

**OFFICIAL STATEMENT DATED MAY 18, 2022**

**NEW ISSUE**

**SERIAL BONDS**  
**Rating: S&P Global: "AA+"**  
**(See "RATING" herein)**

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Borough (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**BOROUGH OF HOPEWELL,  
IN THE COUNTY OF MERCER, NEW JERSEY**

**\$3,100,000 GENERAL IMPROVEMENT BONDS  
(Book-Entry-Only) (Bank-Qualified) (Callable)**

**Dated Date: Date of Delivery**

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

The \$3,100,000 General Improvement Bonds (the "Bonds") of the Borough of Hopewell, in the County of Mercer, New Jersey (the "Borough") will be issued in the form of one certificate for the principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as the securities depository. See "THE BONDS – Book-Entry-Only System" herein.

Proceeds from the sale and issuance of the Bonds will be used by the Borough to: (i) provide \$3,100,000 in new money to permanently finance various capital improvements in and by the Borough; and (ii) provide funds for the payment of the costs in connection with the authorization, sale and issuance of the Bonds.

Interest on the Bonds will be payable semiannually on the first day of March and September in each year until maturity, commencing March 1, 2023. The principal of and the interest due on the Bonds will be paid to DTC by the Borough as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

The Bonds are valid and legally binding obligations of the Borough and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Borough for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

**This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.**

*The Bonds will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about June 8, 2022.*

**ROOSEVELT & CROSS, INC. AND ASSOCIATES**

**BOROUGH OF HOPEWELL,  
IN THE COUNTY OF MERCER, NEW JERSEY**

**\$3,100,000 GENERAL IMPROVEMENT BONDS  
(BOOK-ENTRY-ONLY) (BANK-QUALIFIED) (CALLABLE)**

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u> **
2023	\$150,000	4.00%	2.00%	439547CQ1
2024	220,000	4.00	2.30	439547CR9
2025	230,000	4.00	2.50	439547CS7
2026	240,000	4.00	2.60	439547CT5
2027	250,000	4.00	2.70	439547CU2
2028	260,000	4.00	2.85	439547CV0
2029	270,000	4.00	3.00	439547CW8
2030	280,000	4.00	3.10	439547CX6
2031	300,000	3.50	3.20*	439547CY4
2032	300,000	3.50	3.30*	439547CZ1
2033	300,000	3.50	3.40*	439547DA5
2034	300,000	3.50	3.50	439547DB3

---

\* Priced at the stated yield to the first optional redemption date of March 1, 2030 at a redemption price of 100%.

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

**BOROUGH OF HOPEWELL,  
IN THE COUNTY OF MERCER, NEW JERSEY**

**MAYOR**

Paul Anzano

**BOROUGH COUNCIL MEMBERS**

C. Schuyler Morehouse, Council President

Chris Fossel

Ryan Kennedy

David Mackie

Samara McAuliffe

Debra Stuhler

**BOROUGH ADMINISTRATOR/CLERK**

Michele Hovan

**CHIEF FINANCIAL OFFICER**

Diane McDaniel

**BOROUGH ATTORNEY**

Lisa M. Maddox, Esquire

Mason, Griffin & Pierson, P.C.

Princeton, New Jersey

**AUDITOR**

Inverso & Stewart, LLC

Marlton, New Jersey

**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC

Roseland, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC

Bordentown, New Jersey

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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

## TABLE OF CONTENTS

INTRODUCTION .....	1
THE BONDS .....	1
General Description .....	1
Redemption .....	1
Book-Entry-Only System .....	2
Discontinuance of Book-Entry-Only System .....	4
SECURITY AND SOURCE OF PAYMENT .....	5
AUTHORIZATION AND PURPOSE OF THE BONDS .....	5
INFECTIOUS DISEASE OUTBREAK – COVID-19 .....	5
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES .....	7
Local Bond Law (N.J.S.A. 40A:2-1 et seq.) .....	7
Local Budget Law (N.J.S.A. 40A:4-1 et seq.) .....	8
Tax Assessment and Collection Procedure .....	10
Tax Appeals .....	11
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.) .....	11
TAX MATTERS .....	11
Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes .....	11
Original Issue Discount .....	12
Original Issue Premium .....	13
Bank Qualification .....	13
Additional Federal Income Tax Consequences of Holding the Bonds .....	13
Changes in Federal Tax Law Regarding the Bonds .....	14
State Taxation .....	14
LITIGATION .....	14
SECONDARY MARKET DISCLOSURE .....	15
MUNICIPAL BANKRUPTCY .....	17
APPROVAL OF LEGAL PROCEEDINGS .....	17
MUNICIPAL ADVISOR .....	17
UNDERWRITING .....	18
RATING .....	18
FINANCIAL STATEMENTS .....	18
PREPARATION OF OFFICIAL STATEMENT .....	18
ADDITIONAL INFORMATION .....	19
MISCELLANEOUS .....	19

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE BOROUGH OF HOPEWELL .....	Appendix A
FINANCIAL STATEMENTS OF THE BOROUGH OF HOPEWELL .....	Appendix B
FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL .....	Appendix C

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**OFFICIAL STATEMENT**  
**Relating to the**  
  
**BOROUGH OF HOPEWELL,**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
  
**\$3,100,000 GENERAL IMPROVEMENT BONDS**  
**(BOOK-ENTRY-ONLY) (BANK-QUALIFIED) (CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Borough of Hopewell (the "Borough"), in the County of Mercer (the "County"), New Jersey (the "State"), in connection with the sale and issuance of \$3,100,000 General Improvement Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

**THE BONDS**

**General Description**

The Bonds shall be dated their date of issuance and will mature on March 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their date, payable semiannually on each March 1 and September 1 (each, an "Interest Payment Date"), commencing March 1, 2023, in each year until maturity, at the interest rates shown on the inside front cover page hereof. Interest on the Bonds shall be computed on a 30-day month/360-day year basis.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple in excess thereof through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds). See "Book-Entry-Only System" herein.

**Redemption**

The Bonds maturing prior to March 1, 2031 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2031 are redeemable at the option

of the Borough in whole or in part on any date on or after March 1, 2030 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed bond registrar. Any failure of the securities depository to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough. The Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Borough shall send redemption notices only to Cede & Co.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

### **Book-Entry-Only System**

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest, and other payments due on the Bonds to DTC Participants or Beneficial Owners (each as defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, 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" and, together with the Direct Participants, the "DTC Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

Redemption proceeds, if applicable, and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and

corresponding detail information from the Borough or paying agent, on payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the 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, if applicable, and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or its paying agent, 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 and Indirect Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough does not take any responsibility for the accuracy thereof.

THE BOROUGH AS PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

### **Discontinuance of Book-Entry-Only System**

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified securities depository. If the Borough fails to find such a securities depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Borough shall notify DTC of the termination of the book-entry-only system.

## SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Borough is required by law to levy *ad valorem* taxes upon all the property taxable within the Borough for the payment of the principal of and the interest due on the Bonds without limitation as to rate or amount.

## AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State Statutes, as amended) (the "Local Bond Law"), the bond ordinances adopted by the Borough Council referred to in the chart below and by a resolution duly adopted by the Borough Council on April 7, 2022 (the "Resolution").

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount Funded from Bond Proceeds
836	Restoration and repairs to the historic Hopewell Borough railroad station, finally adopted April 2, 2020.	\$237,000
838	Various road improvements to Columbia Avenue, finally adopted July 2, 2020.	330,000
840	Acquisition of a dump truck, finally adopted September 3, 2020.	74,000
843	Improvement to Railroad Place, finally adopted March 4, 2021.	575,000
849	Renovations and expansion to the Public Works Facility, finally adopted June 3, 2021.	1,309,000
854	Various road improvements to Mercer Street, Newell Place and Walnut Street, finally adopted April 7, 2022.	<u>575,000</u>
	Total:	\$3,100,000

Proceeds from the sale and issuance of the Bonds will be used by the Borough to: (i) provide \$3,100,000 in new money to permanently finance various capital improvements in and by the Borough; and (ii) provide funds for the payment of the costs in connection with the authorization, sale and issuance of the Bonds.

## INFECTIOUS DISEASE OUTBREAK – COVID-19

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of

coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the “Governor”) of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which has spread throughout the State and to all counties within the State. The Governor has also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. Throughout the COVID-19 pandemic, the Governor has signed multiple executive orders instituting mitigation protocols limiting certain activities as well as permitting the resumption of certain activities, based on the evolution of the COVID-19 pandemic within this State. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022. On January 11, 2022, the Governor reaffirmed the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron Variant. On March 4, 2022, the Governor issued an executive order ending the new public health emergency effective March 7, 2022. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

As of December 31, 2021, the Borough’s finances and operations had certain reduced revenue streams due to the COVID-19 pandemic; however, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak. The finances and operations of the Borough may be materially and adversely affected going forward as a result of the COVID-19 pandemic through reduced or delayed revenue streams, which include the collection of property taxes, which is the Borough’s primary revenue source for supporting its budget. The Borough cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak, or any resulting impact such costs could have on Borough operations. The degree of any such impact to the Borough’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Based on available information as of May 1, 2022, the Borough is expected to receive approximately \$199,498.27 from the Plan. The Township received \$99,749.13 from the State's allocation in June of 2021 and expects to receive another \$99,749.14 no earlier than 12 months from the initial payment. The deadline to obligate the funds is December 31, 2024. Generally, according to the Plan, the allowable use of the funds to be provided to the Borough include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure.

## **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 and notes 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. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is \$345,442,911.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Borough has not exceeded its statutory debt limit. As of December 31, 2021, the statutory net debt as a percentage of average equalized valuation was 2.460%. As noted above, the statutory limit is 3½%.

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 if it makes certain other statutory determinations, approval

is granted. In addition, debt in excess of the statutory limit may be issued by the Borough 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).

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 a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the bond anticipation notes’ maturity to the end of the tenth fiscal year in which the bond anticipation notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of bond anticipation notes that may be issued is decreased by the minimum amount required for the first year’s principal payment for a bond issue.

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

The foundation of the State 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.

The local unit is authorized to issue “emergency notes” and “special emergency notes” pursuant to the Local Budget Law.

“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 or her 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 local 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.

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, drainage map preparation for flood control purposes and contractually required severance liabilities, 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 appropriation accounts may be made only during the last two months of the fiscal year. Appropriation reserves may also be transferred during the first three (3) months of the fiscal year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations.

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 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

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 three 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 three 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 Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

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

Tax bills are mailed annually in June by the Borough. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.



By State statute, tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, or such lower interest penalty rates as determined by the Borough from time to time. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing tax title liens is included in Appendix "A".

## **Tax Appeals**

State 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 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.

## **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's 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 unit's 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 the year ended December 31, 2020 for the Borough is on file with the Clerk and is available for review during business hours.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Borough will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely

upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Borough with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough, is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Borough or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Borough as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

### **Original Issue Discount**

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount

Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

### **Original Issue Premium**

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

### **Bank Qualification**

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

The Code denies the interest deduction for certain 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 are eligible to be designated and which are 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.

### **Additional Federal Income Tax Consequences of Holding the Bonds**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to

Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

### **Changes in Federal Tax Law Regarding the Bonds**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, 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) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

### **LITIGATION**

To the knowledge of the Borough Attorney, Lisa M. Maddox, Esquire, of Mason, Griffin & Pierson, P.C., Princeton, New Jersey (the "Borough Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

## SECONDARY MARKET DISCLOSURE

Solely for the purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Borough shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to September 30 of each fiscal year, beginning September 30, 2022 for the fiscal year ending December 31, 2021, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Borough consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Borough and certain financial information and operating data consisting of (i) Borough indebtedness; (ii) property valuation information; and (iii) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with modified cash accounting as mandated by the State statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law;

(b) if any of the following material events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough;
- (13) The consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, 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 Borough, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borough 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 Borough, 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 Borough.

