Years Expenditures	62,043.21
Turn On/Off Fees	14,720.00
Use of Lights	1,475.00
Portal Convenience Fee	27,714.64
Transportation/Vehicle Fees	7,350.00
Returned Check Fees	3,000.00
Miscellaneous	<u>703.08</u>
	<u>\$ 172,492.97</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 1,465,000.00	\$ 1,465,000.00	\$ 1,397,981.70		\$ 67,018.30	
Purchase of Power	7,000,000.00	7,000,000.00	6,367,477.32	\$ 393,256.44	239,266.24	
Other Expenses - Operating	540,000.00	540,000.00	369,370.47	152,593.33	18,036.20	
Other Expenses - Office/Administrative	3,000.00	3,000.00	876.11		2,123.89	
Other Expenses - Insurance	1,000,000.00	1,000,000.00	808,360.17		191,639.83	
Other Expenses - Professional Services	550,000.00	550,000.00	274,184.94	196,351.80	79,463.26	
Other Expenses - Accumulated Absences	10,000.00	10,000.00	10,000.00			
Total Operating	<u>\$ 10,568,000.00</u>	<u>\$ 10,568,000.00</u>	<u>\$ 9,228,250.71</u>	<u>\$ 742,201.57</u>	<u>\$ 597,547.72</u>	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00			
Capital Outlay - Bucket Truck/Small Bucket Truck	200,000.00	200,000.00		\$ 200,000.00		
Total Capital Improvements	<u>\$ 220,000.00</u>	<u>\$ 220,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 200,000.00</u>		
<u>DEBT SERVICE</u>						
Payment of Bond Principal	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00			
Interest on Bonds	39,334.00	39,334.00	39,333.33			\$ 0.67
Interest on Notes	5,000.00	5,000.00	143.02			4,856.98
Total Debt Service	<u>\$ 544,334.00</u>	<u>\$ 544,334.00</u>	<u>\$ 539,476.35</u>			<u>\$ 4,857.65</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 200,000.00	\$ 200,000.00	\$ 197,579.70		\$ 2,420.30	
Social Security System (O.A.S.I.)	115,000.00	115,000.00	107,164.58		7,835.42	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	10,000.00	10,000.00	10,000.00			
Total Deferred Charges and Statutory Expenditures	<u>\$ 325,000.00</u>	<u>\$ 325,000.00</u>	<u>\$ 314,744.28</u>		<u>\$ 10,255.72</u>	
Surplus (General Budget)	<u>\$ 3,150,000.00</u>	<u>\$ 3,150,000.00</u>	<u>\$ 3,150,000.00</u>			
Total Electric Utility Appropriations	<u>\$ 14,807,334.00</u>	<u>\$ 14,807,334.00</u>	<u>\$ 13,252,471.34</u>	<u>\$ 942,201.57</u>	<u>\$ 607,803.44</u>	<u>\$ 4,857.65</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Year 2021</u>	<u>Year 2020</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 32,500.00	\$ 32,500.00
Parking Fees	39,034.42	39,877.82
Other Credits to Income:		
Nonbudget Revenue	2,007.86	2,019.00
Current Appropriations Canceled	1,000.00	1,000.00
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	<u>30,383.73</u>	<u>25,247.71</u>
Total Income	\$ <u>104,926.01</u>	\$ <u>100,644.53</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 38,000.00	\$ 39,000.00
Capital Improvements	6,500.00	6,500.00
Debt Service	22,000.00	22,000.00
Deferred Charges and Statutory Expenditures	<u>5,000.00</u>	<u>5,000.00</u>
Total Expenditures	\$ <u>71,500.00</u>	\$ <u>72,500.00</u>
Excess to Fund Balance	\$ 33,426.01	\$ 28,144.53
Fund Balance, January 1	<u>89,409.47</u>	<u>93,764.94</u>
	\$ 122,835.48	\$ 121,909.47
Decreased By:		
Utilization as Anticipated Revenue	<u>32,500.00</u>	<u>32,500.00</u>
Fund Balance, December 31	\$ <u><u>90,335.48</u></u>	\$ <u><u>89,409.47</u></u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 32,500.00	\$ 32,500.00	
Parking Fees	<u>39,000.00</u>	<u>39,034.42</u>	\$ <u>34.42</u>
	\$ 71,500.00	\$ 71,534.42	\$ 34.42
Nonbudget Revenue	<u> </u>	<u>\$ 2,007.86</u>	<u>\$ 2,007.86</u>
	<u>\$ 71,500.00</u>	<u>\$ 73,542.28</u>	<u>\$ 2,042.28</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Parking Fees:	
Parking Permits	\$ 16,665.00
Parking Meters	<u>22,369.42</u>
	<u>\$ 39,034.42</u>
Nonbudget Revenues:	
Interest on Investments	<u>\$ 2,007.86</u>
	<u>\$ 2,007.86</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 24,000.00	\$ 24,000.00	\$ 10,852.16		\$ 13,147.84	
Other Expenses - Operating	6,000.00	6,000.00	265.00	\$ 644.17	5,090.83	
Other Expenses - Professional Services	<u>8,000.00</u>	<u>8,000.00</u>	<u>500.00</u>	<u>4,100.00</u>	<u>3,400.00</u>	
Total Operating	\$ <u>38,000.00</u>	\$ <u>38,000.00</u>	\$ <u>11,617.16</u>	\$ <u>4,744.17</u>	\$ <u>21,638.67</u>	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00			
Capital Outlay - Meter Upgrades	<u>4,000.00</u>	<u>4,000.00</u>		\$ <u>3,956.00</u>	\$ <u>44.00</u>	
Total Capital Improvements	\$ <u>6,500.00</u>	\$ <u>6,500.00</u>	\$ <u>2,500.00</u>	\$ <u>3,956.00</u>	\$ <u>44.00</u>	
<u>DEBT SERVICE</u>						
