

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 9, 2023

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

NEW ISSUE

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

\$4,670,000*
BOROUGH OF PINE HILL
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2023
(Book-Entry-Only) (Bank-Qualified) (Callable)

Dated: Date of Delivery

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

The Borough of Pine Hill, County of Camden, New Jersey ("Borough"), is issuing \$4,670,000* of its General Obligation Bonds, Series 2023 ("Bonds"). The Bonds shall be issued in fully registered book-entry-only form without coupons.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The principal of the Bonds shall be paid on the maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Borough, or its hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on February 1 and August 1, commencing February 1, 2024, in each year until maturity or earlier redemption. The Bonds are subject to optional redemption prior to their stated maturity dates on the terms and conditions contained herein.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2020-986, 2020-991, 2021-1003 and 2023-1024, each duly and finally adopted by Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on July 17, 2023; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on August __, 2023.

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of bond anticipation notes of the Borough, dated September 6, 2022 and maturing on September 5, 2023; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

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

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

The Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, David C. Patterson, Esquire, Berlin, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor in connection with the Bonds. The Bonds are expected to be available for delivery in definitive form through DTC in New York, New York on or about August 30, 2023.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON AUGUST 16, 2023. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY VIEW THE RESPECTIVE NOTICES OF SALE POSTED AT WWW.GOVDEBT.NET.

*Preliminary, subject to change.

\$4,670,000*
BOROUGH OF PINE HILL,
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2023

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

Year (August 1)	Principal*	Interest Rate	Yield	CUSIP**
2024	\$210,000	%	%	
2025	210,000			
2026	210,000			
2027	360,000			
2028	375,000			
2029	390,000			
2030	400,000			
2031	415,000			
2032	420,000			
2033	420,000			
2034	420,000			
2035	420,000			
2036	420,000			

* Preliminary, subject to change.

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

BOROUGH OF PINE HILL
45 West 7th Avenue
PINE HILL, NEW JERSEY 08021

Borough Council

Christopher Green, Mayor
Charles Warrington
Thomas Knott
Erica Wakeley
John Robb
Terry Burke
Patricia Corry-Gaft

Business Administrator

John F. Greer

Chief Financial Officer

Tom Cardis

Municipal Clerk

Patricia Hendricks

Borough Attorney

David C. Patterson, Esquire
Berlin, New Jersey

Borough Auditor

Bowman & Company LLP
Woodbury and Voorhees, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Acacia Financial Group, Inc.
Mount Laurel, New Jersey

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

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

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

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

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

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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OFFICIAL STATEMENT
Relating to the

\$4,670,000*
BOROUGH OF PINE HILL
County Of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2023
(Book-Entry-Only) (Bank-Qualified) (Callable)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Pine Hill in the County of Camden, New Jersey (“Borough”), in connection with the issuance and sale of \$4,670,000* of its General Obligation Bonds, Series 2023 (“Bonds”). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey (“State”), as amended and supplemented (“Local Bond Law”); (i) various bond ordinances duly and finally adopted by the Borough Council; and (ii) bond ordinances 2020-986, 2020-991, 2021-1003 and 2023-1024 (collectively, the "Bond Ordinances"), each duly and finally adopted by Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on July 17, 2023; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on August __, 2023.

The Bonds are being issued by the Borough to provide funds, along with other available funds of the Borough, which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the bond anticipation notes of the Borough, dated September 6, 2022 and maturing on September 5, 2023; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

*Preliminary, subject to change

Ordinance No.	Improvements/ Project	Bonds or Notes Authorized	Prior Notes Outstanding	Available Borough Funds	Bonds To Be Issued
2020-986	Completion of Various Capital Improvements and Acquisition of Various Capital Equipment	\$1,591,250	\$1,591,250	\$276,250	\$1,315,000
2020-991	Completion of Various Road Improvements	180,000	180,000	0	180,000
2021-1003	Completion of Various Road Improvements	135,000	135,000	0	135,000
2023-1024	Completion of Various Capital Improvements to Recreation Center	3,040,000	0	0	3,040,000
	Total	\$4,946,250	\$1,906,250	\$276,250	\$4,670,000

THE BONDS

General

The Bonds will be issued in the amounts as shown on the inside front cover page hereof. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on February 1 and August 1 (each an “Interest Payment Date”), commencing February 1, 2024, in each year until maturity or earlier redemption thereof. Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

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

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

So long as The Depository Trust Company, New York, New York (“DTC”) or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC (“DTC Participants”) is the responsibility of DTC and disbursements of such payments to the

Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Borough.

Optional Redemption

The Bonds maturing on and after August 1, 2034 are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough shall determine and within any such maturity by lot) on any date on or after August 1, 2033, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

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

BOOK-ENTRY-ONLY SYSTEM

General

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "Banking organization" within the meaning of the New York Banking Law,

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough, or its hereafter designated 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 and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough, or its hereafter designated paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Borough, or its hereafter designated paying agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough, or its hereafter designated 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 depository with respect to the Bonds at any time by giving reasonable notice to the Borough. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

NEITHER THE BOROUGH NOR ITS HEREAFTER DESIGNATED PAYING AGENT, IF ANY, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

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

Discontinuation of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Borough, or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds may be registered on the books maintained by the Borough, or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Borough, or its hereafter

designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Borough, or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of the Bonds, the Borough, or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY AND SOURCE OF PAYMENT

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

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

GENERAL INFORMATION REGARDING THE BOROUGH

General

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

Financial

Appendix "B" to this Official Statement contains certain unaudited financial data of the Borough extracted from the Borough's Annual Financial Statement for the Borough's year ending December 31, 2022 and certain audited financial data of the Borough for the Borough's year ending December 31, 2021, 2020, 2019, 2018 and 2017. The unaudited financial data was compiled by Bowman & Company LLP, Woodbury and Voorhees, New Jersey (the "Auditor"), and the audited financial data was extracted from the report prepared by the Auditor to the extent and for the period set forth in their report appearing in Appendix "B". The Auditor has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

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

Local Bond Law

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

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

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

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

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

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

Refunding Bonds – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to

others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

Local Fiscal Affairs Law

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

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

An independent examination of the Borough’s books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvement of the municipality’s financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2021 is on file with the Chief Financial Officer and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities, unless otherwise extended by the Director.

The Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the “Cap Law”, imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the “Cap Law”. Since its inception, the “Cap Law” has been amended and modified several times, most

recently on July 13, 2010. While the revised “Cap Law” is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year’s final appropriations subject to certain exceptions. The “index rate” is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

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

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

In response to the outbreak of the Coronavirus (as defined and described under the heading “CERTAIN RISK FACTORS – Recent Healthcare Developments” below), the State Legislature enacted P.L. 2020, c. 74 (A3971), under which a local unit may adopt an emergency appropriation to fund certain deficits and expenditures resulting from Coronavirus with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten (10) years. Such emergency appropriation must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers deficits and expenses incurred during the emergency response to the Coronavirus. Moreover, to the extent that such Coronavirus-related emergency appropriations exceed the cost of providing similar services under non-emergency conditions, the deferred charge to be raised in the following year’s budget is an eligible exception to both the levy cap and the appropriations cap. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to Coronavirus. The Borough has made no appropriations for Coronavirus related deficits or expenses under this statutory provision.

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

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: “No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit.” Such determination may be made by the governing body and the Chief Financial Officer in any year during which the municipality is subject to local examination.

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

Real Estate Taxes

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

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

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

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

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

In response to the outbreak of the Coronavirus, on May 4, 2020, the Local Finance Board released Local Finance Notice 2020-11 specifically permitting alternative methodologies for calculating the reserve for uncollected taxes. In particular, instead of using the methodology described above for purpose of calculating the reserve for uncollected taxes, one of the following two alternatives may be used: (i) N.J.S.A. 40A:4-41(c) allows for use of the average of the prior three (3) years' tax collection rate to mitigate a short-term decrease in the tax collection rate; or (ii) N.J.S.A. 40A:4-41(d) allows for a municipality to reduce the prior year's certified tax levy by the amount of any tax levy adjustment resulting from a tax appeal judgement. Use of either alternative calculation requires submission to the Division of Local Government Services in the Department of Community Affairs of a resolution of the governing body and subsequent approval therefrom.

See "CERTAIN RISK FACTORS – Recent Healthcare Developments" below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

Deferral of Current Expenses

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

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three (3) years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five (5) years.

Budget Transfers

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 81.71%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Borough was in 2016, effective for the 2017 year.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the

delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Attorney (as hereinafter defined) for “in rem foreclosures” in order to acquire title to these properties.

Tax Appeals

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

SECONDARY MARKET DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the Borough has undertaken to provide certain secondary market disclosure information, pursuant to Continuing Disclosure Agreement, in the form attached as Appendix “D” to this Official Statement.

During the past 5 years, the Borough has failed to timely file certain secondary market disclosure pursuant to the Rule in connection with previous undertakings related to certain of its general obligation bonds for the year ending December 31, 2019. The Borough has since filed such information as well as the required failure to file notices. The Borough has engaged Acacia Financial Group, Inc. to serve as dissemination agent.

LITIGATION

To the knowledge of the attorney for the Borough, David C. Patterson, Esquire, Berlin, 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. A certificate to such effect will be executed by the Borough Attorney and delivered to the Underwriters of the Bonds at the closing.

TAX MATTERS

Federal

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

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

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

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

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

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

has designated the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(1) of the Code.

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

New Jersey

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

Changes in Federal and State Tax Law

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

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

RATING

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

An explanation of the significance of such ratings may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by the Rating Agency may have an adverse effect on the market price of the Bonds.

NO DEFAULT

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"). A national emergency was declared by the President of the United States ("President") (which has since been terminated), to provide federal intervention for the mitigation of the Coronavirus as a public health emergency and to unlock federal funds and assistance to help states and local governments manage the pandemic. On March 9, 2020, the Governor of the State of New Jersey ("Governor") issued Executive Order 103, pursuant to which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak.

