

*In the opinion of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Borough ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under Section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**BOROUGH OF PITMAN  
IN THE COUNTY OF GLOUCESTER,  
STATE OF NEW JERSEY**

**\$9,410,000  
GENERAL OBLIGATION BONDS, SERIES 2025  
Consisting of:  
\$6,480,000 General Improvement Bonds  
\$2,930,000 Water and Sewer Utility Bonds**

**(CALLABLE) (BANK QUALIFIED)**

**Dated: Date of Delivery**

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

The \$9,410,000 General Obligation Bonds, Series 2025 (the "Bonds") are general obligations of the Borough of Pitman, in the County of Gloucester, State of New Jersey (the "Borough") and are secured by the full faith and credit of the Borough for the payment of principal thereof and interest thereon. The Bonds consist of: (i) \$6,480,000 General Improvement Bonds (the "General Improvement Bonds"); and (ii) \$2,930,000 Water and Sewer Utility Bonds (the "Water and Sewer Utility Bonds"). The Bonds, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Borough for the payment of the principal thereof and the interest thereon without limitation as to rate or amount.

The Bonds will be issued in the form of one certificate for the aggregate principal amount thereof maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as securities depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof. See "BOOK-ENTRY ONLY SYSTEM" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will in turn remit such payments to the owners of beneficial interest in the Bonds.

Principal of the Bonds is payable on August 1 in each of the years set forth on the inside front cover page hereof. Interest on the Bonds is payable on February 1 and August 1, commencing February 1, 2026 in each year until maturity or prior redemption, as applicable. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Bonds are subject to redemption prior to their stated maturities as set forth herein.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Borough.

The Bonds are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Borough issued in the aggregate principal amount of \$5,562,873 on February 27, 2025 and maturing on August 22, 2025 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various general capital and utility improvements in and by the Borough; (ii) permanently finance various improvements for which obligations have been authorized, but not yet issued; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, *N.J.S.A. 40A:2-1 et seq.*, as amended and supplemented (the "Local Bond Law"), are authorized by various bond ordinances duly adopted by the Borough Council and published and approved as required by law, and by a resolution duly adopted by the Borough Council on July 14, 2025.

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

*The Bonds are offered when, as and if issued and subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality by the law firm of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed on for the Borough by its Attorney, Robert N. Wright, Esq., Cherry Hill, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, Brooklyn, New York, on or about August 21, 2025.*

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

**BOROUGH OF PITMAN  
IN THE COUNTY OF GLOUCESTER  
STATE OF NEW JERSEY**

**\$9,410,000 GENERAL OBLIGATION BONDS, SERIES 2025**

Consisting of:

**\$6,480,000 General Improvement Bonds**

**\$2,930,000 Water and Sewer Utility Bonds**

**MATURITY SCHEDULE, INTEREST RATES, YIELDS OR PRICES AND CUSIP\*\***

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water and Sewer Utility Bonds</u>	<u>Total</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$250,000	\$115,000	\$365,000	5.00%	2.14%	724428FM4
2027	250,000	115,000	365,000	5.00	2.16	724428FN2
2028	325,000	130,000	455,000	5.00	2.17	724428FP7
2029	340,000	135,000	475,000	5.00	2.17	724428FQ5
2030	350,000	220,000	570,000	5.00	2.30	724428FR3
2031	485,000	220,000	705,000	5.00	2.48	724428FS1
2032	495,000	220,000	715,000	4.00	2.68	724428FT9
2033	495,000	220,000	715,000	4.00	2.80*	724428FU6
2034	495,000	220,000	715,000	4.00	3.00*	724428FV4
2035	495,000	220,000	715,000	4.00	3.18*	724428FW2
2036	500,000	220,000	720,000	4.00	3.35*	724428FX0
2037	500,000	220,000	720,000	4.00	3.50*	724428FY8
2038	500,000	220,000	720,000	4.00	3.70*	724428FZ5
2039	500,000	225,000	725,000	4.00	3.85*	724428GA9
2040	500,000	230,000	730,000	4.00	4.00	724428GB7

\* Priced at the stated yield to the first optional redemption date of August 1, 2032 at a redemption price of 100%.

\*\* Registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. 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 PITMAN  
IN THE COUNTY OF GLOUCESTER, STATE OF NEW JERSEY**

**MAYOR AND BOROUGH COUNCIL**

Michael L. Razze, Jr., Mayor  
Vanessa James, Council President  
John Fitzpatrick, Council Member  
Robert Uyehara, Council Member  
Adam Mazzola, Council Member  
Sarah Musto, Council Member  
Debra Guarni, Council Member

**MUNICIPAL CLERK/BUSINESS ADMINISTRATOR**

Sandi McCafferty

**CHIEF FINANCIAL OFFICER**

Colette Bachich

**BOROUGH ATTORNEY**

Robert N. Wright, Esquire  
Cherry Hill, New Jersey

**INDEPENDENT AUDITOR**

Bowman & Company LLP  
Woodbury and Voorhees, New Jersey

**BOND COUNSEL**

Archer & Greiner P.C.  
Red Bank, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors  
a division of First Security Municipal Advisors, Inc.  
Hamilton, New Jersey

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

References in this Official Statement to laws, rules, regulations, ordinances, 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.