The term “Financial Obligation” as used in subparagraphs (b)(15) and (b)(16) above 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); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) Notice of failure of the Borough to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

If all or any part of the Rule ceases to be in effect or is not in effect for any reason, then the information required to be provided under the Resolution, insofar as the provisions of the Rule not or no longer in effect required the provision of such information, shall not or no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Borough prior to their offering. Such officer is hereby authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in this resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In the event that the Borough fails to comply with the Rule requirements or the written contracts or undertakings specified in this resolution, the Borough shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The Borough has previously entered into continuing disclosure undertakings under the Rule. The Borough appointed Phoenix Advisors, LLC in June of 2015 to serve as continuing

disclosure agent to assist in the filing of certain information on EMMA as required under its obligations.

### **MUNICIPAL BANKRUPTCY**

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. 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.

### **APPROVAL OF LEGAL PROCEEDINGS**

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

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough with respect to the issuance of the Bonds (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 this 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.

## **UNDERWRITING**

The Bonds have been purchased from the Borough at a public sale by Roosevelt & Cross, Inc. and Associates, New York, New York (the "Underwriter") at a price of \$3,162,440.79 (consisting of the par amount of the Bonds, plus an original issue premium in the amount of \$105,096.80 and less an Underwriter's discount in the amount of \$42,656.01). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover of this Official Statement.

## **RATING**

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

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Borough furnished to the Rating Agency certain information and materials concerning the Bonds and the Borough. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

## **FINANCIAL STATEMENTS**

Appendix "B" contains certain unaudited financial data of the Borough for the fiscal year ended December 31, 2021 and certain audited financial data of the Borough for the fiscal year ended December 31, 2020. The audited financial data was extracted from the report prepared by Inverso & Stewart, LLC, Marlton, New Jersey (the "Auditor") to the extent and for the period set forth in their report appearing in Appendix "B" to this Official Statement. 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 audited financial data appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B – Financial Statements of the Borough of Hopewell".

## **PREPARATION OF OFFICIAL STATEMENT**

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Underwriter, by certificates signed by the Chief Financial Officer of the Borough, that to such officer's knowledge such descriptions and statements, as of the date of this Official Statement, 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 Borough considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.



Neither Bond Counsel nor the Municipal Advisor has participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Diane McDaniel, Chief Financial Officer, Borough of Hopewell, 88 East Broad Street, Hopewell, New Jersey 08525, (609) 466-2636, or to the Municipal Advisor, Phoenix Advisors, LLC at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0130.

### **MISCELLANEOUS**

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

**BOROUGH OF HOPEWELL, IN THE  
COUNTY OF MERCER, NEW JERSEY**

By: /s/ Diane McDaniel  
Diane McDaniel,  
Chief Financial Officer

Dated: May 18, 2022

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION  
ABOUT THE BOROUGH OF HOPEWELL**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

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

The following material presents certain economic and demographic information of the Borough of Hopewell (the "Borough"), in the County of Mercer (the "County"), State of New Jersey (the "State").

### **General Information**

The Borough was incorporated in 1891 and is located in the central portion of the County, midway between Philadelphia and New York City. The Borough operates under the Borough Council form of government. The Council is the legislative body of the Borough and consists of six (6) members elected by popular vote to a three (3) year term. The terms are staggered so that two members are elected each year.

### **Public Safety**

The Borough has an interlocal service agreement with Hopewell Township for police service which provides 24-hour protection to the residents of the Borough. The interlocal service agreement has been in place since January 1983. Fire protection is provided by the Hopewell Borough Fire District which also provides 24-hour protection. The Fire District is governed by five (5) elected commissioners. Ambulance service is provided by the local volunteer rescue squad.

### **Education**

The Borough is served by the Hopewell Valley Regional School District, an all-purpose regional school district which is comprised of the Borough, Hopewell Township, and Pennington Borough (the "School District"). The School District is a type II school district and currently provides education for grades pre-K through 12. There are four (4) elementary schools that house grades pre-K through 5; one (1) middle school that houses grades 6 through 8; and one (1) high school for grades 9 through 12.

The School District's Board of Education is comprised of nine (9) elected members, elected for staggered three (3) year terms. Pursuant to State statute, the Board of Education appoints a Superintendent and Business Administrator/Board Secretary.

In addition to the schools of the Hopewell Valley Regional School District, there are several private schools conveniently available in the adjacent communities. Area higher education is provided by The College of New Jersey, Princeton University, Rider University and Mercer County Community College, all of which are located in adjacent communities. These universities and colleges offer a full range of curriculum in undergraduate, graduate and doctoral studies.

---

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

## **Utilities**

The Borough maintains a Water Utility which supplies well water to the Borough residents. Sewer service is provided by Stony Brook Regional Sewerage Authority. Electric and gas service is provided by Public Service Electric and Gas.

## **Pension and Retirement Systems**

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

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

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

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

## **Employment and Unemployment Comparisons**

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

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Borough</u></b>				
2020	1,209	1,151	58	4.8%
2019	1,221	1,200	21	1.7%
2018	1,193	1,167	26	2.2%
2017	1,188	1,154	34	2.9%
2016	1,189	1,154	35	2.9%
<b><u>County</u></b>				
2020	205,405	190,150	15,255	7.4%
2019	204,413	198,194	6,219	3.0%
2018	199,846	192,883	6,963	3.5%
2017	197,962	190,066	7,896	4.0%
2016	198,908	190,357	8,551	4.3%
<b><u>State</u></b>				
2020	4,495,200	4,055,300	439,900	9.8%
2019	4,493,127	4,333,334	159,793	3.6%
2018	4,432,520	4,250,795	181,725	4.1%
2017	4,454,681	4,248,741	205,940	4.6%
2016	4,473,780	4,251,209	222,571	5.0%

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)**

	<b><u>Borough</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$121,215	\$83,306	\$85,245
Median Family Income	145,114	108,756	104,804
Per Capita Income	61,418	44,532	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.

<b><u>Year</u></b>	<b><u>Borough</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2020	1,918	-0.21%	387,340	5.68%	9,288,994	5.65%
2010	1,922	-5.55	366,513	4.49	8,791,894	4.49
2000	2,035	3.40	350,761	7.65	8,414,350	8.85
1990	1,968	-1.65	325,824	5.83	7,730,188	4.96
1980	2,001	-11.89	307,863	1.23	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:

<b><u>Taxpayers</u></b>	<b><u>2021 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Freedman, Gerald	\$2,200,000	0.69%
Hopewell Village Square	2,048,900	0.65%
Rockwell Automation, Inc	1,444,100	0.46%
71 E. Broad LLC	1,340,600	0.42%
Brick Farm Market, LLC	1,276,400	0.40%
PNC Bank	1,029,600	0.32%
Pashley, Peter & Katharine H/W	1,027,400	0.32%
Hopewell Special LLC C/O Moseley, R	1,022,300	0.32%
Jeffers James & Raquel	1,019,500	0.32%
Marotta, James D UX	<u>1,016,800</u>	<u>0.32%</u>
<b>Total</b>	<b><u>\$13,425,600</u></b>	<b><u>4.23%</u></b>

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



### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2021U	\$10,003,034	\$9,843,967	98.41%
2020	9,834,009	9,707,964	98.72%
2019	9,692,230	9,538,740	98.42%
2018	9,300,521	9,126,678	98.13%
2017	9,037,669	8,821,785	97.61%

U = Unaudited

Source: Annual Audit Reports of the Borough

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2021U	\$0	\$138,905	\$138,905	1.39%
2020	83,125	99,716	182,841	1.86%
2019	71,877	131,454	203,331	2.10%
2018	202,534	100,999	303,533	3.26%
2017	127,119	77,045	204,164	2.26%

U = Unaudited

Source: Annual Audit Reports of the Borough

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2021U	\$187,700
2020	187,700
2019	187,700
2018	0
2017	0

U = Unaudited

Source: Annual Audit Reports of the Borough

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

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

	<b>Regional</b>			
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
2021	\$0.685	\$1.736	\$0.650	\$3.071
2020	0.674	1.715	0.638	3.027
2019	0.675	1.653	0.653	2.981
2018	0.635	1.565	0.649	2.849
2017	0.606	1.536	0.617	2.759

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

## **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2021	\$317,351,900	\$358,184,989	88.60%	\$0	\$358,184,989
2020	317,263,500	343,470,283	92.37	0	343,470,283
2019	316,902,300	334,673,461	94.69	0	334,673,461
2018	315,937,400	335,568,136	94.15	1,897,655	337,465,791
2017	316,374,000	334,327,380	94.63	1,897,655	336,225,035

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.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2021	\$5,264,000	\$270,089,200	\$1,775,800	\$37,449,600	\$1,270,100	\$1,503,200	\$317,351,900
2020	5,264,000	270,073,900	1,776,100	37,376,200	1,270,100	1,503,200	317,263,500
2019	4,846,200	269,508,200	1,775,700	37,998,900	1,270,100	1,503,200	316,902,300
2018	4,766,400	268,623,000	1,775,800	37,998,900	1,270,100	1,503,200	315,937,400
2017	5,372,200	267,444,700	1,776,700	39,007,100	1,270,100	1,503,200	316,374,000

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

## **Financial Operations**

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

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

<b><u>Anticipated Revenues</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022*</u></b>
Fund Balance Utilized	\$271,000	\$271,000	\$304,578	\$393,200	\$522,500
Miscellaneous Revenues	788,713	808,462	827,931	904,366	1,060,273
Receipts from Delinquent Taxes	65,000	83,300	95,000	99,700	100,000
Amount to be Raised by Taxation	<u>1,986,650</u>	<u>2,106,465</u>	<u>2,107,150</u>	<u>2,142,259</u>	<u>2,297,715</u>
Total Revenue:	<u>\$3,111,363</u>	<u>\$3,269,227</u>	<u>\$3,334,659</u>	<u>\$3,539,525</u>	<u>\$3,980,488</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$1,443,889	\$1,437,005	\$1,442,085	\$1,485,094	\$1,619,037
Operations (Excluded from CAPS)	839,145	883,227	887,435	900,085	911,962
Deferred Charges and Statutory Expenditures	0	40,000	0	24,107	143,650
Capital Improvement Fund	70,000	70,000	175,000	175,000	199,498
Municipal Debt Service	418,636	483,979	435,053	548,349	689,232
Reserve for Uncollected Taxes	<u>339,693</u>	<u>355,016</u>	<u>395,086</u>	<u>406,890</u>	<u>417,109</u>
Total Appropriations:	<u>\$3,111,363</u>	<u>\$3,269,227</u>	<u>\$3,334,659</u>	<u>\$3,539,525</u>	<u>\$3,980,488</u>

\*As Introduced  
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.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2021U	\$2,199,953	\$522,500
2020	1,866,266	393,200
2019	1,481,795	304,578
2018	1,076,741	271,000
2017	950,227	271,000

U = Unaudited

Source: Annual Audit Reports of the Borough

### **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.

<b><u>Year</u></b>	<b><u>Fund Balance - Water Utility Operating Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2021U	\$74,072	\$64,262
2020	133,820	90,000
2019	143,830	82,913
2018	149,804	65,000
2017	114,689	35,000

U = Unaudited

Source: Annual Audit Reports of the Borough

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

Serial Bonds	\$6,133,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	3,781,600
Other Bonds, Notes and Loans	0
Total:	<u>\$9,914,600</u>

**Local School District Debt**

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

**Regional School District Debt**

Serial Bonds	\$2,308,398
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$2,308,398</u>

**Self-Liquidating Debt**

Serial Bonds	\$773,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$773,000</u>

**TOTAL GROSS DEBT****\$12,995,998**

Less: Statutory Deductions	
General Purpose Debt	\$1,415,049
Local School District Debt	0
Regional School District Debt	2,308,398
Self-Liquidating Debt	773,000
Total:	<u>\$4,496,447</u>

**TOTAL NET DEBT****\$8,499,551**

Source: Annual Debt Statement of the Borough

**Overlapping Debt (as of December 31, 2021)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Borough Percentage</u></b>	<b><u>Borough Share</u></b>
Local School District	\$0	100.00%	\$0
Regional School District	33,855,000	6.82%	2,308,398
County (2020)	679,684,642	0.74%	<u>5,025,733</u>
Net Indirect Debt			\$7,334,130
Net Direct Debt			<u>8,499,551</u>
Total Net Direct and Indirect Debt			<u><b>\$15,833,682</b></u>

**Debt Limit**

Average Equalized Valuation Basis (2019, 2020, 2021)	\$345,442,911
Permitted Debt Limitation (3 1/2%)	12,090,502
Less: Net Debt	<u>8,499,551</u>
Remaining Borrowing Power	<u><b>\$3,590,951</b></u>
Percentage of Net Debt to Average Equalized Valuation	2.460%
Gross Debt Per Capita based on 2020 population of 1,918	\$6,776
Net Debt Per Capita based on 2020 population of 1,918	\$4,431

Source: Annual Debt Statement of the Borough

**Litigation**

The status of pending litigation is included in the Notes to Financial Statements of the Borough's annual audit report.