Payment of Bond Anticipation Notes and Capital Notes	\$ 21,000.00	\$ 21,000.00	\$ 21,000.00			
Interest on Notes	<u>1,000.00</u>	<u>1,000.00</u>				\$ <u>1,000.00</u>
Total Debt Service	\$ <u>22,000.00</u>	\$ <u>22,000.00</u>	\$ <u>21,000.00</u>			\$ <u>1,000.00</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00			
Social Security System (O.A.S.I.)	<u>2,500.00</u>	<u>2,500.00</u>	<u>830.27</u>		\$ <u>1,669.73</u>	
Total Deferred Charges and Statutory Expenditures	\$ <u>5,000.00</u>	\$ <u>5,000.00</u>	\$ <u>3,330.27</u>		\$ <u>1,669.73</u>	
Total Parking Utility Appropriations	\$ <u><u>71,500.00</u></u>	\$ <u><u>71,500.00</u></u>	\$ <u><u>38,447.43</u></u>	\$ <u><u>8,700.17</u></u>	\$ <u><u>23,352.40</u></u>	\$ <u><u>1,000.00</u></u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Year 2021</u>	<u>Year 2020</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 275,000.00	\$ 57,625.00
Water Rents	4,199,771.50	4,082,784.76
Water Capital Fund Balance	13,757.00	26,000.00
Other Credits to Income:		
Nonbudget Revenue	82,906.74	70,736.44
Current Appropriations Canceled	4,217.12	137,821.43
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	15,562.83	7,451.33
Cancellation of Prior Year's Accounts Payable	<u>1,400.00</u>	
Total Income	\$ <u>4,592,615.19</u>	\$ <u>4,382,418.96</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 3,021,000.00	\$ 2,851,000.00
Capital Improvements	640,000.00	325,000.00
Debt Service	499,800.00	463,125.00
Deferred Charges and Statutory Expenditures	<u>207,500.00</u>	<u>402,500.00</u>
Total Expenditures	\$ <u>4,368,300.00</u>	\$ <u>4,041,625.00</u>
Excess to Fund Balance	\$ 224,315.19	\$ 340,793.96
Fund Balance, January 1	<u>540,957.57</u>	<u>257,788.61</u>
	\$ 765,272.76	\$ 598,582.57
Decreased By:		
Utilization as Anticipated Revenue	<u>275,000.00</u>	<u>57,625.00</u>
Fund Balance, December 31	\$ <u><u>490,272.76</u></u>	\$ <u><u>540,957.57</u></u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 275,000.00	\$ 275,000.00	
Water Rents - Basic	4,079,543.00	4,199,771.50	\$ 120,228.50
Water Capital Fund Balance	<u>13,757.00</u>	<u>13,757.00</u>	
	\$ 4,368,300.00	\$ 4,488,528.50	\$ 120,228.50
Nonbudget Revenue	<u> </u>	<u>82,906.74</u>	<u>82,906.74</u>
	<u>\$ 4,368,300.00</u>	<u>\$ 4,571,435.24</u>	<u>\$ 203,135.24</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Water Rents:	
Consumer Accounts Receivable	\$ <u>4,199,771.50</u>
	\$ <u>4,199,771.50</u>
Nonbudget Revenues:	
Interest on Investments	\$ 13,978.52
Meter Installation	4,545.65
Turn Off Fees	10,665.00
Bounced Check Fees	500.00
Connection/Tap Fee	50.00
Portal Convenience Fee	6,317.80
Refund of Prior Years Expenditures	44,523.86
Miscellaneous	<u>2,325.91</u>
	\$ <u>82,906.74</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 775,000.00	\$ 750,000.00	\$ 728,655.26		\$ 21,344.74	
Purchase of Water	900,000.00	900,000.00	436,107.83	\$ 443,336.14	20,556.03	
Other Expenses - Operating	300,000.00	320,000.00	256,472.90	37,719.49	25,807.61	
Other Expenses - Office/Administrative	1,000.00	1,000.00	587.01		412.99	
Other Expenses - Insurance	670,000.00	580,000.00	541,906.84		38,093.16	
Other Expenses - Professional Services	400,000.00	465,000.00	404,820.86	57,012.20	3,166.94	
Other Expenses - Accumulated Absences	5,000.00	5,000.00	5,000.00			
Total Operating	\$ 3,051,000.00	\$ 3,021,000.00	\$ 2,373,550.70	\$ 538,067.83	\$ 109,381.47	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00			
Capital Outlay	600,000.00	630,000.00	358,346.61	\$ 39,400.00	\$ 232,253.39	
Total Capital Improvements	\$ 610,000.00	\$ 640,000.00	\$ 368,346.61	\$ 39,400.00	\$ 232,253.39	
<u>DEBT SERVICE</u>						
Payment of Bond Principal	\$ 280,000.00	\$ 280,000.00	\$ 280,000.00			
Payment of Bond Anticipation Notes and Capital Notes	135,000.00	135,000.00	135,000.00			
Interest on Bonds	59,800.00	59,800.00	59,800.00			
Interest on Notes	25,000.00	25,000.00	20,782.88			\$ 4,217.12
Total Debt Service	\$ 499,800.00	\$ 499,800.00	\$ 495,582.88			\$ 4,217.12
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 135,000.00	\$ 135,000.00	\$ 131,719.80		\$ 3,280.20	
Social Security System (O.A.S.I.)	62,000.00	62,000.00	55,751.85		6,248.15	
Defined Contribution Retirement Plan	500.00	500.00			500.00	
Unemployment Compensation Insurance (NJSA 43:21 et seq)	10,000.00	10,000.00	10,000.00			
Total Deferred Charges and Statutory Expenditures	\$ 207,500.00	\$ 207,500.00	\$ 197,471.65		\$ 10,028.35	
Total Water Utility Appropriations	\$ 4,368,300.00	\$ 4,368,300.00	\$ 3,434,951.84	\$ 577,467.83	\$ 351,663.21	\$ 4,217.12