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

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the 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. The prices at which the Bonds are offered to the public by the Underwriter and the yields resulting therefrom may vary from the initial public offering prices or yields shown on the inside front cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices or yields to dealers and others.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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**OFFICIAL STATEMENT  
of  
BOROUGH OF PITMAN  
IN THE COUNTY OF GLOUCESTER, STATE OF NEW JERSEY**

**\$9,410,000 GENERAL OBLIGATION BONDS, SERIES 2025**

**Consisting of:**

**\$6,480,000 General Improvement Bonds**

**\$2,930,000 Water and Sewer Utility Bonds**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Borough of Pitman (the "Borough"), in the County of Gloucester (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$9,410,000 General Obligation Bonds, Series 2025 (the "Bonds"). The Bonds consist of: (i) \$6,480,000 General Improvement Bonds (the "General Improvement Bonds"); and (ii) \$2,930,000 Water and Sewer Utility Bonds (the "Water and Sewer Utility Bonds"). This Official Statement (the "Official Statement"), which includes the cover page and the Appendices attached hereto, has been authorized by the Borough Council to be distributed in connection with the sale of the Bonds and has been executed by and on behalf of the Borough by the Chief Financial Officer.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Bonds. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Borough from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Borough.

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

**THE BONDS**

**General Description of the Bonds**

The Bonds shall be dated the date of delivery and will mature on August 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from the date of delivery and shall be payable on each February 1 and August 1 (each, an "Interest Payment Date") in each year until maturity or earlier redemption, if applicable, commencing February 1, 2026, at the rates shown on the inside front cover page hereof. The Bonds are issuable as fully registered book-entry only bonds in the form of one certificate for each year of maturity of the Bonds in the aggregate principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple thereof, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co., or any successor or assign, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough directly to Cede & Co. or any successor or assign, as nominee for DTC. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be credited to the participants of DTC as

listed on the records of DTC as of the close of business on January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). See "BOOK-ENTRY ONLY SYSTEM" herein.

### **Optional Redemption**

The Bonds of this issue maturing prior to August 1, 2033 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after August 1, 2033 are subject to redemption at the option of the Borough, in whole or in part, on any date on or after August 1, 2032 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Borough; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

### **Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the Borough Council on the dates set forth in the chart below and on the following page and published and approved as required by law, and by a resolution duly adopted by the Borough Council on July 14, 2025 (the "Resolution").

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough. Such estoppel period has concluded as of the date of this Official Statement.

### **Purpose of the Bonds**

Proceeds of the Bonds will be used to: (i) refund, on a current basis, prior bond anticipation notes of the Borough issued in the aggregate principal amount of \$5,562,873 on February 27, 2025 and maturing on August 22, 2025 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various general capital and utility improvements in and by the Borough; (ii) permanently finance various improvements for which obligations have been authorized, but not yet issued; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The purposes for which proceeds of the Bonds will be used have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described in the following table by ordinance number, description and date of final adoption, and amount to be issued for such purposes. The bond ordinances are:

**General Improvement Bond Ordinances**

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount Funded With Bond Proceeds</b>
7-2015	Various 2015 Capital Improvements, Finally Adopted on June 8, 2015	\$421,420
8-2016	Completion of Various 2016 Capital Improvements, Finally Adopted on August 8, 2016	335,047
8-2018	Completion of Various 2018 Capital Improvements, Finally Adopted on July 9, 2018	108,684
18-2019	Acquisition of Various Heavy Equipment, Improvements to Municipal Buildings and Grounds, Acquisition of Computer and Other Equipment, Finally Adopted on July 22, 2019	619,340
22-2019	Various Capital Improvements and the Acquisition of Various Pieces of Equipment, Finally Adopted on November 12, 2019	71,000
7-2020	Completion of Various Improvements to Alcyon Park, Finally Adopted June 22, 2020	465,518
10-2020	Various Capital Improvements and the Acquisition of Various Capital Equipment, Finally Adopted September 14, 2020	974,960
13-2021	Acquisition of Police Vehicles and Equipment for Police Department and Department of Public Works, Improvements to Storm Sewer System, Finally Adopted on November 8, 2021	868,031
12-2022	Various Roadway and Drainage Improvements, Finally Adopted on October 11, 2022	323,000
3-2025	Various Capital Improvements, Finally Adopted on June 23, 2025	<u>2,354,000</u>
<b>TOTAL BOND PROCEEDS</b>		<b>\$6,541,000*</b>

\* Represents \$6,480,000 in par amount of the General Improvement Bonds plus \$61,000 in original issue premium.

**Water and Sewer Utility Bond Ordinances**

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount Funded With Bond Proceeds</b>
8-2015	Completion of Various Improvements to the Water and Sewer Utility System, Finally Adopted June 8, 2015	\$1,072,928
9-2018	Completion of Various Improvements to the Water and Sewer Utility System, Finally Adopted July 9, 2018	7,405
11-2020	Acquisition of Various Capital Equipment for the Water and Sewer Utility System, Finally Adopted September 14, 2020	161,000
14-2021	Completion of Water Main Project, Acquisition of Equipment for the Water and Sewer Utility System, Finally Adopted on November 8, 2021	201,667
11-2022	Completion of Various Improvements to the Water and Sewer Utility System, Finally Adopted October 11, 2022	165,000
4-2025	Completion of Various Improvements to the Water and Sewer Utility System, Finally Adopted June 23, 2025	<u>1,390,000</u>
<b>TOTAL BOND PROCEEDS</b>		<b>\$2,998,000*</b>

**Payment of Bonds**

As hereinafter stated, the Bonds are general obligations of the Borough for which the full faith and credit of the Borough will be pledged. The Borough is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Borough for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

**BOOK-ENTRY ONLY SYSTEM**

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

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

\* Represents \$2,930,000 in par amount of the Water and Sewer Utility Bonds plus \$68,000 in original issue premium.