---

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

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE BOROUGH OF HOPEWELL**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



# ***INVERSO & STEWART, LLC***

**Certified Public Accountants**

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [rinverso@inversocpa.com](mailto:rinverso@inversocpa.com)

-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Hopewell  
County of Mercer  
Hopewell, New Jersey

### ***Report on the Financial Statements***

I have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Hopewell, in the County of Mercer, State of New Jersey, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In my opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. 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 the Borough of Hopewell, in the County of Mercer, State of New Jersey, as of December 31, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended.

### ***Opinion on Regulatory Basis of Accounting***

In my opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Hopewell, in the County of Mercer, State of New Jersey, as of December 31, 2020 and 2019, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2020 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.

### ***Other Information***

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated July 30, 2021 on my consideration of the Borough of Hopewell's, in the County of Mercer, State of New Jersey, internal control over financial reporting and my 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 my 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 Hopewell's internal control over financial reporting.

Respectfully submitted,

***INVERSO & STEWART, LLC***

Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. Inverso'.

Robert P. Inverso

Certified Public Accountant

Registered Municipal Accountant

Marlton, New Jersey  
July 30, 2021

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants**

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: rinverso@inversocpa.com

-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs

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

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Hopewell  
County of Mercer  
Hopewell, New Jersey

I 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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Hopewell, in the County of Mercer, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated July 30, 2021. That report indicated that the Borough of Hopewell's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

#### ***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the Borough of Hopewell's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, I do not express an opinion on the effectiveness of the Borough of Hopewell's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 of Hopewell's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

### ***Purpose of this Report***

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

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. P. Inverso', with a stylized flourish at the end.

Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
July 30, 2021

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>REFERENCE</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 2,428,414.00	\$ 1,943,392.51
Cash - Change Fund - Collector	A-5	<u>75.00</u>	<u>75.00</u>
Total		<u>2,428,489.00</u>	<u>1,943,467.51</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	99,716.39	131,454.31
Tax Title Liens Receivable	A-7	83,125.00	71,876.70
Property Acquired for Taxes - Assessed Valuations	A-8	187,700.00	187,700.00
Revenue Accounts Receivable	A-10	395.62	-
Other Accounts receivable	A-16	31,266.22	31,227.35
Due from Animal Control Fund	B	1,436.80	2,150.00
Due from Trust - Other Fund	B	11,537.30	8,126.75
Sewer Service Charges Receivable	A-9	<u>15,885.41</u>	<u>13,448.31</u>
Total		<u>431,062.74</u>	<u>445,983.42</u>
Total Regular Fund		<u>2,859,551.74</u>	<u>2,389,450.93</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	<u>75,026.89</u>	<u>71,409.02</u>
Total Federal and State Grant Fund		<u>75,026.89</u>	<u>71,409.02</u>
Total Assets		<u><u>\$ 2,934,578.63</u></u>	<u><u>\$ 2,460,859.95</u></u>

**BOROUGH OF HOPEWELL**  
**Current Fund**

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>REFERENCE</u>	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 331,531.03	\$ 195,981.92
Encumbrances Payable	A-3/A-11	5,074.96	6,318.46
Accounts Payable		735.10	191.86
Reserve for Maintenance of Free Public Library - Capital	A-12	23,154.14	23,154.14
Reserve for Maintenance of Free Public Library	A-12	27,895.64	19,893.45
Prepaid Taxes	A-13	46,670.68	52,308.95
Tax Overpayments	A-14	31,346.31	16,088.69
Due to County	A-16	6,289.49	12,987.48
Due to Trust Fund	B	45,928.00	91,928.00
Due to General Capital Fund	C	803.00	-
Reserve for Preparation of Master Plan		1,494.87	1,494.87
Reserve for State Tax Appeals	A-18	41,300.00	41,300.00
Due State of New Jersey - Marriage License Fees	A-19	-	25.00
Due State of New Jersey - Senior Citizens and Veterans Deductions	A-20	-	-
Total Liabilities		562,223.22	461,672.82
Reserve for Receivables and Other Assets	A	431,062.74	445,983.42
Fund Balance	A-1	1,866,265.78	1,481,794.69
Total Regular Fund		2,859,551.74	2,389,450.93
Federal and State Grant Fund:			
Unappropriated Reserves	A-22	4,183.19	5,618.13
Appropriated Reserves	A-22	70,843.70	65,790.89
Total Federal and State Grant Fund		75,026.89	71,409.02
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,934,578.63</u>	<u>\$ 2,460,859.95</u>

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

**BOROUGH OF HOPEWELL****Current Fund**

Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 304,578.00	\$ 271,000.00
Miscellaneous Revenue Anticipated	878,125.41	905,399.05
Receipts from Delinquent Taxes	137,098.95	229,277.72
Receipts from Current Taxes	9,707,964.33	9,538,740.37
Nonbudget Revenues	32,857.30	36,569.81
Other Credits to Income:		
Cancellation of Tax Overpayments	96.09	64.79
Cancellation of Accounts Payable	191.86	
Interfunds liquidated	2,150.00	3,674.05
Unexpended Balance of Appropriation Reserves	<u>176,683.34</u>	<u>158,563.97</u>
Total Revenue and Other Income Realized	<u>11,239,745.28</u>	<u>11,143,289.76</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	578,600.00	565,710.00
Other Expenses	726,783.30	732,112.00
Deferred Charges and Statutory Expenditures Within "CAPS"	136,677.00	139,183.00
Operations Excluded from "CAPS":		
Other Expenses	887,460.13	883,227.42
Capital Improvements Excluded from "CAPS"	175,000.00	70,000.00
Municipal Debt Service Excluded from "CAPS"	332,896.00	452,977.87
Deferred Charges Excluded from "CAPS" "CAPS"	-	40,000.00
County Taxes	2,026,649.62	2,074,580.61
Regional School District Tax	5,439,627.00	5,237,742.00
Fire District Tax	214,901.00	208,209.00
Municipal Open Space Tax	31,753.00	31,767.31
Reserve for Other Receivable	38.87	31,227.35
Prior Year Senior Citizens Disallowed	<u>310.27</u>	<u>500.00</u>
Subtotal	10,550,696.19	10,467,236.56
Less: Expenditures to be Raised by Future Taxes	<u>-</u>	<u>-</u>
Total Expenditures	<u>10,550,696.19</u>	<u>10,467,236.56</u>
Statutory Excess to Fund Balance (Carried Forward)	689,049.09	676,053.20



**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

---

	<u>2020</u>	<u>2019</u>
Statutory Excess to Fund Balance (Brought Forward)	689,049.09	676,053.20
Fund Balance January 1	<u>1,481,794.69</u>	<u>1,076,741.49</u>
Total	2,170,843.78	1,752,794.69
Decreased by Utilization as Anticipated Revenue	<u>304,578.00</u>	<u>271,000.00</u>
Fund Balance December 31	<u><u>\$ 1,866,265.78</u></u>	<u><u>\$ 1,481,794.69</u></u>

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

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Revenues - Regulatory Basis  
For the Year Ended December 31, 2020

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 304,578.00	\$ -	\$ 304,578.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	4,000.00	-	4,000.00	-
Other	4,000.00	-	713.00	(3,287.00)
Fees and Permits	8,000.00	-	12,956.09	4,956.09
Fines and Costs:				
Municipal Court	20,000.00	-	12,512.48	(7,487.52)
Interest and Costs on Taxes	20,000.00	-	31,065.46	11,065.46
Interest on Investments and Deposits	40,000.00	-	82,795.96	42,795.96
Sewer Rents	320,000.00	-	325,358.78	5,358.78
Railroad Station Rent	16,000.00	-	12,792.50	(3,207.50)
Reserve for Debt	220,000.00	-	220,000.00	-
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	170,313.00	-	170,313.01	0.01
Special Items Offset with Appropriations:				
Recycling Tonnage Grant	978.65	-	978.65	-
Clean Communities	4,639.48	-	4,639.48	-
Total	827,931.13	-	878,125.41	50,194.28
Receipts from Delinquent Taxes	95,000.00	-	137,098.95	42,098.95
Amount to be Raised by Taxes for Support of Municipal Budget -				
Local Tax for Municipal Purposes	1,995,593.31	-	2,278,562.72	282,969.41
Minimum Library Tax	111,557.00	-	111,557.00	-
Total Amount to be Raised for Support of Municipal Budget	2,107,150.31	-	2,390,119.72	282,969.41
Budget Totals	3,334,659.44	-	3,709,922.08	\$ 375,262.64
Nonbudget Revenues	-	-	32,857.30	
Total	\$ 3,334,659.44	\$ -	\$ 3,742,779.38	

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Revenues - Regulatory Basis  
For the Year Ended December 31, 2020

---

ANALYSIS OF REALIZED REVENUE

## Allocation of Current Tax Collections:

Revenue from Collections	\$ 9,707,964.33
Allocated to School, Fire District, Open Space, and County Taxes	<u>7,712,930.62</u>
Balance for Support of Municipal Budget Appropriations	1,995,033.71
Add Appropriation - Reserve for Uncollected Taxes	<u>395,086.01</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 2,390,119.72</u></u>

## Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 137,098.95
Tax Title Lien Collections	<u>137,098.95</u>

## Miscellaneous Revenue Not Anticipated:

## Treasurer:

Franchise Fees	\$ 25,773.41
Senior Citizen and Veterans Administrative Fee	198.79
Sewer Interest and Costs	1,610.40
Covid Relief	4,407.33
DMV Inspection Fines	750.00
Miscellaneous Refunds	<u>117.37</u>

Total	<u><u>\$ 32,857.30</u></u>
-------	----------------------------

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

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
General Government:						
Administrative and Executive:						
Salaries and Wages	\$ 211,905.00	\$ 211,905.00	\$ 200,341.70	\$ -	\$ 11,563.30	\$ -
Other Expenses	15,700.00	15,700.00	12,024.65	244.14	3,431.21	
Mayor and Council:						
Other Expenses	2,200.00	2,200.00	710.00		1,490.00	
Elections:						
Other Expenses	1,400.00	1,400.00			1,400.00	
Financial Administration:						
Salaries and Wages	32,156.00	32,156.00	32,144.65		11.35	
Other Expenses	1,800.00	1,800.00	585.00		1,215.00	
Audit Services	22,500.00	22,500.00	22,500.00			
Computerized Data Processing	11,200.00	11,200.00	6,672.26		4,527.74	
Assessment of Taxes:						
Salaries and Wages	13,041.00	13,041.00	13,027.47		13.53	
Other Expenses	33,330.00	33,330.00	16,271.32		17,058.68	
Collection of Taxes:						
Salaries and Wages	12,875.00	12,875.00	12,607.20		267.80	
Other Expenses	2,500.00	2,500.00	1,188.00		1,312.00	
Legal Services and Costs:						
Other Expenses	30,000.00	30,000.00	1,675.86		28,324.14	
Municipal Prosecutor:						
Salaries and Wages	5,000.00	5,115.00	5,099.33		15.67	
Engineering Services and Costs:						
Other Expenses	35,000.00	35,000.00	13,868.00		21,132.00	
Public Buildings and Grounds:						
Other Expenses	33,000.00	31,590.00	21,357.70	500.00	9,732.30	
Vehicle Maintenance						
Other Expenses	10,000.00	10,000.00	5,573.57	352.45	4,073.98	

(Continued)