The federal Public Health Emergency was terminated on May 11, 2023, but the State of Emergency for the State remains in effect as of the date hereof. Other Executive Orders (some of which have since been modified or rescinded) limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. These measures, which impacted the behavior of businesses and individuals, have had any may continue to have impacts on regional, state, and local economies. *See* <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law by the President on March 12, 2021, and provided \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. The Plan included different forms of financial relief, including a direct stimulus payment to certain individuals 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 also provided funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the Borough received \$1,090,332.33 in funding ("Plan Funds"). The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. Such funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) 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; (ii) 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; (iii) provide 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 (iv) make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

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

Cyber Security

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

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by _____, as underwriter (the “Underwriter”), pursuant to a Certificate of Determination and Award, dated August __, 2023. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as municipal advisor to the Borough (the “Municipal Advisor”) with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the Borough and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

APPROVAL OF LEGAL PROCEEDINGS

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

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression

of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

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

PREPARATION OF OFFICIAL STATEMENT

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

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

The Borough compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

Bond Counsel has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

The Auditor only takes responsibility for the financial statements, appearing in Appendix "B" hereto and 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 and, accordingly, will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Thomas C. Cardis, Chief Financial Officer, Borough of Pine Hill, 45 West 7th Street, Pine Hill, New Jersey 08021, (856) 783-7400 or to Joshua Nyikita, Managing Director, Acacia Financial Group, Inc., 6000 Midlantic Drive, Suite 410 North, Mount Laurel, New Jersey 08054, (856) 234-2266.

MISCELLANEOUS

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

**THE BOROUGH OF PINE HILL, COUNTY
OF CAMDEN, NEW JERSEY**

By: _____
Thomas C. Cardis, Chief Financial Officer

Dated: August , 2023

APPENDIX A

**GENERAL INFORMATION REGARDING THE
BOROUGH OF PINE HILL**

GENERAL INFORMATION ON THE BOROUGH

Overview

The Borough is located in the central portion of Camden County, New Jersey, approximately ten miles southeast of the City of Philadelphia, Pennsylvania, with a land area of 4.0 square miles. The Borough falls within the Philadelphia, Pennsylvania-New Jersey Standard Metropolitan Statistical Area ("SMSA"), a region including Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania and Burlington, Camden, and Gloucester counties in New Jersey.

Form of Government

The Borough is organized pursuant to *N.J.S.A. 40A:60-1 et seq.* The government consists of six (6) Council Members who are elected at large to three (3) year staggered terms. The Mayor is elected by the voters of the municipality and serves a four (4) year term. Under the statutes, the Mayor is the head of government and acts as the executive branch of government. The Council acts as the legislative branch of government and has executive powers not assigned by law to the Mayor.

Utilities

Water and sewer service within the Borough is provided by the Pine Hill Municipal Utilities Authority ("Authority"), which was created by various Borough ordinances. The Authority bills its residents for water and sewer on a quarterly basis. In addition, sewerage treatment service is provided by the Camden County Municipal Utilities Authority ("CCMUA"), a separate governmental entity created by the County of Camden, which provides sewerage treatment services to residents of the County of Camden who live in municipalities which have a contract relationship with the CCMUA, such as the Borough. The CCMUA bills its users directly for treatment services on a quarterly basis.

Public Services

Communication services are provided by Verizon Telephone Company, Comcast and XO Communications. Natural gas is provided by South Jersey Gas Company and electric service is provided by Atlantic City Electric.

Health Care Facilities

Although there are no hospitals within the Borough's boundaries, two hospitals fall within a ten mile radius of the Borough. Kennedy Memorial Hospital-Stratford Borough is a 236 bed facility. Virtua West Jersey-Voorhees and Virtua West Jersey-Berlin are part of the West Jersey Health System, a non-profit community organization, and along with West Jersey-Camden, make up the State's largest multi-hospital group. West Jersey-Berlin is an 89 bed facility while West Jersey-Voorhees is a 246 bed facility. Both hospitals include intensive care and progressive care units as well as 24 hour emergency rooms.

Transportation

The main highway serving the Borough is U.S. Route 30 (White Horse Pike) which runs from the Camden-Philadelphia area to Atlantic City. Blackwood-Clementon Road (Route 534) which bisects the Borough runs in an east-west direction and has a direct connection to Route 42. The Atlantic City Expressway is located approximately 5 miles southwest of the Borough and Interstate 295 is located approximately 6 miles north of the Borough.

The New Jersey Department of Transportation services the Borough with several bus routes. Each route provides access to the Port Authority Transit Corporation (PATCO) high-speed line. The high-speed line provides transportation to Atlantic City, Camden and Philadelphia.

Borough Employees

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Full-time	38	37	37	40	52
Part-time	<u>23</u>	<u>22</u>	<u>23</u>	<u>23</u>	<u>27</u>
Total	<u>61</u>	<u>59</u>	<u>60</u>	<u>63</u>	<u>79</u>

Employee Collective Bargaining Units

There are two Employee Collective Bargaining Units between the Borough and its employees as follows:

	<u>Number of Employees Represented</u>	<u>Expiration Date</u>
CWA Local 1014	13	Dec. 31, 2024
Pine Hill Police Department	21	Dec. 31, 2024

Compensated Absences

Full-time employees are entitled to eighteen paid sick leave days each year. Employees who are part of the Council Ten Union are entitled to carry forward sick and vacation time. The maximum accrual of sick time is equal to the four hundred five (405) hours in addition to the amount of sick time they had accumulated prior to the consummation of their agreement in 2001. Vacation time accrued and unused in the current prior can be carried for no greater than one (1) year. Employees under the collective bargaining agreement for the Police are entitled to no greater than forty (40) hours of accumulated vacation time and an unlimited accumulation of sick time. Employees not covered under the above agreements may accumulate up to forty (40) hours of vacation and an unlimited accumulation of sick time.

The Borough compensates employees for unused sick leave upon termination or retirement. The Borough's liability is limited to the accrual provisions as outlined above. For additional information regarding compensated absences, see Appendix B: Audited Financial Statements of The Borough, Note 9 To Financial Statements.

Pension Costs

Those Borough employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension costs, see Appendix B: Audited Financial Statements of The Borough, Note 7 to Financial Statements.

Borough Population(1)

<u>Year</u>	<u>Borough Population</u>	<u>County Population</u>	<u>State Population</u>
2020 Federal Census	10,743	523,485	9,288,994
2010 Federal Census	10,233	513,601	8,791,894
2000 Federal Census	10,880	508,932	8,414,350
1990 Federal Census	9,854	502,824	7,730,188
1980 Federal Census	8,864	471,650	7,365,011

Selected Census 2021 Data for the Borough (1)

Median household income	\$63,892
Per capita income	\$38,999

Labor Force(2)

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Borough					
Labor Force	5,573	5,514	5,510	5,431	5,342
Employment	5,290	5,052	4,877	5,179	5,067
Unemployment	283	462	633	252	275
Unemployment Rate	5.1%	8.4%	11.5%	4.6%	5.1%
County					
Labor Force	270,737	266,980	265,237	253,053	250,133
Employment	259,883	248,194	239,598	242,811	238,635
Unemployment	10,854	18,786	25,639	10,242	11,498
Unemployment Rate	4.0%	7.0%	9.7%	4.0%	4.6%
State					
Labor Force	4,739,800	4,666,100	4,650,300	4,686,300	4,604,800
Employment	4,564,100	4,357,200	4,212,400	4,524,300	4,420,700
Unemployment	175,700	308,900	437,900	162,000	184,100
Unemployment Rate	3.7%	6.6%	9.4%	3.5%	4.0%

Business and Industry

The Borough is primarily a residential community.

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

(2) Source: New Jersey Department of Labor.

TEN LARGEST EMPLOYERS (1)

The following table outlines the ten (10) largest employers in the Borough.

<u>Company</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Pine Hill Board of Education	Public School	455
Pine Valley Golf Club	Golf Course	162
Pine Hill Golf Club	Golf Course	100
Borough of Pine Hill	Municipality	50
Carl R. Pursell Inc.	Construction	45
ATT Sports Inc.	Polyurethane Surfaces	42
Kentucky Fried Chicken	Fast Food Restaurant	29
Hydraulic Breaker Services LLC	Service Hydraulic Breakers	25
Wawa, Inc.	Convenience Store	20
Urethane Science LLC	Product Development/Polyurethane Foam	17

Planning and Development

The Borough has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building. The Borough building codes conform to standards of the New Jersey Uniform Construction Code. These codes and other municipal codes are codified as a basis for improved administration and regulation.

The Borough adopted the Municipal Land Use Law on July 17, 1995 as amended by Ordinance Nos. 95-600 and 96-619, and finally adopted on December 16, 1996. The Municipal Land Use Law gave the Borough Planning and Zoning Board authority to regulate most land use other than single family use. In this way, the Borough is able to guide the approximate use or development of land to promote the public health, safety, morals and general welfare.

A Master Plan, prepared by the Pine Hill Master Plan Committee and the Borough's engineer, was adopted in November 1993.

Municipal Consolidation – The Borough of Pine Hill and the Borough of Pine Valley have adopted Ordinances for the Borough of Pine Valley to be consolidated into the Borough of Pine Hill pursuant to applicable law. The consolidation took effect January 1, 2022. At that time the Borough of Pine Valley will no longer exist. There will be no change to the government of the Borough of Pine Hill. The official map will be revised to identify new municipal boundaries. All details for the consolidation are in place and approved by the State of New Jersey. The management of the Borough of Pine Hill has determined there will be no material impact to the financial condition of the Borough with the consolidation.

Building Permits (2)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2023 (3)	266	\$93,905.00
2022	467	117,992.00
2021	548	167,966.00
2020	463	102,917.00
2019	473	130,649.00
2018	550	159,926.00

(1) Source: Borough officials

(2) Source: Borough Construction Official

(3) As of June 15, 2023

GENERAL INFORMATION ON THE SCHOOL DISTRICT (1)

General

The public school system in the Borough of Pine Hill ("Borough") is operated by the School District, a Type II school district, whose boundaries are coterminous with those of the Borough and in which the Board adopts proposals for, and, in general, the legally registered voters at a school election approve, the issuance of school debt and annual school budgets. The School District is also in a sending/receiving relationship with Berlin Township and Clementon Borough for students in grades 9 to 12. As a Type II school district, the School District operates independently through the Board. The Board is comprised of eleven (11) members (nine (9) members from the Borough of Pine Hill, one (1) from the Borough of Clementon and one (1) from the Township of Berlin which send students to the School District) elected to three (3) year terms. The terms of the Board members are staggered so that three (3) members' terms expire each year.