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	Electric Utility		Parking Utility		Water Utility		Total (Memorandum Only)	
	2021	2020	2021	2020	2021	2020	2021	2020
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 927,303.02	\$ 747,257.38	\$ 104,735.76	\$ 102,235.76	\$ 958,028.31	\$ 832,131.91	\$ 1,990,067.09	\$ 1,681,625.05
Fixed Capital	\$ 17,254,773.17	\$ 17,204,621.23	\$ 258,376.25	\$ 258,376.25	\$ 19,188,330.91	\$ 18,078,752.09	\$ 36,701,480.33	\$ 35,541,749.57
Fixed Capital Authorized and Uncompleted	984,001.32	984,153.26	72,370.56	72,370.56	3,942,543.30	4,693,775.51	4,998,915.18	5,750,299.33
	\$ 18,238,774.49	\$ 18,188,774.49	\$ 330,746.81	\$ 330,746.81	\$ 23,130,874.21	\$ 22,772,527.60	\$ 41,700,395.51	\$ 41,292,048.90
Total Assets	\$ 19,166,077.51	\$ 18,936,031.87	\$ 435,482.57	\$ 432,982.57	\$ 24,088,902.52	\$ 23,604,659.51	\$ 43,690,462.60	\$ 42,973,673.95
<u>LIABILITIES AND RESERVES</u>								
Serial Bonds	\$ 525,000.00	\$ 1,025,000.00			\$ 2,185,000.00	2,465,000.00	\$ 2,710,000.00	\$ 3,490,000.00
Bond Anticipation Notes	\$ 261,000.00		\$ 43,000.00	64,000.00	\$ 2,390,000.00	1,350,000.00	\$ 2,694,000.00	\$ 1,414,000.00