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Municipal Land Use Law (N.J.S.A. 40:SSD-1):						
Planning Board:						
Salaries and Wages	\$ 8,260.00	\$ 8,260.00	\$ 7,650.00	\$ -	\$ 610.00	\$ -
Other Expenses	19,400.00	19,400.00	5,750.45		13,649.55	
Shade Tree Commission:						
Other Expenses	16,650.00	18,035.00	18,033.20		1.80	
Insurance:						
Liability Insurance	32,000.00	32,000.00	29,877.59		2,122.41	
Workers Compensation	33,000.00	33,000.00	30,472.00		2,528.00	
Employees Group Insurance	101,460.00	101,460.00	61,813.66		39,646.34	
Surety Bond Premium	2,500.00	2,500.00	975.00		1,525.00	
Health Insurance Waiver	2,540.00	2,540.00	1,481.74		1,058.26	
Zoning:						
Salaries and Wages	10,328.00	10,328.00	10,326.42		1.58	
Other Expenses	650.00	650.00			650.00	
Public Works:						
Salaries and Wages	199,300.00	199,300.00	149,231.46		50,068.54	
Other Expenses	42,500.00	42,500.00	24,542.20	3,907.59	14,050.21	
Sewer System:						
Salaries and Wages	58,080.00	58,080.00	54,806.35		3,273.65	
Other Expenses	15,300.00	15,300.00	4,129.07		11,170.93	
Sanitation:						
Garbage and Trash Removal - Contractual	70,000.00	70,000.00	63,581.10		6,418.90	
Bulk Pick Up	3,500.00	3,500.00	3,420.00		80.00	
Tipping Fees	88,000.00	88,000.00	81,473.11		6,526.89	
Recreation and Education:						
Other Expenses	4,993.30	4,993.30			4,993.30	
Economic Development Committee:						
Other Expenses	2,000.00	2,000.00			2,000.00	

(Continued)

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
<b>GENERAL APPROPRIATIONS:</b>						
<b>Operations Within "CAPS":</b>						
Municipal Court:						
Salaries and Wages	\$ 27,540.00	\$ 27,540.00	\$ 24,726.36	\$ -	\$ 2,813.64	\$ -
Other Expenses	1,800.00	1,685.00	433.37		1,251.63	
Public Defender:						
Other Expenses	1,000.00	1,000.00			1,000.00	
Lease of Equipment	3,000.00	3,000.00	2,486.36		513.64	
Office of Emergency Management						
Other Expenses	2,000.00	2,000.00			2,000.00	
Unclassified:						
Electricity	19,500.00	19,500.00	13,786.73		5,713.27	
Street Lights	30,000.00	30,000.00	24,929.21		5,070.79	
Telephone	9,000.00	9,000.00	5,134.56		3,865.44	
Gas	3,500.00	3,500.00	1,767.06		1,732.94	
Fuel Oil	5,500.00	5,500.00	3,351.73		2,148.27	
Telecommunications	5,500.00	5,500.00	5,080.60		419.40	
Gasoline	13,000.00	13,000.00	5,184.84		7,815.16	
<b>Total Operations Including Contingent - Within "CAPS"</b>	<b>1,305,408.30</b>	<b>1,305,383.30</b>	<b>1,000,090.88</b>	<b>5,004.18</b>	<b>300,288.24</b>	
Detail:						
Salaries and Wages	578,485.00	578,600.00	509,960.94		68,639.06	
Other Expenses	726,923.30	726,783.30	490,129.94	5,004.18	231,649.18	
<b>Deferred Charges and Statutory Expenditures -</b>						
<b>Municipal - Within "CAPS":</b>						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System	77,664.00	77,664.00	77,664.00			
Social Security System (O.A.S.I.)	53,813.00	53,813.00	37,914.79		15,898.21	
Disability Insurance	2,000.00	2,000.00			2,000.00	
Defined Contribution Retirement Program	3,200.00	3,200.00	1,477.23		1,722.77	
<b>Total Deferred Charges and Statutory Expenditures -</b>	<b>136,677.00</b>	<b>136,677.00</b>	<b>117,056.02</b>		<b>19,620.98</b>	
<b>Municipal Within "CAPS"</b>	<b>136,677.00</b>	<b>136,677.00</b>	<b>117,056.02</b>		<b>19,620.98</b>	
<b>Total General Appropriations -</b>						
<b>For Municipal Purposes Within "CAPS"</b>	<b>1,442,085.30</b>	<b>1,442,060.30</b>	<b>1,117,146.90</b>	<b>5,004.18</b>	<b>319,909.22</b>	<b>-</b>

(Continued)

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
<b>GENERAL APPROPRIATIONS:</b>						
<b>Operations Excluded from "CAPS":</b>						
Shared Service Agreements:						
Police - Contractual - Hopewell Township	\$ 440,364.00	\$ 440,364.00	\$ 440,364.00	\$ -	\$ -	\$ -
EMS Dispatch	1,100.00	1,100.00	1,100.00			
Local Public Health - Contractual - Montgomery Twp.	33,400.00	33,400.00	33,400.00			
Dog Regulation - Contractual - Montgomery Twp.	9,300.00	9,300.00	9,300.00			
Municipal Alliance Services - Contractual - Hopewell Twp.	2,340.00	2,340.00	2,340.00			
Recycling Program - Contractual - MCIA	27,718.00	27,718.00	27,717.96		0.04	
Senior Services - Contractual - Hopewell Twp.	6,217.00	6,242.00	6,242.00			
Stoney Brook Regional Sewer Authority	247,768.00	247,768.00	247,767.62		0.38	
Recycling Tax	1,350.00	1,350.00			1,350.00	
Maintenance of Free Public Library	111,557.00	111,557.00	101,917.83	70.78	9,568.39	
<b>Total Other Operations Excluded from "CAPS":</b>	<b>881,114.00</b>	<b>881,139.00</b>	<b>870,149.41</b>	<b>70.78</b>	<b>10,918.81</b>	
<b>GENERAL APPROPRIATIONS:</b>						
<b>Operations Excluded from "CAPS":</b>						
<b>Public and Private Programs Offset by Revenues:</b>						
Recycling Tonnage Grant	978.65	978.65	978.65			
Clean Communities	4,639.48	4,639.48	4,639.48			
Supplemental Fire Services Program	703.00	703.00			703.00	
<b>Total Public and Private Programs Offset by Revenues</b>	<b>6,321.13</b>	<b>6,321.13</b>	<b>5,618.13</b>		<b>703.00</b>	
<b>Total Operations - Excluded From "CAPS"</b>	<b>887,435.13</b>	<b>887,460.13</b>	<b>875,767.54</b>	<b>70.78</b>	<b>11,621.81</b>	
Detail:						
Other Expenses	887,435.13	887,460.13	875,767.54	70.78	11,621.81	
<b>Capital Improvements - Excluded From "CAPS"</b>						
Capital Improvement Fund	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ -	\$ -	\$ -
<b>Total Capital Improvements - Excluded From "CAPS"</b>	<b>175,000.00</b>	<b>175,000.00</b>	<b>175,000.00</b>			

(Continued)

**BOROUGH OF HOPEWELL**  
**Current Fund**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance Canceled</u>
<b>Municipal Debt Service - Excluded From "CAPS"</b>						
Payment of Bond Principal	\$ 203,960.00	\$ 203,960.00	\$ 203,960.00	\$ -	\$ -	\$ -
Payment of Bond Anticipation Notes	102,960.00	102,960.00	803.00			102,157.00
Interest on Bonds	90,660.00	90,660.00	90,660.00			
Interest on Notes	37,473.00	37,473.00	37,473.00			
<b>Total Municipal Debt Service - Excluded From "CAPS"</b>	<u>435,053.00</u>	<u>435,053.00</u>	<u>332,896.00</u>			<u>102,157.00</u>
<b>DEFERRED CHARGES</b>						
Emergency Authorizations						
<b>Total Deferred Charges - Municipal Excluded from "CAPS"</b>						
<b>Total General Appropriations for Municipal Purposes Excluded From "CAPS"</b>	<u>1,497,488.13</u>	<u>1,497,513.13</u>	<u>1,383,663.54</u>	<u>70.78</u>	<u>11,621.81</u>	<u>102,157.00</u>
Subtotal General Appropriations	2,939,573.43	2,939,573.43	2,500,810.44	5,074.96	331,531.03	102,157.00
Reserve for Uncollected Taxes	395,086.01	395,086.01	395,086.01			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u>\$ 3,334,659.44</u>	<u>\$ 3,334,659.44</u>	<u>\$ 2,895,896.45</u>	<u>\$ 5,074.96</u>	<u>\$ 331,531.03</u>	<u>\$ 102,157.00</u>

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



Original Budget	\$ 3,334,659.44	
Appropriation by 40A:4-87		\$ 3,334,659.44

Reserve for Federal and State Grants - Appropriated	5,618.13	
Due to General Capital Fund	803.00	
Reserve for Uncollected Taxes	395,086.01	
Cash Disbursed	<u>2,494,389.31</u>	
Total		\$ 2,895,896.45

B-17

**BOROUGH OF HOPEWELL**  
**Trust Fund**

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>REFERENCE</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 6,701.20	\$ 6,987.00
Total Animal Control Fund		<u>6,701.20</u>	<u>6,987.00</u>
Other Funds:			
Cash - Treasurer	B-1	540,005.96	519,253.21
Due from Current Fund	A	45,928.00	91,928.00
Mortgages Receivable		<u>77,540.46</u>	<u>77,540.46</u>
Total Other Funds		<u>663,474.42</u>	<u>688,721.67</u>
Total Assets		<u><u>\$ 670,175.62</u></u>	<u><u>\$ 695,708.67</u></u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 1,436.80	\$ 2,150.00
Due State of New Jersey		1.20	-
Reserve for Dog Fund Expenditures	B-2	<u>5,263.20</u>	<u>4,837.00</u>
Total Animal Control Fund		<u>6,701.20</u>	<u>6,987.00</u>
Other Funds:			
Due Current Fund	A	11,537.30	8,126.75
Reserve for :			
Unemployment Compensation Insurance	B-3	12,881.66	11,314.50
Development Fees	B-4	368.22	368.22
Community Development - Small Cities	B-5	243,335.66	243,335.66
Payroll Deductions Payable	B-6	-	-
Recreation	B-7	5,185.03	5,251.42
Reserve for Escrow Deposits	B-8	72,691.06	67,369.92
Municipal Open Space	B-9	259,016.50	248,800.21
Railroad Station Trust	B-10	2,328.55	2,328.55
Parking Offenses Adjudication Act	B-11	272.00	268.00
Tax Sale Premium	B-12	45,700.00	91,400.00
Storm Recovery Trust Fund	B-13	<u>10,158.44</u>	<u>10,158.44</u>
Total Other Funds		<u>663,474.42</u>	<u>688,721.67</u>
Total Liabilities and Reserves		<u><u>\$ 670,175.62</u></u>	<u><u>\$ 695,708.67</u></u>

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

**BOROUGH OF HOPEWELL**  
**General Capital Fund**

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>REFERENCE</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Cash - Treasurer	C-2	\$ 2,306,269.84	\$ 1,864,367.14
Due from Current Fund	A	803.00	-
Due from Water Operating Fund	D	907.00	-
Deferred Charges to Future Taxation:			
Funded	C-4	6,543,000.00	3,576,000.00
Unfunded	C-5	<u>665,707.49</u>	<u>3,422,910.49</u>
Total		<u>\$ 9,516,687.33</u>	<u>\$ 8,863,277.63</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-9	\$ 6,543,000.00	\$ 3,576,000.00
Bond Anticipation Notes	C-10	-	2,838,803.00
Improvement Authorizations:			
Funded	C-8	508,396.83	198,512.07
Unfunded	C-8	531,897.96	762,377.16
Reserve for Preliminary Costs		15,000.00	-
Reserve for Payment of Debt Service	C-7	1,416,098.21	1,348,329.71
Encumbrances Payable		112,848.13	22,764.85
Due to Water Capital Fund	D	50,381.60	-
Capital Improvement Fund	C-6	203,427.80	106,486.34
Fund Balance	C-1	<u>135,636.80</u>	<u>10,004.50</u>
Total		<u>\$ 9,516,687.33</u>	<u>\$ 8,863,277.63</u>

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

**BOROUGH OF HOPEWELL**  
**General Capital Fund**  
Statement of Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2020