The School District operates four (4) schools with grade levels including preschool to grade 12.

School District Enrollments (1)

<u>Grade</u>	<u>October 15,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PK	36	52	30	54	51
K	110	109	83	110	110
1	102	85	111	104	115
2	88	107	85	104	87
3	107	76	100	82	119
4	72	89	88	116	109
5	83	85	122	109	105
6	89	103	111	114	103
7	111	102	109	108	109
8	105	102	100	101	89
9	172	187	139	134	142
10	182	127	129	127	125
11	125	124	121	119	129
12	127	125	120	134	132
Sp. Education	<u>361</u>	<u>390</u>	<u>361</u>	<u>365</u>	<u>335</u>
Total	<u>1,870</u>	<u>1,863</u>	<u>1,809</u>	<u>1,881</u>	<u>1,860</u>

Present School Facilities, Enrollment and Capacity (1)

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment 10/15/22</u>	<u>Functional Capacity</u>
John H. Glenn Elementary School	1968	1990	Pre K-4	392	500
Dr. Albert M. Bean School	1952	1990	Pre K-4	327	400
Pine Hill Middle School	2001	---	5-8	364	650
Overbrook High School	1969	1985	9-12	<u>787</u>	<u>1,250</u>
				<u>1,870</u>	<u>2,800</u>

(1) School District officials

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2021-2022 school year, there were approximately 4,856 undergraduate students and 1,713 graduate students.

Camden County College

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

As of the Spring of 2023, full time enrollment was 3,204 and part-time enrollment was 8,124 for a total of 11,328.

Camden County Technical Schools

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

For high school students, there are over 30 career programs from which to choose. For the 2020-2021 school year, 1,464 students are enrolled at the Gloucester Township Campus, and 784 at the Pennsauken Campus, including 260 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	2023	
		<u>Assessed</u>	<u>Valuation</u>
Chalet Gardens Realty Corp	Apartments	\$	21,193,500
Glen Eyre TIC DE 1 LLC	Apartments		15,920,000
Cedar Brok NJ LLC and A&N Green Real	Apartments		10,384,100
Pine Valley Golf Club	Golf Course		6,947,400
Carl Pursell	Warehouse		2,000,400
Messer Holding, LLC	Vacant Land		1,478,000
US Bank Trust NA	Homes		1,375,500
VMDH Enterprises, LLC	Vacant Land		1,051,400
National Paving Co Inc.	Asphalt Plant		1,027,300
ExchangeRight Net-Leased Portfolio 50	Dollar General Store		855,900

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Delinquent Taxes</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2022 (3)	\$ 23,511,490	\$ 22,948,530	97.60%	\$ 408,172	1.74%
2021	22,852,397	22,335,179	97.74%	379,058	1.66%
2020	22,301,998	21,716,413	97.37%	433,170	1.94%
2019	22,509,288	21,806,155	96.88%	514,754	2.29%
2018	22,966,060	22,127,722	96.35%	672,247	2.93%

DELINQUENT TAXES (2)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2022 (3)	\$ 380,292	\$ -	\$ 369,694	97.21%	\$ -	\$ 10,292	\$ 306
2021	435,048	1,750	435,122	99.62%	-	442	1,234
2020	542,987	3,000	520,364	95.31%	7,783	15,962	1,877
2019	699,851	6,000	652,671	92.46%	12,618	12,329	28,233
2018	692,608	9,251	642,379	91.53%	25,450	6,426	27,604

(1) Source: Borough Tax Assessor

(2) Source: Annual Report of Audit

(3) Source: Compiled Annual Financial Statement

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance</u> <u>Jan. 1</u>	<u>Added by</u> <u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	<u>Cancellations/</u> <u>Foreclosures</u>	<u>Prior</u> <u>Period</u> <u>Adjustments</u>	<u>Balance</u> <u>Dec. 31</u>
2022	(2) \$ 1,215,579	\$ 119,151	\$ 17,475	\$ -	\$ -	\$ 1,317,255
2021	1,135,824	128,503	33,137	-	15,611	1,215,579
2020	1,015,917	138,960	8,515	10,538	-	1,135,824
2019	876,122	157,103	17,308	-	-	1,015,917
2018	766,306	149,627	11,784	28,027	-	876,122

FORECLOSED PROPERTY (1) (3)

<u>Year</u>	<u>Balance</u> <u>Jan. 1</u>	<u>Added By</u> <u>Transfer</u>	<u>Sale of</u> <u>Property</u>	<u>Adjustments</u>	<u>Balance</u> <u>Dec. 31</u>
2022	(2) \$ 784,550	\$ -	\$ -	\$ -	\$ 784,550
2021	784,550	-	-	-	784,550
2020	784,550	-	-	-	784,550
2019	784,550	-	-	-	784,550
2018	784,550	-	-	-	784,550

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (4)

<u>Year</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Total</u> <u>Rate</u>	<u>Tax Rate (5)</u>						
			<u>County</u> <u>County</u> <u>Library</u>	<u>County</u> <u>Open</u> <u>Space</u>	<u>Local</u> <u>School</u>	<u>Municipal</u>	<u>Fire</u> <u>Districts</u>		
2023	\$ 443,883,300	\$ 5.442	\$ 0.911	\$ 0.059	\$ 0.028	\$ 2.798	\$ 1.330	\$ 0.316	
2022	443,409,100	5.286	0.858	0.057	0.024	2.759	1.290	0.298	
2021	423,203,169	5.394	0.857	0.056	0.022	2.877	1.290	0.292	
2020	420,686,847	5.286	0.818	0.054	0.021	2.865	1.245	0.283	
2019	421,091,055	5.341	0.852	0.055	0.022	2.895	1.246	0.271	

(1) Source: Annual Report of Audit

(2) Source: Compiled Annual Financial Statement

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

(4) Source: Borough Tax Collector

(5) Per \$100 of assessed valuation

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA (1)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita</u>
2023	\$ 443,883,300	72.24%	\$ 614,456,395	\$ 57,196 (2)
2022	442,973,900	83.69%	529,303,262	49,270 (2)
2021	422,734,800	90.35%	467,885,778	43,553 (2)
2020	420,194,600	95.03%	442,170,472	41,159 (2)
2019	420,611,000	93.26%	451,009,007	44,074 (3)

REAL PROPERTY CLASSIFICATION (3)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Farmland</u>
2023	\$ 443,883,300	\$ 14,118,100	\$ 355,093,200	\$ 24,677,700	\$ 793,200	\$ 47,991,600	\$ 1,209,500
2022	442,973,900	14,653,600	353,885,000	24,441,100	793,200	47,991,600	1,209,400
2021	422,734,800	10,580,300	346,372,600	15,788,200	793,200	47,991,600	1,208,900
2020	420,291,800	11,190,400	344,603,900	14,504,500	793,200	47,991,600	1,208,200
2019	420,611,000	11,254,900	344,410,800	15,070,000	793,200	47,991,600	1,090,500

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

(2) Based on 2020 Census of 10,743

(3) Based on 2010 Census of 10,233

(4) Source: Borough Tax Assessor

BOROUGH OF PINE HILL
2023 MUNICIPAL BUDGET

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,850,000
Miscellaneous Revenues:	
Local Revenues	1,604,000
State Aid without Offsetting Appropriations	939,422
Dedicated Uniform Construction Code Fees Offset with Appropriations	120,000
Special Items of Revenue with Consent of DLGS:	
Public and Private Revenues	30,356
Other Special Items	545,166
Receipts from Delinquent Taxes	420,000
Amount to be Raised by Taxation for Municipal Purposes	5,904,327
Total Appropriated Revenues	\$ 11,413,271
Appropriations:	
Within CAPS:	
Operations	\$ 8,074,507
Deferred Charges and Statutory Expenditures	1,146,189
Excluded from CAPS:	
Other Operations	68,452
Shared Service Agreements	140,000
Public and Private Programs Offset by Revenues	32,856
Capital Improvements	475,000
Municipal Debt Service	576,605
Reserve for Uncollected Taxes	899,662
Total Appropriations	\$ 11,413,271

BOROUGH OF PINE HILL
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2023 - 2028

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in Aid and Other Funds</u>	<u>Bonds and Notes General</u>
General Capital:				
Recreation Center Improvements	\$ 3,200,000	\$ 160,000		\$ 3,040,000
Reconstruction of Various Streets	2,125,000	1,000,000	\$ 1,125,000	
Totals--All Projects	\$ 5,325,000	\$ 1,160,000	\$ 1,125,000	\$ 3,040,000

**BOROUGH OF PINE HILL
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Borough in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et. seq.). The gross debt comprises short and long-term debt issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school debt and reserve for payment of debt. The resulting net debt of \$3,531,250 represents 0.658% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit.