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](http://www.dtcc.com).

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

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

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

Neither DTC nor Cede & Co. (nor such 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 (the "Omnibus Proxy") to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or any hereafter designated paying agent, if any, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of

customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Borough or a 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, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or a 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 or a hereafter designated paying agent, if any. 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

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

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

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

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

### **Security and Source of Payment**

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

The Borough is required by law to include the total amount of principal and interest on all of its general obligation indebtedness, such as the Bonds, for the current year in each annual budget unless provision has been made for payment of its general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "MUNICIPAL BANKRUPTCY" herein.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State, or any county, municipality or any political subdivision thereof, other than the Borough.

### **NO DEFAULT**

The Borough has never defaulted in the payment of principal of, redemption premium, if any, and interest on any bonds or notes or other obligations of the Borough, nor are any payments of principal of or interest on the Borough's indebtedness past due.

### **MARKET PROTECTION**

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

### **CERTAIN RISK FACTORS**

#### **COVID-19 Disclosure**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread throughout the State and to all counties within the State. In response to the COVID-19 pandemic, federal and state legislation and executive orders were implemented to mitigate the spread of the disease and to provide relief to state and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities, to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Borough have not been materially or adversely affected as a result of the COVID-19 pandemic. Nonetheless, the degree of any such impact to the Borough's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic, which included \$350 billion in relief funds for state and local governments, such as the Borough. The Borough received certain funding from the Plan, in two equal installments. The deadline to obligate the Plan Funds was December 31, 2024 and to spend the funds is December 31, 2026. The Borough utilized some of the funding for public safety needs, revenue replacement and to further mitigate the effects of COVID-19 both from a public health and economic standpoint.

## **Cyber Disclosure**

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.

## **Climate Disclosure**

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

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

### **Procedure for Authorization**

The Borough has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Borough debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Borough is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Borough, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Borough Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Borough.

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

The Bonds are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Borough are general "full faith and credit" obligations.

## **Short Term Financing**

Local governmental units (including the Borough) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Borough, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

## **Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)**

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, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, 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. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds or the local unit may issue such refunding bonds in accordance with the regulations promulgated by the Local Finance Board.

## **Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)**

There are statutory requirements which limit the amount of debt which the Borough is permitted to authorize. The authorized bonded indebtedness of a Borough is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3½%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Borough for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

## **Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)**

The debt limit of the Borough may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Borough must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Borough and that the 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 services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. As shown in Appendix "A", the Borough has not exceeded its debt limit.

## **DEBT INFORMATION OF THE BOROUGH**

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the Borough, the Borough must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Borough Clerk. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Borough's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

## **FINANCIAL MANAGEMENT**

### **Accounting and Reporting Practices**

The accounting policies of the Borough conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet 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 only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Borough does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Borough, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the Borough's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

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

#### **State Supervision (N.J.S.A. 52:27BB-1 et seq.)**

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

#### **Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)**

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Borough shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Borough may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Borough for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, P.L. 2010, c.44, effective July 2, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by

taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

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

### **Deferral of Current Expenses**

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Borough, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

### **Anticipation of Real Estate Taxes**

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A 40A:4-29 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts 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 the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl} \text{Total of Local, County,} & - & \text{Anticipated Revenues} & = & \text{Cash Required from Taxes to Support} \\ \text{and School Levies} & & & & \text{Local Municipal Budget and Other Taxes} \\ & & & & \text{Amount to be} \\ \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & = & \text{Raised by} \\ \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Taxation} \end{array}$$

### **Anticipation of Miscellaneous Revenues**

N.J.S.A 40A:4-26 provides that, "[n]o 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."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

### **Local Examination of Budgets (N.J.S.A. 40A:4-78(b))**

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years.

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

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (June 30) after the close of the Borough's fiscal year (December 31), and includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Borough Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Borough Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from accounting principals generally accepted in the United States of America.

### **Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)**

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the

Borough, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

### **Investment of Municipal Funds**

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

### **CAPITAL IMPROVEMENT PROGRAM**

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

### **TAX ASSESSMENT AND COLLECTION**

#### **Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

Upon the filing of certified adopted budgets by the Borough and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions 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 New Jersey for various special services rendered to the properties located within the special district.

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and

November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county of school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Borough Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

## **Tax Appeals**

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 15th day of January of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded prior to the issuance of tax bills. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

## **TAX MATTERS**

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

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

Assuming the Borough observes its covenants with respect to compliance with the Code, Archer & Greiner P.C., Bond Counsel to the Borough, is of the opinion that, under existing law, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

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

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

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

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

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

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

### **Bank Qualification**

Bond Counsel is further of the opinion that the Bonds constitute "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

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

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

### **State Taxation for the Bonds**

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

**ADDITIONALLY, EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR LITIGATION.**

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

### **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE BONDS.**

## LITIGATION

To the knowledge of the Borough Attorney, Robert N. Wright, Esquire, Cherry Hill, 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 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 to pay the principal of or the interest on the Bonds, 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 Underwriter (as hereinafter defined) at closing.

## APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters will be passed on for the Borough by its Borough Attorney.

## MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the Borough, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

**The Borough has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the Borough expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds, or that the Bankruptcy Code could not be amended after the date hereof.**

## **SECONDARY MARKET DISCLOSURE FOR THE BONDS**

The Borough has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the Borough annually and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Bond Disclosure Certificate") to be executed on behalf of the Borough by its Chief Financial Officer, in the form appearing in Appendix D attached hereto. Such Bond Disclosure Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB"). This covenant is being made by the Borough to assist the purchaser of the Bonds in complying with the Rule.