---

Balance December 31, 2019	\$ 10,004.50
Increased by:	
Cancellation of Improvement Authorizations	<u>125,632.30</u>
Balance December 31, 2020	<u><u>\$ 135,636.80</u></u>

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

**BOROUGH OF HOPEWELL**  
**Water Utility Fund**

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>REFERENCE</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	D-5	\$ 200,119.58	\$ 195,155.93
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>25,940.22</u>	<u>23,826.35</u>
Total Operating Fund		<u>226,059.80</u>	<u>218,982.28</u>
Capital Fund:			
Cash	D-5	200,358.78	242,212.28
Due from General Capital Fund	C	50,381.60	
Fixed Capital	D-9	2,332,288.02	2,332,288.02
Fixed Capital Authorized and Uncompleted	D-10	<u>1,598,000.00</u>	<u>1,578,000.00</u>
Total Capital Fund		<u>4,181,028.40</u>	<u>4,152,500.30</u>
Total Assets		<u><u>\$ 4,407,088.20</u></u>	<u><u>\$ 4,371,482.58</u></u>

**BOROUGH OF HOPEWELL**  
**Water Utility Fund**

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>REFERENCE</u>	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$ 58,641.13	\$ 41,972.55
Encumbrances Payable	D-4	479.66	739.79
Accounts Payable			75.13
Water Rent Overpayments	D-5	1,630.43	4,632.89
Due to General Capital Fund	C	907.00	
Accrued Interest on Notes	D-16		3,057.82
Accrued Interest on Bonds	D-16	4,641.28	848.02
Total Liabilities		<u>66,299.50</u>	<u>51,326.20</u>
Reserve for Receivables	D	25,940.22	23,826.35
Fund Balance	D-1	<u>133,820.08</u>	<u>143,829.73</u>
Total Operating Fund		<u>226,059.80</u>	<u>218,982.28</u>
Capital Fund:			
Serial Bonds	D-17	848,000.00	165,000.00
Bond Anticipation Notes	D-18		820,907.00
Improvement Authorizations:			
Funded	D-13	216,719.99	79,623.84
Unfunded	D-13		128,042.15
Due to Current Fund	A		
Capital Improvement Fund	D-12	469.67	469.67
Encumbrances Payable			11,810.66
Accounts Payable		18,038.91	6,228.25
Reserve for Debt		4,474.10	
Reserve for Amortization	D-14	3,082,288.02	2,895,288.02
Reserve for Deferred Amortization	D-15		29,093.00
Escrow Deposit	D-6	10,000.00	10,000.00
Fund Balance	D-2	<u>1,037.71</u>	<u>6,037.71</u>
Total Capital Fund		<u>4,181,028.40</u>	<u>4,152,500.30</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,407,088.20</u>	<u>\$ 4,371,482.58</u>

The accompanying notes to financial statements are an integral part of this statement.

**BOROUGH OF HOPEWELL**  
**Water Utility Operating Fund**

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 82,913.00	\$ 65,000.00
Water Rents	589,157.42	565,197.36
Miscellaneous	15,001.64	16,362.44
Other Credits to Income:		
Canceled Accounts payable	75.13	
Unexpended Balance of Appropriation Reserves	<u>21,977.57</u>	<u>39,031.83</u>
Total Revenue and Other Income Realized	<u>709,124.76</u>	<u>685,591.63</u>
Expenditures:		
Operating	500,470.00	477,263.00
Capital Improvements	15,000.00	5,000.00
Deferred Charges and Statutory Expenditures	12,500.00	12,800.00
Debt Service	<u>108,251.41</u>	<u>131,503.05</u>
Total Expenditures	<u>636,221.41</u>	<u>626,566.05</u>
Excess in Revenue and Statutory Excess to Fund Balance	72,903.35	59,025.58
Fund Balance January 1	<u>143,829.73</u>	<u>149,804.15</u>
Total	216,733.08	208,829.73
Decreased by Utilization by Water Utility Operating Budget	<u>82,913.00</u>	<u>65,000.00</u>
Balance December 31	<u><u>\$ 133,820.08</u></u>	<u><u>\$ 143,829.73</u></u>

**BOROUGH OF HOPEWELL**  
**Water Utility Capital Fund**  
Statement of Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2020

---

Balance December 31, 2019	\$ 6,037.71
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>5,000.00</u>
Balance December 31, 2020	<u><u>\$ 1,037.71</u></u>

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



**BOROUGH OF HOPEWELL**  
**Water Utility Operating Fund**  
Statement of Revenues - Regulatory Basis  
For the Year Ended December 31, 2020

---

	<u>Anticipated</u>	<u>Realized</u>	Excess ( <u>Deficit</u> )
Fund Balance Utilized	\$ 82,913.00	\$ 82,913.00	\$ -
Water Rents	565,000.00	589,157.42	24,157.42
Miscellaneous	<u>                    </u>	<u>15,001.64</u>	<u>15,001.64</u>
Total	<u><u>\$ 647,913.00</u></u>	<u><u>\$ 687,072.06</u></u>	<u><u>\$ 39,159.06</u></u>

**Analysis of Realized Revenues**

Miscellaneous:

Interest Earned on Bank Deposits and Investments	\$ 9,777.85
Miscellaneous	3,064.47
Water Penalties	<u>2,159.32</u>
	<u><u>\$ 15,001.64</u></u>

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

**BOROUGH OF HOPEWELL**  
**Water Utility Operating Fund**  
Statement Of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>Operating:</b>					
Salaries and Wages	\$ 112,400.00	\$ 114,900.00	\$ 113,788.43	\$ 1,111.57	\$ -
Other Expenses	388,070.00	385,570.00	328,106.35	57,463.65	
<b>Capital:</b>					
Capital Improvement Fund	15,000.00	15,000.00	15,000.00		
<b>Deferred Charges and Statutory Expenditures:</b>					
Statutory Expenditures:					
Public Employees Retirement System	4,000.00	4,000.00	4,000.00		
Social Security	8,500.00	8,500.00	8,434.09	65.91	
<b>Debt Service:</b>					
Principal on Bonds	92,000.00	92,000.00	92,000.00		
Principal on Bond Anticipation Notes	11,390.00	11,390.00	907.00		10,483.00
Interest on Bonds	3,773.00	7,773.00	7,566.26		206.74
Interest on Notes	12,780.00	8,780.00	7,778.15		1,001.85
<b>Total</b>	<u>\$ 647,913.00</u>	<u>\$ 647,913.00</u>	<u>\$ 577,580.28</u>	<u>\$ 58,641.13</u>	<u>\$ 11,691.59</u>
<b>Analysis of Paid or Charged:</b>					
Cash Disbursed			\$ 560,849.21		
Encumbrances Payable			479.66		
Due to General Capital Fund			907.00		
Interest on Bonds			7,566.26		
Interest on Notes			7,778.15		
<b>Total</b>			<u>\$ 577,580.28</u>		

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

**BOROUGH OF HOPEWELL**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
Statement of Changes in General Fixed Assets - Regulatory Basis  
For the Year Ended December 31, 2020

---

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
General Fixed Assets:				
Land	\$ 1,858,900.00	\$ -	\$ -	\$ 1,858,900.00
Buildings	3,172,112.81	16,658.54	-	3,188,771.35
Machinery and Equipment	<u>514,685.00</u>	<u>                    </u>	<u>-</u>	<u>514,685.00</u>
Total	<u>\$ 5,545,697.81</u>	<u>\$ 16,658.54</u>	<u>\$ -</u>	<u>\$ 5,562,356.35</u>
Investment in General Fixed Assets	<u>\$ 5,545,697.81</u>	<u>\$ 16,658.54</u>	<u>\$ -</u>	<u>\$ 5,562,356.35</u>

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

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

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

**Description of Financial Reporting Entity** - The Borough of Hopewell is located in the central Mercer County, New Jersey midway between Philadelphia and New York City. The present population according to the 2020 census is 1,897.

The Borough of Hopewell was incorporated in 1891 and operates under the Borough Council form of government. The Mayor is the chief executive officer of the Borough and is elected to a four-year term. The Council is the legislative body of the Borough and consists of six members elected by popular vote to a three-year term. The terms are staggered so that two members are elected each year.

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the Borough is not includable in any other reporting entity on the basis of such criteria.

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

In accordance with the "Requirements", the Borough of Hopewell accounts for its financial transactions through the use of separate funds which are described as follows.

**Current Fund** - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

**Water Utility Operating and Capital Fund** - The Water Utility Operating and Capital Funds account for operations of the utility and the acquisition of capital facilities of the municipally owned water utility.

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

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

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

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

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

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balances.

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

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

**General Fixed Assets** – Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has not adopted a capitalization threshold as required by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

No depreciation of general fixed assets is recorded.

**Utility Fixed Assets** - Property and equipment purchased by the Water Utility Fund are recorded in the utility capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements and contributed capital. Depreciation is not recorded on these fixed assets.

**Foreclosed Property** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments accrued and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group.

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

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

**Fund Balance** - Fund Balance included in the current fund and sewer utility operating fund represents an amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

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

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

**Compensated Absences and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

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

**School Taxes** - The Borough is responsible for levying, collecting and remitting school taxes for the Hopewell Valley Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1, 2020 to December 31, 2020.

**County Taxes** - The Borough is responsible for levying, collecting and remitting county taxes for the County of Mercer. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

**Fire District Taxes** - The Borough is responsible for levying, collecting and remitting fire district taxes for the Hopewell Borough Fire District No. 1. Operations are charged for the full amount required to be raised to support the district for the period from January 1 to December 31.

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

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

**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

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

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

**Long Term Debt** - Long Term Debt, relative to the acquisition of capital assets, is recorded as a liability in either the General Capital Fund or the Water Utility Capital Fund. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon confirmation of the assessments or when the improvement is fully and permanently funded.

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the Municipality's deposits may not be recovered. Although the Municipality does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Municipality relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$5,801,903 as of December 31, 2020, \$250,554 was insured under FDIC and the remaining balance of \$5,551,349 was collateralized under GUDPA.

**NOTE 3. PROPERTY TAXES**

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

<u>Comparative Schedule of Tax Rates</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Tax Rate	\$ 3.097	\$ 3.051	\$ 2.919	\$ 2.829	\$ 2.797
Apportionment of Tax Rate:					
Municipal	.629	.629	.590	.562	.536
County	.638	.653	.649	.617	.621
Regional School District	1.715	1.653	1.565	1.536	1.536
Fire District	.070	.070	.070	.070	.060
Municipal Open Space	.010	.010	.010	.010	.010
Library Tax	.035	.036	.035	.034	.034

<u>Assessed Valuation</u>	<u>Amount</u>
2020	\$ 317,263,500
2019	316,902,300
2018	317,835,055
2017	318,271,655
2016	317,720,355



**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

**NOTE 3. PROPERTY TAXES (CONTINUED)**

<b><u>Comparison of Tax Levies and Collections</u></b>			
<b><u>Year Ended</u></b>	<b><u>Tax Levy</u></b>	<b><u>Collections</u></b>	<b><u>Percentage of Collections</u></b>
2020	\$ 9,834,009	\$ 9,707,964	98.72 %
2019	9,692,230	9,126,678	98.13
2018	9,300,521	8,821,785	97.61
2017	9,037,669	8,776,768	98.64
2016	8,897,854	8,635,608	98.37

**Delinquent Taxes and Tax Title Liens**

<b><u>Year Ended</u></b>	<b><u>Tax Title Liens</u></b>	<b><u>Delinquent Taxes</u></b>	<b><u>Total Delinquent</u></b>	<b><u>Percentage of Tax Levy</u></b>
2020	\$ 83,125	\$ 99,716	\$ 182,841	1.86 %
2019	71,877	131,454	203,331	2.10
2018	202,534	100,999	303,533	3.26
2017	27,407	77,045	204,452	2.26
2016	33,148	107,851	140,999	1.58

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

<b><u>Year Ended</u></b>	<b><u>Number</u></b>
2020	1
2019	1
2018	6
2017	7
2016	1

**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 valuation of such properties, for the current and previous four years was as follows:

<b><u>Year Ended</u></b>	<b><u>Amount</u></b>
2020	\$ 187,700
2019	187,700
2018	None
2017	None
2016	None

**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

**NOTE 5. WATER AND SEWER UTILITY FUND**

The following is a five year comparison of certain statistical information relative to the water and sewer utility levies and collections for the current and previous four years.