	Debt Issued		Gross Debt	Deductions		Net Debt
	Bonds/Loans	Notes		School District	Reserve for Payment of Debt	
General	\$ 1,900,000	\$ 1,906,250	\$ 3,806,250		\$ 275,000	\$ 3,531,250
School District	3,290,000		3,290,000	\$ 3,290,000		
	<u>\$ 5,190,000</u>	<u>\$ 1,906,250</u>	<u>\$ 7,096,250</u>	<u>\$ 3,290,000</u>	<u>\$ 275,000</u>	<u>\$ 3,531,250</u>

(1) As of December 31, 2022

**BOROUGH OF PINE HILL
DEBT RATIOS AND VALUATIONS (1)**

Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	\$	536,289,151
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with improvements for 2020, 2021 and 2022		0.658%
2023 Net Valuation Taxable	\$	443,883,300
2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	614,456,395
Gross Debt (2)		
As a Percentage of 2023 Net Valuation Taxable		1.60%
As a Percentage of 2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.15%
Net Debt (2)		
As a Percentage of 2023 Net Valuation Taxable		0.80%
As a Percentage of 2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		0.57%
Gross Debt per Capita(3)	\$	661
Net Debt per Capita(3)	\$	329

BOROUGH BORROWING CAPACITY (1)

3.5% of Average (2020-22) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$536,289,151)	\$	18,770,120
Net Debt		<u>3,531,250</u>
Remaining Borrowing Capacity	\$	<u><u>15,238,870</u></u>

SCHOOL DISTRICT BORROWING CAPACITY(1)

4% of Average (2020-22) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$536,289,151)	\$	21,451,566
Local School Debt		<u>3,290,000</u>
Remaining Borrowing Capacity	\$	<u><u>18,161,566</u></u>

(1) As of December 31, 2022

(2) Excluding overlapping debt

(3) Based on 2020 Federal Census of 10,743

**BOROUGH OF PINE HILL
OVERLAPPING DEBT
AS OF DECEMBER 31, 2022**

	DEBT ISSUED				
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden (1):					
General:					
Bonds	\$ 64,387,267	\$ 22,237,615 (2)	\$ 42,149,652	\$ 518,441 (4)	\$ 71,990,250
Notes	42,980,000		42,980,000	528,654 (4)	
Loan Agreements	347,760,000		347,760,000	4,277,448 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	223,550,595	223,550,595 (3)	-		
Pine Hill MUA (5)	6,838,862		6,838,862	6,838,862	
	<u>\$ 685,516,724</u>	<u>\$ 245,788,210</u>	<u>\$ 439,728,514</u>	<u>\$ 12,163,405</u>	<u>\$ 71,990,250</u>

(1) Source: County of Camden

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2022 Net Valuation on which County taxes are apportioned, which is 1.23%.

(5) Authority Auditor

Camden County Municipal Utilities Authority

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

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

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

The gross debt as of December 31, 2022 for the CCMUA was \$193,185,104 (unaudited). The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

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

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2022 was \$373,752,238.

Pine Hill Municipal Utilities Authority

The Pine Hill Borough Municipal Utilities Authority (the "MUA") is a public body corporate and politic of the State of New Jersey and was created by two ordinances of the Borough. The MUA operates under the supervision of a five member Board who are appointed by the Borough Council to five year staggered terms.

The MUA has entered into a service contract with the Borough, whereby the Borough is obligated to pay the MUA sums equal to any deficits in MUA revenues necessary to pay or provide for the: (i) operation and maintenance expenses of the system; (ii) the principal of and interest on bonds or notes of the MUA; (iii) maintenance of reserves which may be required; and (iv) amounts necessary to enable the MUA to comply with the terms of its Bond Resolution.

The MUA is required under the terms of the service charges estimated to be sufficient to pay operating expenses, debt service charges, meet any reserves or sinking funds, and to comply with the terms of its Bond Resolutions, unless otherwise agreed to in writing by the Borough.

The obligation of the Borough to pay the MUA in accordance with the service contract constitutes a valid and binding direct obligation of the Borough. Amounts payable under the service contract are ultimately payable by the Borough from *ad valorem* taxes on all taxable real property without limitation as to rate or amount.

The outstanding bonded indebtedness of the MUA as of December 31, 2022 is comprised of the following:

<u>Series</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Trust Loan – 2007A Series		\$180,000.00	\$180,000.00
Fund Loan – 2007B Series		80,413.28	80,413.28
Trust Loan – 2014A Series		110,000.00	110,000.00
Fund Loan – 2014B Series		279,661.09	279,661.09
Trust Loan – 2017A Series		355,000.00	355,000.00
Fund Loan – 2017B Series		883,918.90	883,918.90
Water Revenue Bonds – 1985 Series	\$193,451.53		193,451.53
Water Revenue Bonds – 1992 Series	130,999.77		130,999.77
Water Revenue Bonds – 2000 Series	4,430,000.00		4,430,000.00
Trust Loan – 2014A Series	55,000.00		55,000.00
Fund Loan – 2014B Series	140,417.35		<u>140,417.35</u>
			<u>\$6,838,861.92</u>

**BOROUGH OF PINE HILL
SCHEDULE OF BOROUGH DEBT SERVICE
BONDED DEBT ONLY (1)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 460,000	\$ 61,125	\$ 521,125
2024	465,000	46,950	511,950
2025	480,000	31,925	511,925
2026	<u>495,000</u>	<u>16,425</u>	<u>511,425</u>
	<u>\$ 1,900,000</u>	<u>\$ 156,425</u>	<u>\$ 2,056,425</u>

(1) As of December 31, 2022

Source: Borough Auditor

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF PINE HILL

FOR THE YEAR ENDED 2022

COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Pine Hill
Pine Hill, New Jersey 08021

Management is responsible for the accompanying financial statements of the Borough of Pine Hill, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2022 and the related statements of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

Respectfully submitted,

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

/s/ Stefanie J. DeSantis
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 22, 2023

BOROUGH OF PINE HILL
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2022

Assets:

Regular Fund:

Cash:

Treasurer	\$ 6,158,254.96
Petty Cash Fund	<u>700.00</u>

6,158,954.96

Other Receivables:

Due From State of New Jersey - Veterans and Senior Citizens Deductions	<u>29,007.39</u>
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Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	408,477.84
Tax Title Liens Receivable	1,317,254.99
Property Acquired for Taxes - Assessed Valuation	784,550.00
Due from Animal Control Fund	32,183.15
Due from Trust Other Fund	<u>1,486.69</u>

2,543,952.67

8,731,915.02

Federal and State Grant Fund:

Grants Receivable	36,503.47
Due from Current Fund	<u>687,993.86</u>

724,497.33

\$ 9,456,412.35

(Continued)

BOROUGH OF PINE HILL
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2022

Liabilities, Reserves and Fund Balance:

Regular Fund:

Appropriation Reserves	\$	627,747.58
Encumbrances Payable		203,984.70
Prepaid Taxes		127,449.39
Due County for Added and Omitted Taxes		5,834.83
Due to Federal and State Grant Fund		687,993.86
Due to General Capital Fund		152,485.23
Due State of New Jersey - Marriage License Fees		25.00
Due Pine Hill MUA		55.04
Due Lindenwold MUA		13,204.72
Reserve for Land Sale Deposits		2,000.00
Reserve for Municipal Relief Fund Aid		46,270.00
		1,867,050.35

Reserves for Receivables		2,543,952.67
Fund Balance		4,320,912.00
		8,731,915.02

Federal and State Grant Fund:

Unappropriated Reserves		580,647.72
Appropriated Reserves		138,562.11
Encumbrances Payable		5,287.50
		724,497.33
	\$	9,456,412.35

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF PINE HILL

CURRENT FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2022

Revenue and Other Income Realized:	
Fund Balance Utilized	\$ 1,850,000.00
Miscellaneous Revenues Anticipated	3,459,687.42
Receipts from Delinquent Taxes	387,169.22
Receipts from Current Taxes	22,948,529.85
Nonbudget Revenues	421,444.21
Other Credits to Income:	
Prior Year Refunds	8,569.40
Prior Year Accounts Payable Cancelled	1,201.98
Unexpended Balance of Appropriation Reserves	683,714.30
Statutory Excess - Animal Control Fund	12,113.50
	<hr/>
	29,772,429.88
Expenditures:	
Budget and Emergency Appropriations:	
Appropriations Within "CAPS"	
Operations:	
Salaries and Wages	3,621,272.00
Other Expenses	4,185,348.00
Deferred Charges and Statutory Expenditures	1,090,743.00
Appropriations Excluded from "CAPS"	
Operations:	
Other Expenses	222,471.31
Capital Improvements	660,000.00
Municipal Debt Service	524,511.31
County Taxes	4,161,592.89
Due County for Added and Omitted Taxes	5,834.83
Local District School Tax	12,234,291.00
Special District Taxes	1,317,951.00
Refund Prior Year Revenue	786.00
Interfund Created	12,869.86
	<hr/>
	28,037,671.20
Excess in Revenues	1,734,758.68
Fund Balance January 1	<hr/>
	4,436,153.32
Total	<hr/>
	6,170,912.00
Decreased by:	
Utilization as Anticipated Revenue	<hr/>
	1,850,000.00
Fund Balance December 31	<hr/>
	\$ 4,320,912.00

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF PINE HILL
TRUST FUND
Statement of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2022

Assets:

Animal Control Fund:	
Cash - Chief Financial Officer	\$ <u>59,910.30</u>
Other Funds:	
Cash - Chief Financial Officer	437,577.25
Cash - Collector	<u>563,066.61</u>
	<u>1,000,643.86</u>
	<u>\$ 1,060,554.16</u>

Liabilities, Reserves, and Fund Balance:

Animal Control Fund:	
Due to Current Fund	\$ 32,183.15
Reserve for Animal Control Fund	<u>27,727.15</u>
	<u>59,910.30</u>
Other Funds:	
Due to Current Fund	1,486.69
Reserve for Escrow Deposits	238,817.45
Reserve for Unemployment Compensation	45,832.87
Reserve for Payroll	32,732.02
Reserve for Off-Duty Police Employment	801.87
Reserve for Tax Sale Premiums	454,800.00
Reserve for Redemption of Tax Sale Certificates	107,749.27
Reserve for Public Defender Fees	14,707.28
Reserve for D.A.R.E.	25,949.51
Reserve for Forfeited Funds - State	7,299.65
Reserve for Forfeited Funds - Federal	1,887.34
Reserve for Police K-9	3,202.76
Reserve for Recreation	11,927.59
Reserve for COAH	48,777.52
Reserve for Health Reimbursement Account	<u>4,672.04</u>
	<u>1,000,643.86</u>
	<u>\$ 1,060,554.16</u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF PINE HILL
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2022

Assets:

Cash - Chief Financial Officer	\$	1,613,867.85
Deferred Charges to Future Taxation:		
Funded		1,900,000.00
Unfunded		1,906,250.00
Due Current Fund		152,485.23
Due to Federal & State Grant Fund		
State Road Aid Allotments Receivable		<u>390,923.39</u>
	\$	<u><u>5,963,526.47</u></u>

Liabilities, Reserves and Fund Balance:

Capital Improvement Fund	\$	266,641.07
Encumbrances Payable		137,591.79
Improvement Authorizations:		
Funded		997,443.65
Unfunded		477,513.35
Bond Anticipation Notes Payable		1,906,250.00
General Serial Bonds		1,900,000.00
Reserve for Debt Service		275,000.00
Fund Balance		<u>3,086.61</u>
	\$	<u><u>5,963,526.47</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF PINE HILL
Selected Information - Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Pine Hill (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature in May of 1929. The Borough, located in Camden County, New Jersey, has a total area of approximately 4.1 square miles, and is located approximately fifteen miles southeast from the City of Philadelphia. The Borough borders the Boroughs of Berlin, Clementon, Lindenwold, and Pine Valley, and the Townships of Gloucester and Winslow. According to the 2020 census, the population is 10,743.