In accordance with the Rule and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Borough failed to timely file: (i) its audited financial statement for the year ended December 31, 2023; and (ii) a disclosure event notice associated with a certain financial obligation, dated December 14, 2021. Additionally, the Borough failed to timely file the required late filing notice in connection with the financial obligation referenced above. Such information has since been filed with EMMA. The Borough appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

## **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, moneys 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.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **UNDERWRITING**

The Bonds have been purchased from the Borough at a public sale for resale by Roosevelt & Cross, Inc. and Associates (the "Underwriter"), at a purchase price of \$9,838,431.04. The purchase price of the Bonds reflects the par amount of the Bonds equal to \$9,410,000.00; minus an Underwriter's discount of \$121,556.51, plus an original issue premium in the amount of \$549,987.55.

## **RATING**

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

Such rating reflects only the views of the Rating Agency, and an explanation of the significance of the rating may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. There is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely by the Rating Agency, if in the judgment of such Rating Agency, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as set forth in the Bond Certificate, the Borough has not agreed to take any action with respect to any proposed rating change or to bring such rating change, if any, to the attention of the owners of the Bonds.

## **FINANCIAL STATEMENTS**

APPENDIX B contains certain unaudited financial data of the Township for the year ended December 31, 2024, as well as the audited financial data of the Township for the years ended December 31, 2023 and December 31, 2022. The audited financial data was extracted from the report prepared by Holt McNally & Associates, Inc., Medford, New Jersey (the "Prior Auditor"), to the extent and for the period set forth in its report appearing in APPENDIX B to this Official Statement. The Prior Auditor has not participated in the preparation of this Official Statement nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial data appearing in APPENDIX B hereto) and, accordingly, will express no opinion with respect thereto.

## **PREPARATION OF OFFICIAL STATEMENT**

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

The Auditor takes responsibility for the financial statements to the extent specified in the Accountant's Compilation Report.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Borough and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Archer & Greiner P.C. has not participated in the preparation of the financial or statistical information in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Borough of Pitman, 110 S. Broadway, Pitman, New Jersey 08071, Attn: Colette Bachich, Chief Financial Officer, (856) 589-3522, or the Municipal Advisor at (609) 291-0130.

**MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the 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 herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Borough since the date thereof.

The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**BOROUGH OF PITMAN,  
IN THE COUNTY OF GLOUCESTER,  
STATE OF NEW JERSEY**

/s/ Colette Bachich

Colette Bachich  
Chief Financial Officer

Dated: August 7, 2025

**APPENDIX A**

**CERTAIN GENERAL INFORMATION CONCERNING  
THE BOROUGH OF PITMAN,  
IN THE COUNTY OF GLOUCESTER, STATE OF NEW JERSEY**

## **INFORMATION REGARDING THE BOROUGH OF PITMAN**

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

### **Location and Character**

The Borough is a residential community within the Delaware Valley economic region, a tri-state region composed of eleven counties in the states of New Jersey, Pennsylvania and Delaware. The region is a major transportation center, combining one of the largest port facilities in the world with extensive rail, air and interstate highway systems.

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

### **History**

In 1870, a small group of Methodist ministers purchased several acres of land for a campground. It was situated along the West Jersey and Seashore Railroad with a view of Mantua Valley and the watershed between the Delaware River and the Atlantic Ocean. The town of Pitman Grove was founded in 1871 by the New Jersey Conference Camp Meeting Association which held its first meeting at this site.

Pitman Grove was named in honor of Reverend Charles Pitman, D.D., a camp meeting preacher.

On May 24, 1905, the Borough was incorporated when Governor Edward C. Stokes signed the Avis Bill, and Pitman Grove became a borough without the word "Grove" attached.

Until World War II, the grove area was a summer resort for families from Camden and Philadelphia. Many of these summer residents later became permanent residents.

Because of its ideal location on a low lying Atlantic Coastal Plain and its foresight in providing permanent improvements in its development, the Borough has continued to grow and prosper.

### **General**

The Borough is governed by a Mayor and a six-member Borough Council. The Mayor is elected every four (4) years. Members of the Borough Council are elected to serve staggered three-year terms.

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

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

The Borough's Chief Financial Officer is custodian of all public moneys of the Borough.

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

A number of services are provided by the Borough and paid for from general revenues. Employees in the Public Works Department maintain Borough streets and roads, storm drains, and provide snow removal services. The Recreation Commission oversees Borough parks, playgrounds and recreational activities.

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

### **Fire and Ambulance Services**

Fire protection is provided by a volunteer network of approximately 100 volunteers. Ambulance service is provided by the Gloucester County Emergency Medical System.

### **Water and Sewer Service**

The Borough's Water and Sewer Department is responsible for water supply and sewage collection and treatment services. Borough residents receive one bill with two separate charges for services: a water supply charge and a sewage collection charge from the Borough's Water Department. The Borough draws its water from three (3) wells in operation throughout the Borough with an average 900,000 gallon per day output. Residents pay a minimum quarterly user charge for water usage with excess charges levied based upon consumption. The charges for sewer usage are based upon water consumption. Residents also pay a minimum quarterly charge with excess charges levied based upon consumption. The residents also pay a surcharge that increases \$2.00 every year for the next 3 years to complete a 5 year plan to help fund the infrastructure.

### **Gloucester County Utilities Authority**

The Borough is a participant in the Gloucester County Utilities Authority's ("GCUA") sewage collection and treatment system. Pursuant to a service contract with GCUA the Borough is obligated to deliver its wastewater to GCUA for treatment and to pay GCUA service charges in respect of such treatment. The Borough pays such service charges from amounts collected from residents as sewer charges.