<u>Water Utility Levy</u>				
<u>Year Ended</u>		<u>Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$	591,271	\$ 556,331	95.61 %
2019		568,617	544,790	95.81
2018		566,270	545,863	96.40
2017		569,532	546,642	95.98
2016		584,856	548,353	93.76

<u>Sewer Utility Levy</u>				
<u>Year Ended</u>		<u>Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$	327,796	\$ 311,910	95.16 %
2019		323,706	310,258	95.34
2018		320,676	307,098	95.77
2017		317,748	305,057	96.01
2016		317,436	298,899	94.16

**NOTE 6. FUND BALANCES APPROPRIATED**

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

<u>Current Fund</u>		<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$	1,866,266	\$ 393,200	21.07 %
2019		1,481,795	304,578	20.55
2018		1,076,741	271,000	25.17
2017		950,227	271,000	28.52
2016		782,932	271,000	34.61

<u>Water Utility Fund</u>		<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$	133,820	\$ 90,000	67.25 %
2019		143,830	82,913	57.65
2018		149,804	65,000	43.39
2017		114,689	35,000	30.52
2016		72,023	30,000	41.65

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

**NOTE 7. PENSION PLANS**

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to or at the following website: the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295, <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

**Public Employees' Retirement System (PERS)**

*Plan Description* - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS. For additional information about PERS, please refer to Division's annual financial statements, which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

*Vesting and Benefit Provisions* – The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 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 their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2020. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2020 was 15.42% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

Based on the most recent PERS measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the fiscal year ended December 31, 2020 was \$85,844 and is payable by April 1, 2021. Based on the PERS measurement date of June 30, 2019, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$81,461, which was paid by April 1, 2020. Employee contributions to the pension plan during the year ended December 31, 2020 were \$43,045.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

<b>Fiscal Year</b>	<b>Normal Contributions</b>	<b>Accrued Liability</b>	<b>Non Contributory Life</b>	<b>Long-Term Disability</b>	<b>Total Liability Paid by Borough</b>
2020	\$ 7,538	\$ 69,758	\$ 4,165	\$ 203	\$ 81,664
2019	10,776	71,533	3,921	253	86,483
2018	10,988	68,425	4,069	1,144	84,626

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At December 31, 2020, the Borough's proportionate share of the PERS net pension liability was \$1,279,667. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough's proportion of the of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2020, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2019 measurement date is \$21,110. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

At December 31, 2020, the Borough proportionate share of the PERS net pension liability was \$1,279,667 and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,301	\$ 4,525
Changes of assumptions	41,514	535,809
Net Difference between projected and actual earnings on pension plan investments	43,740	
Changes in proportion	37,319	172,917
Borough contributions subsequent to the measurement date	85,844	
Total	\$ 231,718	\$ 713,251

\$85,844 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending 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 as follows:

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2021	\$ (68,970)
2022	(240,287)
2023	(191,005)
2024	(56,969)
2025	(10,146)
Total	\$ (567,377)

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of assumptions		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-

**Additional Information**

Collective balances at June 30, 2020 and 2019 are as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 7,849,949,467	\$ 7,645,087,574
Collective net pension liability	\$ 16,435,616,426	\$ 18,143,832,135
Borough's Proportion	.0078471625%	.0083746833%

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

**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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%

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

*Long-Term Expected 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US 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%

**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

**NOTE 7. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Discount rate.* The discount rate used to measure the State's 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 nonemployer contributing entity will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied all projected benefit payments to determining the total pension liability.

*Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's proportionate share of the net pension liability	\$ 1,610,887	\$ 1,279,667	\$ 998,618

*Pension Plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Defined Contribution Retirement Program (DCRP)**

The Defined Contribution Retirement Program was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Borough's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Borough's contributions, equal to the required contribution for each fiscal year, were as follows:

	<u>Employer</u>
2020	\$ 1,477
2019	1,868
2018	1,497

**Related Party Investments** – The Division of Pensions and Benefits does not invest in securities issued by the Borough.



**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

**NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

The Borough does not have any postemployment benefits other than pensions liability as of December 31, 2020.

**NOTE 9. COMPENSATED ABSENCES**

Upon termination of employment, whether by resignation or for other reasons, an employee will be compensated for unused vacation time, up to a maximum of fifteen days. New employees terminated during or upon completion of their probationary period shall receive no payment for unused vacation.

If an employee takes time off after giving notice of retirement/resignation, or after an employee is given notice of lay off/discharge, said time off shall be charged to his/her accrued vacation time. Should an employee have no remaining accrued vacation time, any time off shall be without compensation.

The Borough does not record accrued expenses related to compensated absences.

**NOTE 10. RISK MANAGEMENT**

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

The Borough maintains commercial insurance coverage for property, liability, and surety bonds.

**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 previous two years:

<u>Year</u>	<u>Employee Withholdings</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 1,361	\$ 207	\$ -	\$ 12,882
2019	1,443	178	-	11,314
2018	1,366	24	-	9,693

**NOTE 11. CAPITAL DEBT**

**Summary of Municipal Debt**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Issued:			
General Bonds and Notes	\$ 6,543,000	\$ 6,414,803	\$ 5,738,979
Water Utility Bonds and Notes	848,000	985,907	998,294
Total Debt Issued	7,391,000	7,400,710	6,737,273
Authorized But Not Issued:			
General - Bonds and Notes	665,707	584,107	1,014,107
Water Utility - Bonds and Notes	-	-	95,000
Net Bonds and Notes			
Issued and Authorized But Not Issued	\$ 8,056,707	\$ 7,984,817	\$ 7,846,380

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

**NOTE 11. CAPITAL DEBT (CONTINUED)**

**Serial Bonds Payable**

Serial Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness. Serial Bonds payable at December 31, 2020 consisted of the following issues:

<u>Purpose</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
General Obligation Bonds of 2015	09/15/2034	2.00-3.50%	\$ 3,358,000
General Improvement Bonds of 2020	09/15/2030	1.25-3.00%	3,185,000
Water Utility Bonds of 2015	09/15/2034	2.00-3.50%	73,000
Water Utility Bonds of 2020	09/15/2030	1.25-3.00%	<u>775,000</u>
Total			<u>\$ 7,391,000</u>

**Bond Anticipation Notes Payable**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year from the date of issuance however, the Notes may be renewed from time to time for a period not to exceed one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

As of December 31, 2020, the Borough had no outstanding general capital bond anticipation notes. The Borough also had no outstanding water capital bond anticipation notes.

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.799%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Debt	\$ 2,617,849	\$ 2,617,849	\$ -
Water Utility Debt	848,000	848,000	
General Debt	<u>7,208,708</u>	<u>1,128,330</u>	<u>6,080,378</u>
Total	<u>\$ 10,674,557</u>	<u>\$ 4,594,179</u>	<u>\$ 6,080,378</u>

Net Debt, \$6,080,378 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$337,903,960 equals 1.799%.

**Equalized Valuation Basis:**

2018	\$ 335,568,136
2019	334,673,461
2020	<u>343,470,283</u>
Average	<u>\$ 337,903,960</u>

**Borough of Hopewell  
Notes to Financial Statements  
December 31, 2020**

**NOTE 11. CAPITAL DEBT (CONTINUED)**

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 11,826,639
Net Debt	<u>6,080,378</u>
Remaining Borrowing Power	<u>\$ 5,746,261</u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 684,063
Deductions:	
Operating and Maintenance Costs	\$ 512,970
Debt Service Costs	<u>107,516</u>
	620,486
Excess in Revenue	<u>\$ 63,577</u>

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

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

**General Capital Serial Bonds Payable**

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 410,000	\$ 177,933	\$ 587,933
2022	560,000	168,255	728,255
2023	570,000	152,655	722,655
2024	575,000	136,755	711,755
2025	575,000	120,705	695,705
2026-2030	2,895,000	363,150	3,258,150
2031-2034	<u>958,000</u>	<u>83,720</u>	<u>1,041,720</u>
Total	<u>\$ 6,543,000</u>	<u>\$ 1,203,173</u>	<u>\$ 7,746,173</u>

**Water Utility Bonds Payable**

<u>Calendar Year</u>	<u>Water Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 75,000	\$ 21,470	\$ 96,470
2022	75,000	19,324	94,324
2023	80,000	17,099	97,099
2024	80,000	14,724	94,724
2025	80,000	12,349	92,349
2026-2030	435,000	27,412	462,412
2031-2034	<u>23,000</u>	<u>2,170</u>	<u>25,170</u>
Total	<u>\$ 848,000</u>	<u>\$ 114,548</u>	<u>\$ 962,548</u>

**Borough of Hopewell**  
**Notes to Financial Statements**  
**December 31, 2020**

**NOTE 12. LEASE OBLIGATIONS**

At December 31, 2020, the Borough had lease agreements in effect for the following:

Operating:  
 One Copier

Operating Lease – Future minimum lease payments under operating lease agreements are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2021	\$ 2,243
2022	2,243
2023	<u>1,496</u>
	<u>5,982</u>

Rental payments under operating leases for the year 2020 were \$2,202.

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 12,974.10	\$ 46,731.00
Animal Control Fund	-	1,436.80
Trust Fund	45,928.00	11,537.30
General Capital Fund	1,710.00	50,381.60
Water Utility Oper Fund	-	907.00
Water Utility Capital Fund	<u>50,381.60</u>	<u>-</u>
Total	<u>\$ 110,993.70</u>	<u>\$ 110,993.70</u>

**NOTE 14. COMMITMENTS – TAX APPEALS**

The Borough has two tax appeals pending in New Jersey State Tax Court as of December 31, 2020. The result at this time is unknown.

**NOTE 15. SUBSEQUENT EVENTS**

Subsequent to December 31, 2020, the Borough of Hopewell authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Improvements to Railroad Place	2/4/2021	\$ 575,000
Renovations of and Expansion of Public Works Facility	5/6/2021	\$ 2,565,000

**CERTAIN UNAUDITED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE THAT A TRIAL BALANCE IS REQUIRED AND NOT A BALANCE SHEET

**POST CLOSING  
TRIAL BALANCE - CURRENT FUND  
AS AT DECEMBER 31, 2021**

*Cash Liabilities Must Be Subtotaled and Subtotal Must Be Marked With "C" -- Taxes Receivable Must Be Subtotaled*

Title of Account	Debit	Credit
CASH	2,590,549.72	
INVESTMENTS		
DUE FROM/TO STATE - VETERANS AND SENIOR CITIZENS	-	250.00
CHANGE FUND	75.00	
<b>Receivables with Full Reserves:</b>		
TAXES RECEIVABLE:		
PRIOR	-	
CURRENT	138,904.60	
SUBTOTAL	138,904.60	
TAX TITLE LIENS RECEIVABLE	-	
PROPERTY ACQUIRED FOR TAXES	187,700.00	
CONTRACT SALES RECEIVABLE	-	
MORTGAGE SALES RECEIVABLE	-	
DUE FROM COUNTY - 2020 OVERPAYMENT	31,266.22	
SEWER SERVICE CHARGES RECEIVABLE	9,859.08	
INTERFUNDS:		
DUE FROM ANIMAL CONTROL FUND	1,699.80	
DUE FROM OTHER TRUST FUND	14,070.07	
DUE FROM OPEN SPACE TRUST FUND	3.00	
DEFERRED CHARGES:		
EMERGENCY	143,650.00	
SPECIAL EMERGENCY (40A:4-55)	-	
DEFICIT	-	
Page Totals:	3,117,777.49	250.00