The Borough is governed under the Mayor-Council form of government, with a Mayor and a six-member Council. The Mayor and Council is elected directly by the voters in partisan elections, the Mayor to serve a four-year term in office and the Council to serve three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator and Borough Clerk. Legislative responsibility is vested with the Council.

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

Pine Hill Municipal Utilities Authority
907 Turnerville Road
Pine Hill, New Jersey 08021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

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

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

Fund Balance - Fund balance included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Borough of Pine Hill School District, and the Borough of Pine Hill Fire District No. 1. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

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

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Borough of Pine Hill Fire District No. 1. Operations is charged for the full amount required to be raised from taxation to operate the Fire 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 immediately preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

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

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital 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 the confirmation of the assessments or when the improvement is fully and permanently funded.

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

FOR THE YEARS ENDED 2021, 2020, 2019, 2018 AND 2017

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Pine Hill
Pine Hill, New Jersey 08021

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Pine Hill, in the County of Camden, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Pine Hill, in the County of Camden, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Borough of Pine Hill, in the County of Camden, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Respectfully submitted,

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

/s/ Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
December 30, 2022

BOROUGH OF PINE HILL
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	2021	2020	2019	2018	2017
ASSETS					
Regular Fund:					
Cash:					
Treasurer	\$ 6,330,028.42	\$ 4,591,610.72	\$ 4,368,948.38	\$ 3,656,061.63	\$ 3,696,592.41
Petty Cash Fund	700.00	700.00	700.00	700.00	300.00
Other Receivables:					
Due from State of New Jersey:					
Senior Citizens and Veterans Deductions	28,007.39	27,462.99	17,394.64	11,894.64	14,144.64
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	380,292.35	435,047.70	542,986.79	699,850.62	692,607.55
Tax Title Liens Receivable	1,215,579.17	1,135,823.63	1,015,916.50	876,121.92	766,305.73
Property Acquired for Taxes- - Assessed Valuation	784,550.00	784,550.00	784,550.00	784,550.00	784,550.00
Prepaid Local School District Tax					1,636.36
Prepaid County Taxes		20,000.00			
Revenue Accounts Receivable	15,273.31	16,253.95	18,057.59	21,330.29	9,140.85
Interfunds Receivable	20,799.98	22,463.58	32,948.14	8,257.84	1,110.99
Deferred Charges:					
Special Emergency Appropriations NJSA 40A:4-55			29,855.00	74,855.00	180,000.00
Emergency Appropriations				62,742.03	
Federal and State Grant Fund:					
Grants Receivable	35,913.47	16,669.52	22,635.42	18,416.66	5,501.25
Due from Current Fund	661,031.25	111,903.51	107,967.53	103,271.09	113,714.91
	<u>\$ 9,472,175.34</u>	<u>\$ 7,162,485.60</u>	<u>\$ 6,941,959.99</u>	<u>\$ 6,318,051.72</u>	<u>\$ 6,265,604.69</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Appropriation Reserves	\$ 842,016.28	\$ 901,618.42	\$ 997,461.46	\$ 602,344.19	\$ 732,320.04
Encumbrances Payable	76,487.43	130,989.11	70,652.25	71,730.52	60,989.51
Accounts Payable	1,201.98	1,001.98			
Prepaid Taxes	169,628.99	164,204.28	153,866.76	155,101.07	264,520.50
Tax Overpayments					9,149.27
Due County for Added and Omitted Taxes	3,083.13	10,255.37	2,450.09	20,378.92	8,323.02
Due to Federal and State Grant Fund	661,031.25	111,903.51	107,967.53	103,271.09	113,714.91
Interfunds Payable	153,623.67	4,100.39	177,272.87	177,701.50	42,503.19
Due State of New Jersey - Marriage License Fees	250.00	300.00	375.00	325.00	375.00
Due Pine Hill MUA	55.04	55.04	55.04	362.88	362.88
Due Lindenwold MUA	13,204.72	13,204.72			
Special Emergency Notes					180,000.00
Reserve for Land Sale Deposits	2,000.00	2,000.00	2,000.00	2,000.00	
Reserve for Revaluation					60,145.00
Reserves for Receivables	2,416,494.81	2,414,138.86	2,394,459.02	2,390,110.67	2,255,351.48
Fund Balance	4,436,153.32	3,280,140.89	2,904,797.02	2,673,038.13	2,418,633.73
Federal and State Grant Fund:					
Unappropriated Reserves	565,292.81	6,399.59	17,061.00	3,830.53	17,955.92
Appropriated Reserves	117,304.48	119,905.22	113,278.72	113,936.08	100,900.45
Encumbrances Payable	14,347.43	2,268.22	263.23	3,921.14	359.79
	<u>\$ 9,472,175.34</u>	<u>\$ 7,162,485.60</u>	<u>\$ 6,941,959.99</u>	<u>\$ 6,318,051.72</u>	<u>\$ 6,265,604.69</u>

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

BOROUGH OF PINE HILL
CURRENT FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	2021	2020	2019	2018	2017
Revenue Realized:					
Fund Balance Utilized	\$ 1,485,000.00	\$ 1,300,000.00	\$ 1,300,000.00	\$ 1,200,000.00	\$ 940,000.00
Miscellaneous Revenues Anticipated	3,352,284.13	2,868,507.87	3,094,220.03	2,675,353.62	2,618,889.08
Receipts from Delinquent Taxes	468,258.84	528,879.17	669,979.03	654,162.90	709,219.84
Receipts from Current Taxes	22,335,178.85	21,716,413.07	21,806,154.87	22,127,722.17	21,749,429.44
Nonbudget Revenues	876,042.41	331,749.31	241,152.90	269,039.18	224,175.74
Other Credits to Income:					
Liquidated Prepaid Local District School Taxes				1,636.36	
Prepaid County Taxes Liquidated	20,000.00				
Unexpected Balance of Appropriation Reserves	731,864.84	838,985.09	478,362.51	561,980.63	506,661.38
Interfund Returned	2,433.71	11,137.56		536.41	7,124.80
Statutory Excess - Animal Control Fund	20,778.58	37.38	14,082.40	7,677.30	
Tax Overpayments Cancelled				2,546.04	
Total Income	29,291,841.36	27,595,709.45	27,603,951.74	27,500,654.61	26,755,500.28
Expenditures:					
Budget and Emergency Appropriations:					
Appropriations Within "CAPS"					
Operations:					
Salaries and Wages	\$ 3,462,929.00	\$ 3,305,487.00	\$ 3,382,778.00	\$ 3,215,012.00	\$ 3,072,194.00
Other Expenses	3,959,093.00	3,844,173.00	3,607,015.00	3,533,718.03	3,339,790.00
Deferred Charges and Statutory Expenditures:	1,047,351.00	947,844.00	888,509.00	839,403.00	804,377.00
Appropriations Excluded from "CAPS"					
Operations:					
Salaries and Wages		1,250.31	12,125.25	12,171.72	17,722.46
Other Expenses	73,679.22	69,279.67	83,075.46	91,880.27	90,875.09
Capital Improvements'	175,000.00	175,000.00	175,000.00	175,000.00	
Municipal Debt Service	553,936.60	519,350.00	516,075.00	563,498.21	578,773.44
Deferred Charges		29,855.00	107,742.03	45,000.00	45,667.00
County Taxes	3,955,604.38	3,753,984.53	3,908,979.60	4,150,534.35	3,928,734.85
Due County for Added and Omitted Taxes	3,083.13	10,255.37	2,450.09	20,378.92	8,323.02
Local District School Purposes	12,173,424.00	12,054,076.00	12,190,075.00	12,390,276.48	12,199,600.00
Special District Taxes	1,234,077.49	1,186,158.00	1,135,666.00	1,055,186.00	1,054,166.00
Prior Year Senior Citizens Disallowed	1,750.00	3,000.00	6,000.00	9,250.00	8,131.51
Interfund Created	770.11	652.70	24,690.30	7,683.26	426.94
Refund Prior Year Revenue	2,131.00		32,012.12		
Tax Premiums Reinstated	8,000.00				
Prepaid County Taxes		20,000.00			
Prepaid Local District School Taxes					1,636.36
Total Expenditures and Encumbrances	26,650,828.93	25,920,365.58	26,072,192.85	26,108,992.24	25,150,417.67
Excess in Revenues	2,641,012.43	1,675,343.87	1,531,758.89	1,391,662.37	1,605,082.61
Adjustments to Income Before Fund Balance -					
Expenditures Included Above Which Are by Statute					
Deferred Charges to Budget of Succeeding Year				62,742.03	
Statutory Excess to Fund Balance	2,641,012.43	1,675,343.87	1,531,758.89	1,454,404.40	1,605,082.61
Fund Balance January 1	3,280,140.89	2,904,797.02	2,673,038.13	2,418,633.73	1,753,551.12
Total	5,921,153.32	4,580,140.89	4,204,797.02	3,873,038.13	3,358,633.73
Decreased by:					
Utilization as Anticipated Revenue	1,485,000.00	1,300,000.00	1,300,000.00	1,200,000.00	940,000.00
Fund Balance December 31	\$ 4,436,153.32	\$ 3,280,140.89	\$ 2,904,797.02	\$ 2,673,038.13	\$ 2,418,633.73