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Electric Utility</u>		<u>Parking Utility</u>		<u>Water Utility</u>		<u>Total (Memorandum Only)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND RESERVES</u>								
<u>(CONTINUED)</u>								
Improvement Authorizations:								
Funded	\$ 40,463.29	\$ 223,153.26	\$ 47,702.20	\$ 47,702.20	\$ 124,959.15	\$ 124,959.15	\$ 213,124.64	\$ 395,814.61
Unfunded	<u>503,538.03</u>	<u>761,000.00</u>	<u>22,370.56</u>	<u>22,370.56</u>	<u>2,454,925.05</u>	<u>2,500,867.00</u>	<u>2,980,833.64</u>	<u>3,284,237.56</u>
	<u>\$ 544,001.32</u>	<u>\$ 984,153.26</u>	<u>\$ 70,072.76</u>	<u>\$ 70,072.76</u>	<u>\$ 2,579,884.20</u>	<u>\$ 2,625,826.15</u>	<u>\$ 3,193,958.28</u>	<u>\$ 3,680,052.17</u>
Capital Improvement Fund	\$ 258,903.15	\$ 238,903.15	\$ 34,000.00	\$ 31,500.00	\$ 161,450.63	\$ 151,450.63	\$ 454,353.78	\$ 421,853.78
Reserve for Encumbrances	<u>337,103.53</u>				<u>337,932.12</u>	<u>1,356,528.25</u>	<u>675,035.65</u>	<u>1,356,528.25</u>
	<u>\$ 596,006.68</u>	<u>\$ 238,903.15</u>	<u>\$ 34,000.00</u>	<u>\$ 31,500.00</u>	<u>\$ 499,382.75</u>	<u>\$ 1,507,978.88</u>	<u>\$ 1,129,389.43</u>	<u>\$ 1,778,382.03</u>
Reserve for Amortization	\$ 16,952,774.49	\$ 16,402,774.49	\$ 272,746.81	\$ 251,746.81	\$ 16,130,874.21	\$ 15,357,527.60	\$ 33,356,395.51	\$ 32,012,048.90
Deferred Reserve for Amortization					\$ 178,000.00	\$ 178,000.00	\$ 178,000.00	\$ 178,000.00
Fund Balance	\$ 287,295.02	\$ 285,200.97	\$ 15,663.00	\$ 15,663.00	\$ 125,761.36	\$ 120,326.88	\$ 428,719.38	\$ 421,190.85
Total Liabilities and Reserves	<u>\$ 19,166,077.51</u>	<u>\$ 18,936,031.87</u>	<u>\$ 435,482.57</u>	<u>\$ 432,982.57</u>	<u>\$ 24,088,902.52</u>	<u>\$ 23,604,659.51</u>	<u>\$ 43,690,462.60</u>	<u>\$ 42,973,673.95</u>