(Do not crowd - add additional sheets)  
Sheet 3

**POST CLOSING  
TRIAL BALANCE - CURRENT FUND (CONT'D)  
AS AT DECEMBER 31, 2021**

Title of Account	Debit	Credit
TOTALS FROM PAGE 3	3,117,777.49	250.00
APPROPRIATION RESERVES		277,212.43
ENCUMBRANCES PAYABLE		20,845.47
ACCOUNTS PAYABLE		728.43
TAX OVERPAYMENTS		34,802.0
PREPAID TAXES		49,652.94
DUE TO STATE:		
MARRIAGE LICENCE		50.00
DCA TRAINING FEES		
LOCAL SCHOOL TAX PAYABLE		-
REGIONAL SCHOOL TAX PAYABLE		-
REGIONAL H.S.TAX PAYABLE		-
COUNTY TAX PAYABLE		-
DUE COUNTY - ADDED & OMMITTED		6,289.47
SPECIAL DISTRICT TAX PAYABLE		-
RESERVE FOR TAX APPEAL		41,300.00
RESERVE FOR LIBRARY CAPITAL		23,154.14
RESERVE FOR LIBRARY		32,613.56
RESERVE FOR MASTER PLAN		1,494.87
INTERFUNDS:		
DUE FROM OTHER TRUST FUND		45,928.00
PAGE TOTAL	3,117,777.49	534,321.32

B-47

**POST CLOSING  
TRIAL BALANCE - CURRENT FUND (CONT'D)  
AS AT DECEMBER 31, 2021**

Title of Account	Debit	Credit
TOTALS FROM PAGE 3a	3,117,777.49	534,321.32
SUBTOTAL	3,117,777.49	534,321.32 "C"
RESERVE FOR RECEIVABLES		383,502.77
DEFERRED SCHOOL TAX	-	
DEFERRED SCHOOL TAX PAYABLE		-
FUND BALANCE		2,199,953.40
TOTALS	3,117,777.49	3,117,777.49

B-48



## AS AT DECEMBER 31, 2021

(Do not crowd - add additional sheets)

# POST CLOSING TRIAL BALANCE -- GENERAL CAPITAL FUND

AS AT DECEMBER 31, 2021

Title of Account	Debit	Credit
PREVIOUS PAGE TOTALS	15,712,416.07	3,781,600.00
ENCUMBRANCES PAYABLE		149,701.61
BOND ANTICIPATION NOTES PAYABLE		-
GENERAL SERIAL BONDS		6,133,000.00
TYPE 1 SCHOOL BONDS		-
LOANS PAYABLE		-
CAPITAL LEASES PAYABLE		-
RESERVE FOR CAPITAL PROJECTS		
RESERVE FOR PRELIMINARY COSTS		15,000.00
IMPROVEMENT AUTHORIZATIONS:		
FUNDED		532,050.84
UNFUNDED		3,341,950.22
ENCUMBRANCES PAYABLE		
RESERVE TO PAY BANS		1,415,048.80
CAPITAL IMPROVEMENT FUND		208,427.80
DOWN PAYMENTS ON IMPROVEMENTS		-
CAPITAL FUND BALANCE		135,636.80
	15,712,416.07	15,712,416.07

(Do not crowd - add additional sheets)

Sheet 8.1

## STATEMENT OF GENERAL BUDGET REVENUES 2021

Source	Budget -01	Realized -02	Excess or Deficit* -03
Surplus Anticipated	393,200.00	393,200.00	-
Surplus Anticipated with Prior Written Consent of Director of Local Government Services			-
Miscellaneous Revenue Anticipated:	xxxxxxxx	xxxxxxxx	xxxxxxxx
Adopted Budget	904,366.41	927,639.89	23,273.48
Added by N.J.S.A. 40A:4-87 (List on 17a)	-	-	-
			-
			-
Total Miscellaneous Revenue Anticipated	904,366.41	927,639.89	23,273.48
Receipts from Delinquent Taxes	99,700.00	183,179.82	83,479.82
Amount to be Raised by Taxation:	xxxxxxxx	xxxxxxxx	xxxxxxxx
(a) Local Tax for Municipal Purposes	2,027,769.00	xxxxxxxx	xxxxxxxx
(b) Addition to Local District School Tax		xxxxxxxx	xxxxxxxx
(c) Minimum Library Tax	114,490.00	xxxxxxxx	xxxxxxxx
Total Amount to be Raised by Taxation	2,142,259.00	2,422,800.07	280,541.07
	3,539,525.41	3,926,819.78	387,294.37

## ALLOCATION OF CURRENT TAX COLLECTIONS

	Debit	Credit
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22)	xxxxxxxx	9,843,967.24
Amount to be Raised by Taxation	xxxxxxxx	xxxxxxxx
Local District School Tax	-	xxxxxxxx
Regional School Tax	5,506,859.00	xxxxxxxx
Regional High School Tax	-	xxxxxxxx
County Taxes	2,062,680.08	xxxxxxxx
Due County for Added and Omitted Taxes	7,244.99	xxxxxxxx
Special District Taxes	219,427.00	xxxxxxxx
Municipal Open Space Tax	31,846.46	xxxxxxxx
Municipal Arts and Culture Tax		xxxxxxxx
Reserve for Uncollected Taxes	xxxxxxxx	406,890.36
Deficit in Required Collection of Current Taxes (or)	xxxxxxxx	-
Balance for Support of Municipal Budget (or)	2,422,800.07	xxxxxxxx
*Excess Non-Budget Revenue (see footnote)		xxxxxxxx
*Deficit Non-Budget Revenue (see footnote)	xxxxxxxx	
*These items are applicable only when there is no "Amount to be Raised by Taxation" in the "Budget" column of the statement at the top of this sheet. In such instances, any excess or deficit in the above allocation would apply to "Non-Budget Revenue" only.	10,250,857.60	10,250,857.60

## STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2021

2021 Budget As Adopted	3,539,525.41
2021 Budget - Added by N.J.S.A. 40A:4-87	-
Appropriated for 2021 (Budget Statement Item 9)	3,539,525.41
Appropriated for 2021 by Emergency Appropriation (Budget Statement Item 9)	143,650.00
Total General Appropriations (Budget Statement Item 9)	3,683,175.41
Add: Overexpenditures (see footnote)	
Total Appropriations and Overexpenditures	3,683,175.41
Deduct Expenditures:	
Paid or Charged [Budget Statement Item (L)]	2,999,072.62
Paid or Charged - Reserve for Uncollected Taxes	406,890.36
Reserved	277,212.43
Total Expenditures	3,683,175.41
Unexpended Balances Canceled (see footnote)	-

**FOOTNOTES - RE: OVEREXPENDITURES**

Every appropriation overexpended in the budget document must be marked with an \* and must agree in the aggregate with this item.

RE: UNEXPENDED BALANCES CANCELED

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled".

## SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL DISTRICT SCHOOL PURPOSES

(EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)

2021 Authorizations		
N.J.S.A. 40A:4-46 (After adoption of Budget)		
N.J.S.A. 40A:4-20 (Prior to adoption of Budget)		
Total Authorizations		-
Deduct Expenditures:		
Paid or Charged		
Reserved		
Total Expenditures		-

# RESULTS OF 2021 OPERATIONS

## CURRENT FUND

	Debit	Credit
Excess of Anticipated Revenues:	xxxxxxxxx	xxxxxxxxx
Miscellaneous Revenues anticipated	xxxxxxxxx	23,273.48
Delinquent Tax Collections	xxxxxxxxx	83,479.82
	xxxxxxxxx	
Required Collection of Current Taxes	xxxxxxxxx	280,541.07
Unexpended Balances of 2021 Budget Appropriations	xxxxxxxxx	-
Miscellaneous Revenue Not Anticipated	xxxxxxxxx	26,429.85
Miscellaneous Revenue Not Anticipated:		
Proceeds of Sale of Foreclosed Property (Sheet 27)	xxxxxxxxx	-
Payments in Lieu of Taxes on Real Property	xxxxxxxxx	
Sale of Municipal Assets	xxxxxxxxx	
Unexpended Balances of 2020 Appropriation Reserves	xxxxxxxxx	311,235.28
Prior Years Interfunds Returned in 2021	xxxxxxxxx	1,436.80
Prior Year Accounts Payable Cancelled		735.10
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)	xxxxxxxxx	xxxxxxxxx
Balance - January 1, 2021	-	xxxxxxxxx
Balance - December 31, 2021	xxxxxxxxx	-
Deficit in Anticipated Revenues:	xxxxxxxxx	xxxxxxxxx
Miscellaneous Revenues Anticipated	-	xxxxxxxxx
Delinquent Tax Collections	-	xxxxxxxxx
		xxxxxxxxx
Required Collection on Current Taxes	-	xxxxxxxxx
Interfund Advances Originating in 2021		xxxxxxxxx
Prior Year Overpayments Cancelled	243.78	
Deficit Balance - To Trial Balance (Sheet 3)	xxxxxxxxx	-
Surplus Balance - To Surplus (Sheet 21)	726,887.62	xxxxxxxxx
	727,131.40	727,131.40

## SURPLUS - CURRENT FUND YEAR 2021

	Debit	Credit
1. Balance - January 1, 2021	xxxxxxxx	1,866,265.78
2.	xxxxxxxx	
3. Excess Resulting from 2021 Operations	xxxxxxxx	726,887.62
4. Amount Appropriated in the 2021 Budget - Cash	393,200.00	xxxxxxxx
5. Amount Appropriated in 2021 Budget - with Prior Written Consent of Director of Local Government Services	-	xxxxxxxx
6.		xxxxxxxx
7. Balance - December 31, 2021	2,199,953.40	xxxxxxxx
	2,593,153.40	2,593,153.40

### ANALYSIS OF BALANCE AS AT DECEMBER 31, 2021 (FROM CURRENT FUND - TRIAL BALANCE)

Cash	2,590,549.72
Investments	-
Change Fund	75.00
Sub Total	2,590,624.72
Deduct Cash Liabilities Marked with "C" on Trial Balance	534,321.32
Cash Surplus	2,056,303.40
Deficit in Cash Surplus	
Other Assets Pledged to Surplus:*	
(1) Due from State of N.J. Senior Citizens and Veterans Deduction	-
Deferred Charges #	143,650.00
Cash Deficit #	
Total Other Assets	143,650.00
* IN THE CASE OF A "DEFICIT IN CASH SURPLUS", "OTHER ASSETS"	2,199,953.40

WOULD ALSO BE PLEDGED TO CASH LIABILITIES.  
# MAY NOT BE ANTICIPATED AS NON-CASH SURPLUS IN 2022 BUDGET.  
(1) MAY BE ALLOWED UNDER CERTAIN CONDITIONS.

NOTE: Deferred charges for authorizations under N.J.S.A. 40A:4-55 (Tax Map, etc.), N.J.S.A. 40A:4-55 (Flood Damage, etc.), N.J. 40A:4-55.1 (Roads and Bridges, etc.) and N.J.S.A. 40A:4-55.13 (Public Exigencies, etc.) to the extent of emergency notes issued and outstanding for such purposes, together with such emergency notes, may be omitted from this analysis.

**(FOR MUNICIPALITIES ONLY)**  
**CURRENT TAXES - 2021 LEVY**

1. Amount of Levy as per Duplicate (Analysis) # or (Abstract of Ratables)	\$	9,968,023.50
2. Amount of Levy - Special District Taxes	\$	
3. Amount Levied for Omitted Taxes under N.J.S.A. 54:4-63.12 et seq.	\$	
4. Amount Levied for Added Taxes under N.J.S.A. 54:4-63.1 et seq.	\$	35,010.10
5a. Subtotal 2021 Levy	\$	10,003,033.60
5b. Reductions Due to Tax Appeals**	\$	
5c. Total 2021 Tax Levy	\$	10,003,033.60
6. Transferred to Tax Title Liens	\$	
7. Transferred to Foreclosed Property	\$	
8. Remitted, Abated or Canceled	\$	20,161.76
9. Discount Allowed	\$	
10. Collected in Cash: In 2020	\$	46,670.68
In 2021*	\$	9,716,087.71
Homestead Benefit Credit	\$	71,958.85
State's Share of 2021 Senior Citizens and Veterans Deductions Allowed	\$	9,250.00
Total To Line 14	\$	9,843,967.24
11. Total Credits	\$	9,864,129.00
12. Amount Outstanding December 31, 2021	\$	138,904.60
13. Percentage of Cash Collections to Total 2021 Levy, (Item 10 divided by Item 5c) is		<b>98.40%</b>

**Note:** If municipality conducted Accelerated Tax Sale or Tax Levy Sale check here ☐ and complete sheet 22a

14. Calculation of Current Taxes Realized in Cash:

Total of Line 10	\$	9,843,967.24
Less: Reserve for Tax Appeals Pending State Division of Tax Appeals	\$	
To Current Taxes Realized in Cash (Sheet 17)	\$	9,843,967.24

Note A: In showing the above percentage the following should be noted:  
Where Item 5 shows \$1,500,000.00, and Item 10 shows \$1,049,977.50,  
the percentage represented by the cash collections would be  
\$1,049,977.50 divided by \$1,500,000, or .699985. The correct percentage to  
be shown as Item 13 is 69.99% and not 70.00%, nor 69.999%.