BOROUGH OF PINE HILL
TRUST FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Animal Control Fund:					
Cash - Chief Financial Officer	\$ 49,392.07	\$ 59,281.14	\$ 52,514.08	\$ 35,657.04	\$ 15,787.48
Other Funds:					
Cash - Chief Financial Officer	438,398.77	368,108.94	295,619.76	365,881.58	327,943.99
Cash - Collector	616,108.06	661,242.60	515,409.43	409,913.47	606,138.55
Interfunds Receivable		4,100.39			
	<u>1,054,506.83</u>	<u>1,033,451.93</u>	<u>811,029.19</u>	<u>775,795.05</u>	<u>934,082.54</u>
	<u>\$ 1,103,898.90</u>	<u>\$ 1,092,733.07</u>	<u>\$ 863,543.27</u>	<u>\$ 811,452.09</u>	<u>\$ 949,870.02</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Animal Control Fund:					
Due to Current Fund	20,029.87	21,896.54	21,810.88	7,696.44	13.18
Due to State of New Jersey	9.60		6.60		19.20
Reserve for Animal Control Fund	29,352.60	37,384.60	30,696.60	27,960.60	15,755.10
	<u>49,392.07</u>	<u>59,281.14</u>	<u>52,514.08</u>	<u>35,657.04</u>	<u>15,787.48</u>
Other Funds:					
Due to Current Fund	770.11		11,137.26	561.40	1,097.81
Reserve for Escrow Deposits	288,363.97	258,919.85	172,745.31	215,680.78	175,172.14
Reserve for Unemployment Compensation	39,393.01	34,497.33	28,694.29	34,988.00	43,946.04
Reserve for Payroll	5,423.63	4,378.51	20,392.23	33,978.86	35,438.32
Reserve for Off-Duty Police Employment	1,688.67	5,567.16	4,583.73	9,060.43	596.60
Reserve for Tax Sale Premiums	524,600.00	544,699.58	418,699.58	334,599.58	487,499.58
Reserve for Redemption of Tax Sale Certificates	90,990.72	116,203.15	95,963.15	74,925.74	117,624.53
Reserve for Public Defender Fees	13,760.28	13,378.78	10,416.54	16,855.08	18,793.99
Reserve for D.A.R.E.	20,598.54	10,199.17	10,699.17	7,636.50	5,250.73
Reserve for Forfeited Funds - State	8,387.57	10,046.96	8,733.12	6,087.38	15,005.63
Reserve for Forfeited Funds - Federal	390.53	2,968.90	4,940.82	8,609.61	2,207.10
Reserve for Police K-9	3,732.75	4,010.93	4,126.21	5,060.63	6,244.46
Reserve for Recreation	11,927.59	18,258.57	18,258.57	22,458.57	22,366.58
Reserve for COAH	36,440.53	378.89	378.65	378.41	378.16
Reserve for Health Reimbursement Account	8,038.93	9,944.15	1,260.56	4,914.08	2,460.87
	<u>1,054,506.83</u>	<u>1,033,451.93</u>	<u>811,029.19</u>	<u>775,795.05</u>	<u>934,082.54</u>
	<u>\$ 1,103,898.90</u>	<u>\$ 1,092,733.07</u>	<u>\$ 863,543.27</u>	<u>\$ 811,452.09</u>	<u>\$ 949,870.02</u>

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

BOROUGH OF PINE HILL
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash - Chief Financial Officer	\$ 1,806,493.86	\$ 2,470,141.17	\$ 537,982.22	\$ 673,731.09	\$ 1,360,517.67
Deferred Charges to Future Taxation:					
Funded	2,345,000.00	2,780,000.00	3,200,000.00	3,605,000.00	4,041,760.62
Unfunded	1,906,250.00	1,771,250.00			
Due Current Fund	153,623.67		177,272.87	177,701.50	42,503.19
Due from Community Development Block Grant				59,710.04	91,611.00
Due from Camden County Open Space		801.19	25,801.19	801.19	801.19
State Road Aid Allotments Receivable	160,923.39	75,923.39	275,000.00	54,250.00	186,065.27
	<u>\$ 6,372,290.92</u>	<u>\$ 7,098,115.75</u>	<u>\$ 4,216,056.28</u>	<u>\$ 4,571,193.82</u>	<u>\$ 5,723,258.94</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Due to Current Fund		\$ 573.64			
Encumbrances Payable	674,479.81	1,076,461.86	\$ 349,681.38	\$ 272,236.66	\$ 1,000,192.67
Capital Improvement Fund	246,641.07	308,641.07	227,391.07	222,391.07	195,182.14
Improvement Authorizations:					
Funded	337,964.65	528,155.51	387,007.54	419,589.80	443,404.05
Unfunded	583,868.78	739,145.87			
Bond Anticipation Notes Payable	1,906,250.00	1,591,250.00			
General Serial Bonds	2,345,000.00	2,780,000.00	3,200,000.00	3,605,000.00	4,000,000.00
Reserve for Debt Service	275,000.00				
New Jersey Environmental Infrastructure Loan Payable					41,760.62
Fund Balance	3,086.61	73,887.80	51,976.29	51,976.29	42,719.46
	<u>\$ 6,372,290.92</u>	<u>\$ 7,098,115.75</u>	<u>\$ 4,216,056.28</u>	<u>\$ 4,571,193.82</u>	<u>\$ 5,723,258.94</u>

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

BOROUGH OF PINE HILL
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Pine Hill (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature in May of 1929. The Borough, located in Camden County, New Jersey, has a total area of approximately 4.1 square miles, and is located approximately fifteen miles southeast from the City of Philadelphia. The Borough borders the Boroughs of Berlin, Clementon, Lindenwold, and Pine Valley, and the Townships of Gloucester and Winslow. According to the 2020 census, the population is 10,743.

The Borough is governed under the Mayor-Council form of government, with a Mayor and a six-member Council. The Mayor and Council is elected directly by the voters in partisan elections, the Mayor to serve a four-year term in office and the Council to serve three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator and Borough Clerk. Legislative responsibility is vested with the Council.

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

Pine Hill Municipal Utilities Authority
907 Turnerville Road
Pine Hill, New Jersey 08021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

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

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

Fund Balance - Fund balance included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Borough of Pine Hill School District, and the Borough of Pine Hill Fire District No. 1. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

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

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Borough of Pine Hill Fire District No. 1. Operations is charged for the full amount required to be raised from taxation to operate the Fire 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 immediately preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

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

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital 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 the confirmation of the assessments or when the improvement is fully and permanently funded.

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2021, the Borough's bank balances of \$9,404,378.38 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 8,917,483.49
Uninsured and Uncollateralized	<u>486,894.89</u>
Total	<u><u>\$ 9,404,378.38</u></u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 (R)</u>
Tax Rate	<u>\$ 5.394</u>	<u>\$ 5.286</u>	<u>\$ 5.341</u>	<u>\$ 5.435</u>	<u>\$ 5.319</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.290	\$ 1.245	\$ 1.246	\$ 1.246	\$ 1.245
County	.857	.818	.852	.909	.856
County Library	.056	.054	.055	.058	.055
County Open Space	.022	.021	.022	.022	.022
Local School	2.877	2.865	2.895	2.948	2.891
Fire District	.292	.283	.271	.252	.250

R - Revaluation Completed

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2021	\$ 423,203,169.00
2020	420,686,847.00
2019	421,091,055.00
2018	420,237,736.00
2017 (R)	421,857,297.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2021	\$ 22,852,397.25	\$ 22,335,178.85	97.74%
2020	22,301,998.18	21,716,413.07	97.37%
2019	22,509,288.87	21,806,154.87	96.88%
2018	22,966,059.52	22,127,722.17	96.35%
2017	22,503,712.76	21,749,429.44	96.65%

Note 3: PROPERTY TAXES (CONT'D)

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

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2021	\$ 1,215,579.17	\$ 380,292.35	\$ 1,595,871.52	6.98%
2020	1,135,823.63	435,047.70	1,570,871.33	7.04%
2019	1,015,916.50	542,986.79	1,558,903.29	6.93%
2018	876,121.92	699,850.62	1,575,972.54	6.86%
2017	766,305.73	692,607.55	1,458,913.28	6.48%

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

<u>Year</u>	<u>Number</u>
2021	180
2020	306
2019	285
2018	238
2017	232

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2021	\$ 784,550.00
2020	784,550.00
2019	784,550.00
2018	784,550.00
2017	784,550.00

Note 5: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2021	\$ 4,436,153.32	\$ 1,850,000.00	41.70%
2020	3,280,140.89	1,485,000.00	45.27%
2019	2,904,797.02	1,300,000.00	44.75%
2018	2,673,038.13	1,300,000.00	48.63%
2017	2,418,633.73	1,200,000.00	49.61%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2021:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 20,799.98	\$ 814,654.92
Federal and State Grant	661,031.25	
Trust - Animal Control		20,029.87
Trust - Other		770.11
General Capital	153,623.67	
	<u>\$ 835,454.90</u>	<u>\$ 835,454.90</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2022, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

Contributions

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

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The Borough's contractually required contribution rate for the year ended December 31, 2021 was 16.57% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$154,810.00, and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$140,418.00, which was paid on April 1, 2021. Employee contributions to the Plan for the year ended December 31, 2021 were \$70,463.78.

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

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

The Borough's contractually required contribution rate for the year ended December 31, 2021 was 32.65% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2021, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$615,537.00, and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$591,944.00, which was paid on April 1, 2021. Employee contributions to the Plan for the year ended December 31, 2021 were \$190,181.80.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2021 was 5.00% of the Borough's covered payroll.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2021 the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2021 was \$94,315.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2020 was \$81,762.00, which was paid on April 1, 2021.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2021, employee contributions totaled \$52.18, and the Borough's contributions were \$28.46. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2021, the Borough's proportionate share of the PERS net pension liability was \$1,565,990.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Borough's proportion was .0132190125%, which was an increase of .0003831374% from its proportion measured as of June 30, 2020.