### **Trash Collection**

Non-recyclable trash is collected by the Borough's Public Works Department and is disposed of at Wheelabrator Incinerator, a private facility located in a surrounding Borough and operated by Wheelabrator Inc., a regulated public utility engaged in the business of solid waste disposal. Recyclable trash is collected by the Borough and is processed by OMNI Recycling, LLC.

### **Health Care**

Medical treatment is available to Borough residents at the Jefferson Washington Township Hospital, located in nearby Washington Township, and at Inspira Medical Center in Mullica Hill, three (3) miles from the Borough.

### **Transportation**

The Borough is located among a regional network of county, state and interstate routes. New Jersey Route 47 and County Route 553 give Borough residents accessibility to Interstate 295, the New Jersey Turnpike, the North/South Freeway and the Atlantic City Expressway. Routes 130 and 295 provide direct access from the Borough to Philadelphia via the Benjamin Franklin Bridge, the Walt Whitman Bridge and the Commodore Barry Bridge. Philadelphia International Airport is within thirty minutes traveling time from the Borough via the Walt Whitman Bridge. The Delaware River Port Authority's high-speed rail transit line to Camden and Philadelphia is easily accessible to commuters. Commuters also have easy access to several bus routes which crisscross the Borough on schedules sufficient to meet their needs.

## Borough Employees

	December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Full-time	60	58	Breakdown not available		
Part-time	56	70	Breakdown not available		
Total	<u>116</u>	<u>128</u>	<u>129</u>	<u>127</u>	<u>103</u>

## Compensated Absences

Borough employees are granted vacation benefits in varying amounts depending on their length of service with the Borough. The Borough does not permit employees to accrue unused vacation pay. The Borough permits employees to carry over one week of vacation time, which must be utilized by December 31 of the succeeding year or be forfeited unless otherwise approved by a Department Head. All employees are granted twelve sick days per year. Sick leave is accumulated from year to year but may not exceed twenty-six weeks of earned sick leave.

The Borough compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy provides one compensated day for every two and a half sick days accumulated and one compensated day for every vacation day accumulated. The Borough has entered into duly negotiated and approved labor agreements with various unions with regards to accumulated absence benefits. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Borough, Note 14 to Financial Statements.

## Employee Collective Bargaining Units

The Borough currently has three employee collective bargaining units. The following is a schedule of the employee bargaining units, number of employees represented, and dates of contract expiration:

<u>Bargaining Unit</u>	<u>Employee Represented</u>	<u>Contract Expiration Date</u>
AFSCME NJ Council 63 Union	16	December 31, 2024 (1)
Teamsters Local Union No. 676	6	December 31, 2024 (1)
Police Benevolent Association Local 122	14	December 31, 2024 (1)

## Population (2)

2020 Federal Census	8,780
2010 Federal Census	9,011
2000 Federal Census	9,331
1990 Federal Census	9,365
1980 Federal Census	9,744

## Selected Census 2023 Data for the Borough (2)

Median household income	\$96,199
Per capita income	\$47,054

(1) In negotiations

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

## Labor Force (1)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Borough</b>					
Labor Force	5,008	4,990	4,896	4,785	4,779
Employment	4,817	4,800	4,723	4,499	4,356
Unemployment	191	190	173	286	423
Unemployment Rate	3.8%	3.8%	3.5%	6.0%	8.9%
<b>County</b>					
Labor Force	166,130	165,120	161,384	157,695	156,419
Employment	158,789	158,213	155,189	147,614	142,386
Unemployment	7,341	6,907	6,195	10,081	14,033
Unemployment Rate	4.4%	4.2%	3.8%	6.4%	9.0%
<b>State</b>					
Labor Force	4,898,008	4,867,113	4,756,002	4,654,243	4,643,700
Employment	4,676,064	4,659,779	4,572,879	4,342,075	4,204,301
Unemployment	221,944	207,334	183,123	312,168	439,399
Unemployment Rate	4.5%	4.3%	3.9%	6.7%	9.5%

## Industry and Employment

Most of the Borough's industrial and heavy commercial uses are located along the east side of the railroad in the northern section of the Borough. Additional industries which were established prior to zoning in the Borough are scattered throughout the Borough's residential areas.

Retail shops and commercial offices are concentrated in established business districts, specifically along Broadway from Laurel Avenue North to Arbutus Avenue and along Woodbury Avenue between Ardmore and Elwood Avenues.

## Building Permits Issued (2)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2025 (3)	270	\$3,453,489
2024	511	6,570,335
2023	495	4,953,545
2022	542	5,793,141
2021	537	5,007,717
2020	530	4,520,401

(1) Source: New Jersey Department of Labor

(2) Source: Borough Construction Office

(3) As of June 30, 2025

**TEN LARGEST EMPLOYERS IN THE COUNTY (1)**

<u>Employer</u>	<u>Number of Employees</u>	<u>Type of Business</u>	<u>Location</u>
Rowan University	3,500	Education	Glassboro
Inspira Medical Center	1,222	Healthcare	Woodbury
Walmart Supercenter	800	Retail	Turnersville
Jefferson Health	670	Healthcare	Washington Twp.
Aryzta LA Brea Bakery Inc.	500	International Bakery	Logan Twp.
Keller Williams Realty	500	Real Estate Company	Sewell
Honda of Turnersville	499	Car Dealership	Turnersville
Paulsboro Refinery LLC Ap	402	Oil Refinery	Paulsboro
Washington Township HS	400	Education	Washington Twp.
Johnson Matthey Inc.	379	Specialty Chemicals	West Deptford

**GENERAL INFORMATION ON THE SCHOOL DISTRICT (2)**

**Education**

The School District is a Type II school district that is coterminous with the borders of the Borough of Pitman ("Board"). The School District provides a full range of educational services appropriate to Pre-Kindergarten (PreK) through the twelfth (12) grades.