# Note: On Item 1 if Duplicate (Analysis) Figure is used; be sure to include  
Senior Citizens and Veterans Deductions.

\* Include overpayments applied as part of 2021 collections.

\*\* Tax appeals pursuant to R.S. 54:3-21 et seq and/or R.S. 54:48-1 et seq approved by resolution of the governing  
body prior to introduction of municipal budget

**Sheet 22**

## SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS

		Debit	Credit
1. Balance - January 1, 2021		182,841.39	xxxxxxxx
A. Taxes	99,716.39	xxxxxxxx	xxxxxxxx
B. Tax Title Liens	83,125.00	xxxxxxxx	xxxxxxxx
2. Canceled:		xxxxxxxx	xxxxxxxx
A. Taxes		xxxxxxxx	
B. Tax Title Liens		xxxxxxxx	
3. Transferred to Foreclosed Tax Title Liens:		xxxxxxxx	xxxxxxxx
A. Taxes		xxxxxxxx	
B. Tax Title Liens		xxxxxxxx	
4. Added Taxes		338.43	xxxxxxxx
5. Added Tax Title Liens			xxxxxxxx
6. Adjustment between Taxes (Other than Current Year) and Tax Title Liens:		xxxxxxxx	
A. Taxes - Transfers to Tax Title Liens		xxxxxxxx	(1)
B. Tax Title Liens - Transfers from Taxes		(1) -	xxxxxxxx
7. Balance Before Cash Payments		xxxxxxxx	183,179.82
8. Totals		183,179.82	183,179.82
9. Balance Brought Down		183,179.82	xxxxxxxx
10. Collected:		xxxxxxxx	183,179.82
A. Taxes	100,054.82	xxxxxxxx	xxxxxxxx
B. Tax Title Liens	83,125.00	xxxxxxxx	xxxxxxxx
11. Interest and Costs - 2021 Tax Sale			xxxxxxxx
12. 2021 Taxes Transferred to Liens			xxxxxxxx
13. 2021 Taxes		138,904.60	xxxxxxxx
14. Balance - December 31, 2021		xxxxxxxx	138,904.60
A. Taxes	138,904.60	xxxxxxxx	xxxxxxxx
B. Tax Title Liens	-	xxxxxxxx	xxxxxxxx
15. Totals		322,084.42	322,084.42

16. Percentage of Cash Collections to Adjusted Amount Outstanding  
(Item No. 10 divided by Item No. 9) is **100.00%**

17. Item No.14 multiplied by percentage shown above is **138,904.60** and represents the maximum amount that may be anticipated in 2022.

(See Note A on Sheet 22 - Current Taxes)

(1) These amounts will always be the same.



Bonds and Notes Authorized but Not Issued must be disclosed in this Utility Capital  
Section in the same manner as set forth in General Capital Fund on Sheet 8

**POST CLOSING**  
**TRIAL BALANCE - WATER UTILITY FUND**  
**AS AT DECEMBER 31, 2021**  
**Operating and Capital Sections**

(Separately Stated)

*Cash Liabilities Must Be Subtotaled and Subtotal Must Be Marked With "C"*

Title of Account	Debit	Credit
Cash	137,986.31	
Investments	-	
Due from -		
Due from -		
<b>Receivables Offset with Reserves:</b>		
Consumer Accounts Receivable	13,689.11	
Liens Receivable	-	
Deferred Charges (Sheet 48)		
<b>Cash Liabilities:</b>		
Appropriation Reserves		56,707.16
Encumbrances Payable		18.34
Accrued Interest on Bonds and Notes		4,197.03
Water Rent Overpayments		2,991.61
Subtotal - Cash Liabilities		63,914.14 "C"
Reserve for Consumer Accounts and Lien Receivable		13,689.11
Fund Balance		74,072.17
Total	151,675.42	151,675.42

(Do not crowd - add additional sheets)

**POST CLOSING**  
**TRIAL BALANCE - WATER UTILITY FUND (cont'd)**  
**AS AT DECEMBER 31, 2021**  
**Operating and Capital Sections**  
(Separately Stated)

(Do not crowd - add additional sheets)

**POST CLOSING**  
**TRIAL BALANCE - WATER UTILITY FUND (cont'd)**  
**AS AT DECEMBER 31, 2021**  
**Operating and Capital Sections**  
(Separately Stated)

*Cash Liabilities Must Be Subtotaled and Subtotal Must Be Marked With "C"*

Title of Account	Debit	Credit
PREVIOUS PAGE TOTALS	4,177,932.40	-
BONDS PAYABLE		773,000.00
LOANS PAYABLE		-
CAPITAL LEASES PAYABLE		-
BOND ANTICIPATION NOTES		-
IMPROVEMENT AUTHORIZATIONS:		
FUNDED		188,023.99
UNFUNDED		-
ACCOUNTS PAYABLE		18,038.91
ENCUMBRANCES		10,600.00
DUE TO WATER OPERATING		
RESERVE FOR AMORTIZATION		3,157,288.02
RESERVE FOR DEFERRED AMORTIZATION		
RESERVE FOR DEBT SERVICE		4,474.10
RESERVE FOR ESCROW DEPOSITS		10,000.00
DOWN PAYMENTS ON IMPROVEMENTS		-
CAPITAL IMPROVEMENT FUND		15,469.67
CAPITAL FUND BALANCE		1,037.71
TOTALS	4,177,932.40	4,177,932.40

(Do not crowd - add additional sheets)

# SCHEDULE OF WATER UTILITY BUDGET - 2021

## BUDGET REVENUES

Source	Budget	Received in Cash	Excess or Deficit*
Operating Surplus Anticipated	90,000.00	90,000.00	-
Operating Surplus Anticipated with Consent of Director of Local Government			-
Water Rents	586,100.00	599,478.58	13,378.58
			-
			-
			-
			-
Reserve for Debt Service			-
Capital Fund Balance			
Added by N.J.S.A. 40A:4-87:(List)	xxxxxxxx	xxxxxxxx	xxxxxxxx
			-
			-
Subtotal	676,100.00	689,478.58	13,378.58
Deficit (General Budget) **			-
	676,100.00	689,478.58	13,378.58

\*\* Amount in "Received in Cash" column for "Deficit (General Budget)" and amount expended for "Surplus (General Budget)" must agree with amounts shown for such items on Sheet 45.

## STATEMENT OF BUDGET APPROPRIATIONS

Appropriations:	xxxxxxxx
Adopted Budget	676,100.00
Added by N.J.S.A. 40A:4-87	
Emergency	
Total Appropriations	676,100.00
Add: Overexpenditures (See Footnote)	
Total Appropriations and Overexpenditures	676,100.00
Deduct Expenditures:	
Paid or Charged	618,948.54
Reserved	56,707.16
Surplus (General Budget)**	-
Total Expenditures	675,655.70
Unexpended Balance Canceled (See Footnote)	444.30

**FOOTNOTES: - RE: OVEREXPENDITURES:**

Every appropriation overexpended in the budget document must be marked with an \* and must agree in aggregate with this item.

**RE: UNEXPENDED BALANCES CANCELED:**

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled"

# STATEMENT OF 2021 OPERATION

## WATER UTILITY

NOTE: Section 1 of this sheet is required to be filled out ONLY IF the 2021 Water Utility Budget contained either an item of revenue "Deficit (General Budget)" or an item of appropriation "Surplus (General Budget)"  
Section 2 should be filled out in every case.

### SECTION 1:

Revenue Realized:	XXXXXXXXXX	
Budget Revenue (Not Including "Deficit (General Budget)")	689,478.58	
Miscellaneous Revenue Not Anticipated	8,377.11	
2020 Appropriation Reserves Canceled in 2021	8,052.10	
Total Revenue Realized		705,907.79
Expenditures:	XXXXXXXXXX	
Appropriations (Not Including "Surplus (General Budget)")	XXXXXXXXXX	
Paid or Charged	618,948.54	
Reserved	56,707.16	
Expended Without Appropriation		
Cash Refund of Prior Year's Revenue		
Total Expenditures	675,655.70	
Less: Deferred Charges Included in Above "Total Expenditures"		
Total Expenditures - As Adjusted		675,655.70
Excess		30,252.09
Budget Appropriation - Surplus (General Budget)**		
Remainder = Balance of Results of 2021 Operation ("Excess in Operations" - Sheet 46)	30,252.09	
Deficit		-
Anticipated Revenue - Deficit (General Budget)**	-	
Remainder = Balance of Results of 2021 Operation ("Operating Deficit - to Trial Balance" - Sheet 46)	-	

### SECTION 2:

The following Item of '2020 Appropriation Reserves Canceled in 2021' is Due to the Current fund TO THE EXTENT OF the amount received and Due from the General Budget of 2020 for an Anticipated Deficit in the Water Utility for 2020

2020 Appropriation Reserves Canceled in 2021	8,052.10	
Less: Anticipated Deficit in 2020 Budget - Amount Received and Due from Current Fund - If none, enter 'None '		
* Excess (Revenue Realized)		8,052.10

\*\* Items must be shown in same amounts on Sheet 44.

## RESULTS OF 2021 OPERATIONS - WATER UTILITY

	Debit	Credit
Excess in Anticipated Revenues	xxxxxxxxx	13,378.58
Unexpended Balances of Appropriations	xxxxxxxxx	444.30
Miscellaneous Revenues Not Anticipated	xxxxxxxxx	8,377.11
Unexpended Balances of 2020 Appropriation Reserves*	xxxxxxxxx	8,052.10
Deficit in Anticipated Revenues	-	xxxxxxxxx
		xxxxxxxxx
Operating Deficit - to Trial Balance	xxxxxxxxx	-
Excess in Operations - to Operating Surplus	30,252.09	xxxxxxxxx
* See <u>restriction</u> in amount on Sheet 45, SECTION 2	30,252.09	30,252.09

## OPERATING SURPLUS - WATER UTILITY

	Debit	Credit
Balance - January 1, 2021	xxxxxxxxx	133,820.08
Excess in Results of 2021 Operations	xxxxxxxxx	30,252.09
Amount Appropriated in the 2021 Budget - Cash	90,000.00	xxxxxxxxx
Amount Appropriated in 2021 Budget with Prior Written Consent of Director of Local Government Services		xxxxxxxxx
Balance - December 31, 2021	74,072.17	xxxxxxxxx
	164,072.17	164,072.17

## ANALYSIS OF BALANCE DECEMBER 31, 2021 (FROM WATER UTILITY - TRIAL BALANCE)

Cash	137,986.31
Investments	
Interfund Accounts Receivable	
Subtotal	137,986.31
Deduct Cash Liabilities Marked with "C" on Trial Balance	63,914.14
Operating Surplus Cash or (Deficit in Operating Surplus Cash)	74,072.17
Other Assets Pledged to Surplus:*	
Deferred Charges #	
Operating Deficit #	
Total Other Assets	-
<b># MAY NOT BE ANTICIPATED AS NON-CASH SURPLUS IN 2021 BUDGET.</b>	<b>74,072.17</b>

\*In the case of a "Deficit in Operating Surplus Cash",  
"other Assets" would be also pledged to cash liabilities.

## **APPENDIX C**

### **FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



\_\_\_\_\_, 2022

Borough Council of the  
Borough of Hopewell, in the  
County of Mercer, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of Hopewell, in the County of Mercer, New Jersey (the "Borough"), in connection with the issuance by the Borough of its \$3,100,000 General Improvement Bonds, Series 2022, dated the date hereof (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Borough adopted April 7, 2022 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds 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 Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

[ THIS PAGE INTENTIONALLY LEFT BLANK ]