Pension (Benefit) Expense - For the year ended December 31, 2021, the Borough's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$118,396.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the Borough's contribution to PERS was \$140,418.00, and was paid on April 1, 2021.

Note 7: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Police and Firemen's Retirement System

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

Borough's Proportionate Share of Net Pension Liability	\$ 3,860,310.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,085,711.00</u>
	<u>\$ 4,946,021.00</u>

Pension Liability - The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2021 measurement date, the Borough's proportion was .0528147445%, which was a decrease of .0001712422% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the Borough, was .0528147522%, which was a decrease of .0001712345% from its proportion, on-behalf of the Borough, measured as of June 30, 2020.

Pension (Benefit) Expense - For the year ended December 31, 2021, the Borough's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$454,326). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the Borough's contribution to PFRS was \$591,944.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Borough, calculated by the Plan as of the June 30, 2021 measurement date, was \$120,917.00. This on-behalf (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2021, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 24,698.00	\$ 44,041.00	\$ 68,739.00	\$ 11,211.00	\$ 462,425.00	\$ 473,636.00
Changes of Assumptions	8,156.00	20,541.00	28,697.00	557,503.00	1,156,917.00	1,714,420.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	412,523.00	1,645,004.00	2,057,527.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	301,882.00	364,025.00	665,907.00	28,051.00	72,612.00	100,663.00
Borough Contributions Subsequent to the Measurement Date	77,405.00	307,769.00	385,174.00	-	-	-
	<u>\$ 412,141.00</u>	<u>\$ 736,376.00</u>	<u>\$ 1,148,517.00</u>	<u>\$ 1,009,288.00</u>	<u>\$ 3,336,958.00</u>	<u>\$ 4,346,246.00</u>

Deferred outflows of resources in the amounts of \$77,405.00 and \$307,769.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2022. These amounts were based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2021 to the Borough's year end of December 31, 2021.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

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

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2022	\$ (280,486.00)	\$ (960,686.00)	\$ (1,241,172.00)
2023	(160,064.00)	(670,965.00)	(831,029.00)
2024	(121,720.00)	(559,199.00)	(680,919.00)
2025	(114,454.00)	(616,442.00)	(730,896.00)
2026	2,172.00	(86,375.00)	(84,203.00)
Thereafter	-	(14,684.00)	(14,684.00)
	<u>\$ (674,552.00)</u>	<u>\$ (2,908,351.00)</u>	<u>\$ (3,582,903.00)</u>

Actuarial Assumptions

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

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

⁽¹⁾ based on years of service

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2021 are summarized in the table that follows:

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

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 2,132,561.00</u>	<u>\$ 1,565,990.00</u>	<u>\$ 1,085,175.00</u>

Note 7: PENSION PLANS (CONT'D)**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 5,861,760.00	\$ 3,860,310.00	\$ 2,194,319.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,648,619.00</u>	<u>1,085,711.00</u>	<u>617,152.00</u>
	<u>\$ 7,510,379.00</u>	<u>\$ 4,946,021.00</u>	<u>\$ 2,811,471.00</u>

Pension Plan Fiduciary Net Position

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

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0132190125%	0.0128358751%	0.0121945448%	0.0106731138%	0.0109368247%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,565,990.00	\$ 2,093,196.00	\$ 2,197,272.00	\$ 2,101,483.00	\$ 2,545,918.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 956,428.00	\$ 931,020.00	\$ 821,528.00	\$ 751,492.00	\$ 760,916.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	163.73%	224.83%	267.46%	279.64%	334.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0115041246%	0.0106100530%	0.0097079573%	0.0119135280%	
Borough's Proportionate Share of the Net Pension Liability	\$ 3,407,192.00	\$ 2,381,744.00	\$ 1,817,595.00	\$ 2,276,912.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 800,596.00	\$ 734,932.00	\$ 674,748.00	\$ 822,876.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	425.58%	324.08%	269.37%	276.70%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 154,810.00	\$ 140,418.00	\$ 118,617.00	\$ 106,163.00	\$ 101,318.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(154,810.00)</u>	<u>(140,418.00)</u>	<u>(118,617.00)</u>	<u>(106,163.00)</u>	<u>(101,318.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 934,233.00	\$ 944,256.00	\$ 939,628.00	\$ 830,720.00	\$ 747,985.00
Borough's Contributions as a Percentage of Covered Payroll	16.57%	14.87%	12.62%	12.78%	13.55%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 102,201.00	\$ 91,218.00	\$ 80,031.00	\$ 89,766.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(102,201.00)</u>	<u>(91,218.00)</u>	<u>(80,031.00)</u>	<u>(89,766.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 762,291.00	\$ 759,647.00	\$ 748,180.00	\$ 727,931.00	
Borough's Contributions as a Percentage of Covered Payroll	13.41%	12.01%	10.70%	12.33%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Nine Plan Years)***

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0528147445%	0.0529859867%	0.0513997182%	0.0488746794%	0.0492747915%
Borough's Proportionate Share of the Net Pension Liability	\$ 3,860,310.00	\$ 6,846,488.00	\$ 6,290,204.00	\$ 6,613,550.00	\$ 7,607,075.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	1,085,711.00	1,062,544.00	993,235.00	898,341.00	852,056.00
Total	\$ 4,946,021.00	\$ 7,909,032.00	\$ 7,283,439.00	\$ 7,511,891.00	\$ 8,459,131.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,851,428.00	\$ 1,828,276.00	\$ 1,753,984.00	\$ 1,672,064.00	\$ 1,630,804.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	208.50%	374.48%	358.62%	395.53%	466.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0512214164%	0.0498279608%	0.0456556598%	0.0435116068%	
Borough's Proportionate Share of the Net Pension Liability	\$ 9,784,601.00	\$ 8,299,601.00	\$ 5,743,059.00	\$ 5,784,475.00	
State's Proportionate Share of the Net Pension Liability associated with the Borough	821,664.00	727,847.00	618,431.00	539,183.00	
Total	\$ 10,606,265.00	\$ 9,027,448.00	\$ 6,361,490.00	\$ 6,323,658.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,683,752.00	\$ 1,625,428.00	\$ 1,488,380.00	\$ 1,411,840.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	581.12%	510.61%	385.86%	409.71%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 615,537.00	\$ 591,944.00	\$ 519,194.00	\$ 477,822.00	\$ 436,091.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(615,537.00)</u>	<u>(591,944.00)</u>	<u>(519,194.00)</u>	<u>(477,822.00)</u>	<u>(436,091.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,885,244.00	\$ 1,887,925.00	\$ 1,824,074.00	\$ 1,754,770.00	\$ 1,643,558.00
Borough's Contributions as a Percentage of Covered Payroll	32.65%	31.35%	28.46%	27.23%	26.53%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 417,629.00	\$ 405,027.00	\$ 350,667.00	\$ 317,451.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(417,629.00)</u>	<u>(405,027.00)</u>	<u>(350,667.00)</u>	<u>(317,451.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 1,644,438.00	\$ 1,684,990.00	\$ 1,631,411.00	\$ 1,518,399.00	
Borough's Contributions as a Percentage of Covered Payroll	25.40%	24.04%	21.49%	20.91%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

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

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

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

None

Changes in Assumptions

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

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

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

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

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

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Borough provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The Borough's plan allows for employees retiring with twenty-five (25) full-time years of service with the Borough, or twenty-five (25) or more years of service credit in the Police and Fireman's Retirement System, regardless of age, or employees retiring on an accidental disability pension, to receive health care benefits consistent with the benefits offered to active employees covered under the collective bargaining agreement.

The Borough Plan also requires that retirees that become eligible for Medicare benefits utilize the Borough Plan as the secondary insurance coverage. The employees will be required to purchase Medicare coverage without reimbursements, but the retirees will not be expected to contribute to the secondary Borough coverage. The level of coverage for an employee and their dependents is based upon the applicable employment agreements.

The Borough Plan is a single-employer postemployment healthcare plan administered by the Borough. The benefit provisions of the plans that participate may be establish or amended by the Borough Council; for the Borough Plan that authority rests with the Borough Council. The plan does not issue a separate financial report.

Employees Covered by Benefit Terms - As of December 31, 2021, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	23
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	30
	53

Total OPEB Liability

The Borough's total OPEB liability of \$20,029,139.00 was measured as of December 31, 2021 and was determined by an actuarial valuation as of this same date.

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

Inflation	2.5% Annually
Salary Increases	2.5% Annually
Discount Rate	2.06%
Healthcare Cost Trend Rates	Medical: 5.5% in 2021, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026 Drug: 7.0% in 2021, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026. Medicare Advantage: 4.5% per annum. Dental and Vision: 3.5% per annum
Retirees' Share of Benefit-Related Costs	Pursuant to Chapter 78

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions and Other Inputs (Cont'd) -**

The discount rate was based on the Bond Buyer 20 Index December 31, 2021.

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

Turnover was based on the NJ State Pensions Ultimate Withdraw Rates – prior to benefits eligibility.

Assumed Retirement Age was based upon first eligibility after completion of 25 years of service.

Full Attribution Period was based on service to assumed retirement age.

Medical Cost Aging Factor was based on NJ SHBP Medical Morbidity Rates.

An experience study was not performed on the actuarial assumptions used in the December 31, 2021 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2020		\$ 20,653,724.00
Changes for the Year:		
Service Cost	\$ 326,286.00	
Interest Cost	441,427.00	
Benefit Payments	(315,969.00)	
Changes in Assumptions	-	
Difference between Expected and Actual Experience	<u>(1,076,329.00)</u>	
Net Changes		<u>(624,585.00)</u>
Balance at December 31, 2021		<u>\$ 20,029,139.00</u>

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

Changes of assumptions and other inputs reflect a change in the discount rate from 2.12% at December 31, 2020 to 2.06% at December 31, 2021.