The Board is composed of seven (7) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

The Board appoints a Superintendent and Business Administrator/Board Secretary who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

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(1) Gloucester County  
 (2) Source: School District Officials

**School District Enrollments(1)**

<u>Grade</u>	<u>June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Pre-School	99	68	41	14	33
K	67	60	73	69	87
1	62	75	76	80	93
2	75	75	87	84	76
3	78	85	85	68	102
4	90	88	76	90	75
5	99	74	89	73	90
6	71	94	70	87	99
7	90	68	83	96	101
8	71	81	94	93	112
9	68	80	79	93	70
10	87	82	94	69	90
11	73	93	61	85	89
12	98	65	84	91	98
Special Education	not available	43	32	27	19
Totals	1,128	1,131	1,124	1,119	1,234

**Present School Facilities, Enrollment and Capacity (1)**

<u>Facilities</u>	<u>Date Constructed</u>	<u>Grades</u>	<u>Enrollment June 30, 2024</u>	<u>Functional Capacity</u>
Memorial School	1962	PreK-1	262	309
Pitman Elementary School	1992	2-6	422	381
Pitman Jr./Sr. High School	1971	7-12	<u>463</u>	<u>556</u>
			(2) <u>1,147</u>	<u>1,246</u>

(1) Source: School District Officials

(2) Total does not include out of district students

## HIGHER EDUCATION FACILITIES

### Rowan College of South Jersey

Rowan College of South Jersey ("College"), formerly known as Rowan College at Gloucester County and Gloucester County College, is a public community college with two campuses, one in Sewell and one in Vineland. The College was established in 1966 as Gloucester County College. In 2014 the College changed its name to Rowan College of Gloucester County when Rowan University and Gloucester County College entered into a partnership. The College then expanded in 2019, combining Rowan College at Gloucester County and Cumberland County College to become Rowan College of South Jersey. The College now offers conditional dual enrollment with Rowan University depending on GPA. While Gloucester County College took the Rowan name, the community college maintains its independence with its own Board of Trustees and administration.

Total enrollment for the fall 2024<sup>1</sup> semester was 5,217 students. In addition, the College's Division of Career and Technical Education provides various educational, career training and personal enrichment courses, as well as outreach programs, to community residents.

The College offers more than 120 academic programs in a full spectrum of career fields. The College also maintains a well-rounded cultural, artistic and sports calendar of events.

A number of selective admission programs related to the allied-health field, including nursing, diagnostic medical sonography (DMS) and nuclear medicine technology (NMT) are available at the College.

The College awards both certificate and associate degrees leading to immediate career and transfer opportunities. With an extensive record of matriculation agreements with four-year colleges and universities, graduates are able to transfer seamlessly into baccalaureate and master degree programs. The College added an automatic-dual acceptance initiative with five (5) four-year universities which makes earning a bachelor's degree an uncomplicated progression with added benefits. The College's educational partners offer a variety of programs and incentives to the College graduates ranging from tuition discounts to obtaining a bachelor's degree on the College campus.

In September 2024, the 15,216 square foot addition to the Nursing and Health Professions Center was opened.

In November 2024, the 3,900 square foot addition to the Steven M. Sweeney Center for Neurodiversity was opened.

The College constructed a 27,390 square-foot Health Science Center with classes beginning in September of 2023.

Located on 250 acres in Deptford Township, New Jersey, the College's main campus also houses the Career and Technical Education Center that will provide wind turbine technician training for employers in the off-shore wind industry.

In 2021, projects completed include a one-story economic development center to house the New Jersey Department of Labor and Workforce Development, the Gloucester County Chamber of Commerce and the Gloucester County Economic Development Department. In addition, a two-story, 56,000 square-foot medical and academic building for Rowan School of Osteopathic Medicine. The Health Sciences Center was also completed.

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<sup>1</sup> Represents the latest data available. (Unaudited)

## Rowan University

Today, Rowan is a selective, medium-sized national public research university located primarily in Glassboro, New Jersey. It is recognized for its nationally ranked academic and athletic programs, talented professors, and high-tech facilities. Rowan prides itself on being able to provide its nearly 23,000 students an outstanding education at an exceptional value.

The University's approved degree programs as of June 30, 2024, include 101 bachelor's degrees, 60 master's degrees, 16 doctoral degrees (Ed.D. and Ph.D.) and two professional degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.). A Doctor of Veterinary Medicine degree has also been approved and the University plans to admit its first class of students in Fall 2025.

Rowan is continually recognized for excellence by top organizations including *U.S. News & World Report*, *Forbes*, the *Chronicle of Higher Education* and the website *College Factual*.

For 2025, *U.S. News & World Report* ranked Rowan #171 among national research universities and #92 among public research universities. Rowan was also recognized in the following categories:

- Best Value Schools – National Universities, #98
- Best Colleges for Veterans – National Universities, #120
- Social Mobility – National Universities, #211

*The Chronicle of Higher Education* recognized Rowan as the nation's 3rd fastest-growing research university in the U.S. in August of 2024. The Princeton Review ranked Rowan's entrepreneurship program #1 in New Jersey and #4 in the Northeast.