There were Bonds and Notes Authorized but not Issued of \$500,000.00 in the Electric Utility Capital Fund, \$15,000.00 in the Parking Utility Capital Fund, and \$2,247,000.00 in the Water Utility Capital Fund at December 31, 2021.

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL ASSETS ACCOUNT
COMPARATIVE STATEMENTS OF GENERAL CAPITAL ASSETS

	Balance December 31, 2021	Balance December 31, 2020
General Capital Assets:		
Land	\$ 4,848,616.00	\$ 4,848,616.00
Buildings	19,670,226.98	19,670,226.98
Vehicles	7,008,933.28	8,061,014.32
Equipment	2,619,298.86	2,642,848.08
	<u>\$ 34,147,075.12</u>	<u>\$ 35,222,705.38</u>
Investment in General Capital Assets	<u>\$ 34,147,075.12</u>	<u>\$ 35,222,705.38</u>

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of South River, in the County of Middlesex, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its Bond Anticipation Notes, Series 2022B, in the aggregate principal amount of \$_____ (the "Notes"). The Notes are being issued pursuant to various bond ordinances duly adopted by the Issuer. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Noteholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such

occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of

occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: December __, 2022

BOROUGH OF SOUTH RIVER, IN THE
COUNTY OF MIDDLESEX, NEW JERSEY

By: _____
JOSEPH ZANGA,
Chief Financial Officer

APPENDIX D
FORM OF BOND COUNSEL'S OPINION



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*An opinion in substantially the following form
will be delivered at Closing assuming no
material changes in facts or law.*

December __, 2022

Mayor and Members of the Borough Council
Borough of South River
Middlesex County, New Jersey

RE: Borough of South River, County of Middlesex, New Jersey
\$_____ Bond Anticipation Notes, Series 2022B, dated December __,
2022, due December __, 2023, at _____%

Dear Mayor and Council:

We have examined a record of the proceedings relating to the issuance of \$_____ Bond Anticipation Notes, Series 2022B (the “Notes”) of the Borough of South River, in the County of Middlesex, a municipal corporation of the State of New Jersey (the “Borough”). The Notes are dated December __, 2022, mature December __, 2023, and bear interest at the rate of _____ per centum (____%) per annum payable at maturity. The Notes [are initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), in book-entry-only form] and are not subject to redemption prior to maturity. The Notes are issued pursuant to the Local Bond Law of the State of New Jersey (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), and in anticipation of the issuance of bonds and are authorized by virtue of bond ordinances described in the Certificate of Determination and Award dated the date hereof (the “Bond Ordinances”). The Notes, along with other available funds of the Borough in the amount of \$255,000, are being issued to: (i) currently refund the Borough’s bond anticipation notes originally issued in the amount of \$6,136,000, dated December 16, 2021 and maturing December 16, 2022; and (ii) pay costs associated with the issuance of the Notes.

In forming our opinion, we have examined certified copies of the Bond Ordinances and the unexecuted note. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Borough dated the date of the Notes (the “Non-Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed the genuineness of all

signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Notes, on a certificate of the Borough executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Borough which may have been provided to any purchaser or prospective purchaser of the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Borough has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Borough has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is not includable in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Borough with the covenants contained in the Notes and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Borough in respect of the Notes after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Notes. These covenants and statements relate to, *inter alia*, the use of proceeds of the Notes and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Borough will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Borough therewith.

The Borough has taken the actions necessary for the Notes to be designated or deemed designated as “qualified tax-exempt obligations”, as defined in and for purposes of Section 265(b)(3) of the Code, and has made certain representations and covenants necessary to cause the Notes to continue to be obligations described in such Section of the Code during the period in which the Notes are outstanding.

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

1. The Notes are valid and legally binding obligations of the Borough and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

2. Interest on the Notes and any gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

3. Assuming the Borough observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. We express no opinion regarding any other federal income tax consequences arising with respect to the Notes.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Borough furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,