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

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

	<u>December 31, 2021</u>		
	1.00% Decrease <u>(1.06%)</u>	Current Discount Rate <u>(2.06%)</u>	1.00% Increase <u>(3.06%)</u>
Total OPEB Liability	<u>\$ 23,399,740.00</u>	<u>\$ 20,029,139.00</u>	<u>\$ 17,341,732.00</u>

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

	<u>December 31, 2021</u>		
	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	<u>\$ 17,615,661.00</u>	<u>\$ 20,029,139.00</u>	<u>\$ 22,999,071.00</u>

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2021, the Borough recognized OPEB (benefit) expense of \$924,068.00. As of December 31, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 3,682,467.00	\$ -
Difference Between Expected and Actual Experience	<u>-</u>	<u>1,013,027.00</u>
	<u>\$ 3,682,467.00</u>	<u>\$ 1,013,027.00</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd) –**

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

Year Ending	
<u>Dec 31,</u>	
2022	\$ 156,355.00
2023	156,355.00
2024	156,355.00
2025	156,355.00
2026	156,355.00
Thereafter	<u>1,887,665.00</u>
	<u><u>\$ 2,669,440.00</u></u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information**

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

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

	<u>Plan Measurement Date December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ 326,286.00	\$ 326,286.00	\$ 216,064.00
Interest Cost	441,427.00	498,652.00	634,259.00
Benefit Payments	(315,969.00)	(332,287.00)	(336,180.00)
Changes in Assumptions	-	2,122,226.00	2,102,945.00
Difference Between Expected and Actual Experience	<u>(1,076,329.00)</u>	<u>-</u>	<u>-</u>
Net Change in Total OPEB Liability	(624,585.00)	2,614,877.00	2,617,088.00
Total OPEB Liability - Beginning of Fiscal Year	<u>20,653,724.00</u>	<u>18,038,847.00</u>	<u>15,421,759.00</u>
Total OPEB Liability - End of Fiscal Year	<u>\$ 20,029,139.00</u>	<u>\$ 20,653,724.00</u>	<u>\$ 18,038,847.00</u>
Covered-Employee Payroll	\$ 1,885,244.00	\$ 1,887,925.00	\$ 1,824,074.00
Total OPEB Liability as a Percentage of Covered Payroll	1062.42%	1093.99%	988.93%
<u>2018</u>			
Total OPEB Liability			
Service Cost	\$ 216,064.00		
Interest Cost	613,791.00		
Benefit Payments	(325,063.00)		
Changes in Assumptions	-		
Difference Between Expected and Actual Experience	<u>-</u>		
Net Change in Total OPEB Liability	504,792.00		
Total OPEB Liability - Beginning of Fiscal Year	<u>14,916,967.00</u>		
Total OPEB Liability - End of Fiscal Year	<u>\$ 15,421,759.00</u>		
Covered-Employee Payroll	\$ 1,754,770.00		
Total OPEB Liability as a Percentage of Covered Payroll	878.85%		

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)****Other Notes to Supplementary OPEB Information**Change in Benefit Terms

None

Changes in Assumptions

The discount rate used as of the December 31 measurement date is as follows:

<u>Year</u>	<u>Rate</u>
2021	2.06%
2020	2.12%
2019	2.74%
2018	4.10%

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to eighteen paid sick leave days each year. Employees who are part of the Council Ten Union are entitled to carry forward sick and vacation time. The maximum accrual of sick time is equal to four hundred five (405) hours in addition to the amount of sick time they had accumulated prior to the consummation of their agreement in 2001. Vacation time accrued and unused in the current year can be carried for no greater than one (1) year. Employees under the collective bargaining agreement for the Police are entitled to no greater than forty (40) hours of accumulated vacation time and an unlimited accumulation of sick time. Employees not covered under the above agreements may accumulate up to forty (40) hours of vacation and an unlimited accumulation of sick time.

The Borough of Pine Hill compensates employees for unused sick leave upon termination or retirement. The Borough's liability is limited to the accrual provisions as outlined above.

The Borough of Pine Hill does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2021, accrued benefits for compensated absences are valued at \$506,653.07.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 11: CAPITAL DEBT

General Improvement Bonds

General Improvement Bonds, Series 2006 – On August 1, 2006, the Borough of Pine Hill issued \$2,630,000.00 of general improvement bonds, with interest rates ranging from 4.5% to 4.75%. The bonds were issued for the purpose of funding various capital projects in the Borough of Pine Hill. The final maturity of the bonds is August 1, 2026.

General Improvement Bonds, Series 2015 – On August 25, 2015, the Borough of Pine Hill issued \$3,045,000.00 of general improvement bonds, with interest ranging from 2.0% to 2.5%. The bonds were issued for the purpose of funding various capital projects in the Borough of Pine Hill. The final maturity of the bonds is September 1, 2026.

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

General Debt - Serial Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	445,000.00	74,500.00	519,500.00
2023	460,000.00	61,125.00	521,125.00
2024	465,000.00	46,950.00	511,950.00
2025	480,000.00	31,925.00	511,925.00
2026	495,000.00	16,425.00	511,425.00
	<u>\$ 2,345,000.00</u>	<u>\$ 230,925.00</u>	<u>\$ 2,575,925.00</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 4,251,250.00	\$ 4,371,250.00	\$ 3,200,000.00
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes		180,000.00	
Total Issued and Authorized but not Issued	<u>4,251,250.00</u>	<u>4,551,250.00</u>	<u>3,200,000.00</u>
<u>Deductions</u>			
General:			
Reserve to Pay Debt Service	<u>275,000.00</u>		
Net Debt	<u>\$ 3,976,250.00</u>	<u>\$ 4,551,250.00</u>	<u>\$ 3,200,000.00</u>

Note 11: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .829%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 3,680,000.00	\$ 3,680,000.00	
General	4,251,250.00	275,000.00	\$ 3,976,250.00
	<u>\$ 7,931,250.00</u>	<u>\$ 3,955,000.00</u>	<u>\$ 3,976,250.00</u>

Net debt \$3,976,250.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$479,426,189.33, equals .829%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,779,916.63
Less: Net Debt	<u>3,976,250.00</u>
Remaining Borrowing Power	<u>\$ 12,803,666.63</u>

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

Note 12: RISK MANAGEMENT

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

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

The following is a summary of 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>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earnings</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2021	\$ -	\$ 6,322.49	\$ 26.45	\$ 1,453.26	\$ 39,393.01
2020	-	6,264.11	23.04	484.11	34,497.33
2019	-	6,226.36	22.81	12,542.88	28,694.29

It is estimated that there were no unreimbursed payments on behalf of the Borough at December 31, 2021.

Note 12: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Borough of Pine Hill is a member of the Camden County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
 General Liability including Police Professional and Employee Benefit Liability
 Automobile Liability
 Blanket Crime including Public Employee Dishonesty
 Property Including Boiler and Machinery
 Public Officials and Employment Practices Liability
 Volunteer Directors and Officers Liability
 Cyber Liability

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

Excess Workers' Compensation
 Excess General Liability
 Non-Owned Aircraft Liability
 Excess Auto Liability
 Fidelity and Performance (Blanket)
 Excess Property including Boiler and Machinery
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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

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

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

Camden County Municipal Joint Insurance Fund
 P.O. Box 345
 Voorhees, New Jersey 08043

Note 13: DEBT SERVICE AGREEMENT (FINANCIAL GUARANTEE)

On November 1, 1986, the Borough entered into a debt service agreement to with the Pine Hill Municipal Utilities Authority, a component unit of the Borough. This agreement obligates the Borough to advance payment for any debt service deficiency of the Authority. The Authority is obligated, by the agreement, to repay to the Borough all advances paid on their behalf, contingent upon the financial ability to do so. At December 31, 2021, the Authority had \$7,614,323.32 in outstanding debt covered by this agreement.

Note 14: CONTINGENCIES

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

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

Note 15: CONCENTRATIONS

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

Note 16: SUBSEQUENT EVENTS

Municipal Consolidation – The Borough of Pine Hill and the Borough of Pine Valley have adopted Ordinances for the Borough of Pine Valley to be consolidated into the Borough of Pine Hill pursuant to applicable law. The consolidation took effect January 1, 2022. At that time the Borough of Pine Valley will no longer exist. There will be no change to the government of the Borough of Pine Hill. The official map will be revised to identify new municipal boundaries. All details for the consolidation are in place and approved by the State of New Jersey. The management of the Borough of Pine Hill has determined there will be no material impact to the financial condition of the Borough with the consolidation.

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

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

APPENDIX C
FORM OF BOND COUNSEL OPINION



August 30, 2023

Mayor and Borough Council
of the Borough of Pine Hill
45 West 7th Avenue
Pine Hill, New Jersey

RE: \$4,670,000 BOROUGH OF PINE HILL, COUNTY OF CAMDEN, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2023

Mayor and Council Members:

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

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with applicable law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on July 17, 2023 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on August 16, 2023 ("Award Certificate").

The Bonds are dated their date of delivery, mature on August 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable semi-annually on February 1 and August, commencing February 1, 2024, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$210,000	%	2031	\$415,000	%
2025	210,000		2032	420,000	
2026	210,000		2033	420,000	
2027	360,000		2034	420,000	
2028	375,000		2035	420,000	
2029	390,000		2036	420,000	
2030	400,000				

COUNSEL WHEN IT MATTERS.SM



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

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

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

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

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

1. The Bonds are legal, valid and binding obligations of the Borough enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

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

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

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the



Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

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

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

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

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



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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of August, 2023 between the Borough of Pine Hill, County of Camden, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2023, in the principal amount of \$4,670,000 ("Bonds").

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

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

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

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

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

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

"Dissemination Agent" shall mean Acacia Financial Group, Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Borough dated August ___, 2023, relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

(a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough (commencing for the fiscal year ending December 31, 2023). Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

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

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

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borough:

Borough of Pine Hill, County of Camden, New Jersey
45 West 7th Avenue
Pine Hill, New Jersey 08021
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.
6000 Midlantic Drive, Suite 410 North
Mount Laurel, New Jersey 08054

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

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

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

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

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

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

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

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application

of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BOROUGH OF PINE HILL, NEW JERSEY

By: _____
THOMAS C. CARDIS, Chief Financial Officer

**ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent**

By: _____
JOSHUA C. NYIKITA, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Borough of Pine Hill, County of Camden, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2023

Date of Issuance of the Affected
Bond Issue: August __, 2023

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated August __, 2023, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: Borough of Pine Hill, New Jersey