## LOCATIONS

The University's main campus, on approximately 200 acres in the southern New Jersey town of Glassboro, is about 20 minutes southeast of Philadelphia and about one hour west of Atlantic City. It is approximately two hours from New York City and just a two-and-a-half-hour drive to Washington, D.C. The locale provides students all of the advantages of a suburban campus plus opportunities for entertainment, cultural events, and professional opportunities in major east coast metropolises and the nation's capital.



Beyond Glassboro, the University has a campus in Camden, one of its two medical schools with facilities in both Stratford and Sewell, and Rowan Medicine, as defined herein, also has practice sites in the New Jersey counties of Atlantic, Burlington, Camden, Cumberland and Gloucester.

Rowan acquired approximately 600 acres of open space in Glassboro and neighboring Harrison and Mantua Townships, some of which is home to the South Jersey Technology Park (SJTP) at Rowan University. A portion of the land on that parcel informally referred to as the “West Campus” was developed into athletic fields. In May of 2016, Rowan sold 100 acres of West Campus land in Harrison Township to Inspira Health Network of New Jersey (“Inspira”). Inspira broke ground in May 2017 on its new \$349 million, 467,000 square foot, 204-bed medical center which opened in December 2019. It currently employs 1,400 workers and provides Rowan with a wide range of educational opportunities. It also attracts health-care providers, researchers, and businesses to the area. The Rowan University Shreiber School of Veterinary Medicine (“Shreiber SVM”) building will also be located on the West Campus. Designed as a multipurpose learning environment, the envisioned 167,000 square foot complex will include a veterinary hospital, academic building, and research space housing the School of Translational Biomedical Sciences.

**Glassboro:** The Glassboro campus has transformed over the last decade, with more than 815,600 square feet of expansion and new development since the fall of 2015. This transformation has increased the Glassboro campus infrastructure to 78 buildings, ranging from Bunce Hall, the first building on campus, which houses a theater, classroom space, administrative offices, as well as the College of Humanities and Social Sciences, to approximately 6,450 beds in 7 residence halls and 9 apartment communities owned by the University or privately owned and operated through public-private partnership or affiliation agreements.

**West Campus:** The West Campus houses the SJTP and CREATEs Hanger. The Schreiber School of Veterinary Medicine “Shreiber SVM” and the Rowan-Virtua Rita & Larry Salva School of Nursing & Health Professions building are currently under construction which will bring the total number of buildings on the West Campus to four. The Shreiber SVM will be the first school of veterinary medicine in New Jersey when it opens for the Fall of 2025.

**Camden:** Since the acquisition of the historic First National Bank and Trust Company building in 2009, the Camden campus has enabled the University to offer new degree programs that are relevant to the urban mission of the campus, including Law and Justice Studies, Human Services, Sociology, and Disaster Preparedness and Emergency Management. Camden also houses the Intensive English Language Program and dual credit programs with the Camden City School District and the LEAP Academy Charter School. Also on the Camden campus is the Medical Education Building (“MEB”), which houses CMSRU. The MEB is located adjacent to the school’s primary clinical affiliate, Cooper University Hospital, on the health campus in Camden. The facility features Active Learning Rooms, a large auditorium, a Learning Commons, a Clinical Simulation Center, and multiple floors of instructional and research lab space.

**Stratford:** The Rowan-Virtua SOM Campus contains four major buildings, spanning 400,000 square feet: the 120,000 square foot Academic Center, the 100,000 square foot Science Center, the 120,000 square foot University Doctors Pavilion, and the 60,000 square foot University Education Center. These buildings house the Rowan University School of Osteopathic Medicine, a Graduate School of Biomedical Sciences, and portions of Rowan-Virtua SOM’s faculty practice plan (“Rowan Medicine”).

**Mantua Township:** The Jean & Ric Edelman Fossil Park (“Fossil Park”), a 44,000 square foot museum and dig site that opened in March 2025 provides researchers with the best window, east of the Mississippi, into the Cretaceous Period – the heyday of dinosaurs. The Fossil Park is five miles from Main Campus and will be part of the University’s School of Earth & Environment. In addition to the Fossil Park, the Rowan Medical Center in Sewell is located on the Gloucester County campus of RCSJ and is the home for the Rowan Integrated Special Needs (“RISN”) Center. In September 2024, construction began on 12,389 square foot addition that will expand degree offerings to meet the health care needs of the region and nation with a new Master of Physician Assistant (PA) Studies program. The new building will

feature a state-of-the-art simulation center, a clinical skills lab, and a fully equipped modern cadaver anatomy lab.

**Cumberland County:** The Rowan Medicine Building – Cumberland houses the NeuroMusculoskeletal Institute (“NMI”), the Child Abuse Research Education and Service (“CARES”) Institute and the RISN Center Clinical Practices.

### **Gloucester County Institute of Technology**

The Gloucester County Institute of Technology (GCIT) is a four-year public vocational-technical high school located at 1360 Tanyard Road in Deptford Township, New Jersey. Established in 1971, GCIT operates under the Gloucester County Vocational-Technical School District and serves students in grades 9-12 across Gloucester County. GCIT is recognized as one of the top public high schools in New Jersey and the Philadelphia area.

GCIT offers a diverse range of Career and Technical Education (CTE) and academic programs designed to prepare students for both higher education and immediate entry into the workforce. As of the 2024-2025 school year, the school provides 18 full-time programs of study ([www.gcit.org](http://www.gcit.org)). Admission to GCIT is competitive, with approximately 450 students accepted each year, and the selection process considers academic performance from 7<sup>th</sup> – 8<sup>th</sup> graders, and standardized test scores. As of the 2023-2024 school year, GCIT had an enrollment of 1,639 students with a student-to-teacher ratio of 15:1.

In addition to high school secondary programs, GCIT offers post-secondary and apprenticeship programs for adult learners and high school graduates seeking advanced education and career training. These programs are designed to help adult learners acquire industry-recognized credentials and prepare for successful careers. As an official recognized, registered apprenticeship site with the United States Department of Labor (USDOL), in collaboration with local labor unions and businesses, GCIT offers apprenticeship programs in Electrical, HVAC, and Plumbing. These programs combine classroom instruction with on-the-job training, providing a comprehensive pathway to skilled trades careers.

GCIT actively engages with the community by offering various services to the local community through its specialized programs. Automotive and Cosmetology services, the Fresh Start Bakery, the school’s fitness center, and the pool are services offered to all Gloucester County residents. GCIT students actively participate in several community-focused events and organizations, including City of Hope Walk, Style-A Thon, Out of the Darkness Suicide Prevention Walk, Love Our Vets, and HOSA Blood Drive. The School Based Youth Services (SBYS) program at GCIT offers counseling to GCIT students, addressing issues like stress, depression, and family problems. For more information, visit the official website at [www.gcit.org](http://www.gcit.org).

### **Schools for Neurodiversity at Gloucester County Special Services School District**

The Schools for Neurodiversity provides a wide range of educational services to the families of the County. The Schools for Neurodiversity serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, as of May 15, 2025, was 515 neurodivergent students. It is the mission of the Gloucester County Special Services School District (GCSSSD) to enable students to become:

- Life-long learners
- Positive contributors to the community
- Problem solvers
- Productive workers
- Ethical decision-makers
- It is the expectation of the Gloucester County Special Services School District that all pupils achieve the NJCCCS at all grade levels.

Bankbridge Regional School opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, The School for Neurodiversity opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional and serves special needs students from pre-kindergarten to grade five (5).

The Bankbridge Development Center ("BDC") opened in 2007. With an emphasis on developing skills in the areas of communication, socialization, and independence, the BDC strives toward helping students become participating and contributing members of their community. Education, advocacy, public awareness efforts, and the promotion of research form the cornerstones of the activities.

Together, they can: promote lifelong access and opportunity for all individuals within the autism spectrum and/or multiply disabled.

BDC student outcome goals include, but are not limited to:

- The development of a functional communication system in order to increase interaction and enhance adaptive behaviors.
- Effectively providing functional, skill-based instruction to develop each student's social, behavioral and academic abilities.
- Providing students with the skills necessary to become contributing and functional members of society.

The staff at BDC is dedicated to educating and supporting the special needs students who attend that campus. Each classroom and specialty area has been carefully designed to provide an encouraging but challenging learning environment to help the children reach their maximum potential. The programs are tailored to meet the specific needs of each child. The philosophy, goals, and objectives of the BDC reflect the diversity of the children they serve. Programs are designed to meet their educational, social, and emotional needs.

In addition to the schools, the Schools for Neurodiversity provide the following services to support the special needs children of the County:

(i) the Early Intervention Program for children from birth to age 3 and their families; and (ii) the Center for Regional Education Support Services (CRESS) which provides professional services to the school districts in the County and the County of Camden.

The Schools for Neurodiversity also provides support to nonpublic students through their schools including remedial programs, speech-language therapy and curriculum purchasing. The Schools for Neurodiversity's Special Projects Program provides Migrant Services to more than 3,000 students and families throughout the southern region of New Jersey.

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**CERTAIN TAX INFORMATION**

**TEN LARGEST REAL PROPERTY TAXPAYERS (1)**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<b>2025 Assessed Valuation</b>
AP Holly Court LLC	Apartments	\$ 15,020,200
400 N Woodbury Road LLC	Industrial	8,500,000
Grandview Apts	Apartments	4,962,000
Comet Tool Co Inc.	Plastic Injection Molding Company	2,398,200
Vvandro LLC	Industrial	2,200,000
Slack, Peter & Jill Gregal	Business Consulting	1,676,500
Pitman Gardens Partners LLC	Apartments	1,632,600
LCR Leasing Corp	Commercial Property	1,412,400
US Bank Trust	Wealth Mgmt./Trust and Estates	1,378,900
Pitman Realty LLC	Property Management	1,087,900

**CURRENT TAX COLLECTIONS (2)**

<u>Year</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2024 (3)	\$ 27,716,460	\$ 27,333,523	98.61%	\$ 387,316	1.40%
2023	26,913,486	26,630,600	98.94%	280,503	1.04%
2022	25,834,514	25,543,104	98.87%	280,071	1.08%
2021	25,612,529	25,239,665	98.54%	317,161	1.24%
2020	25,256,325	24,862,796	98.44%	356,987	1.41%

**DELINQUENT TAXES (2)**

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits/ Adj.</u>	<u>Outstanding Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2024 (3)	\$ 280,503	\$ 1,507	\$ 282,010	100.00%	\$ -	\$ -	\$ -
2023	280,071	-	272,669	97.36%	-	7,403	-
2022	317,161	-	316,522	99.80%	388	250	-
2021	356,987	-	356,987	100.00%	-	-	-
2020	377,384	5,041	382,425	100.00%	-	-	-

(1) Source: County website

(2) Source: Annual Reports of Audit, unless otherwise noted

(3) Information from Annual Compiled Financial Statement

**TAX TITLE LIENS (1)**

<u>Year</u>		<u>Balance</u>	<u>Added by</u>			<u>Balance</u>
		<u>Jan. 1</u>	<u>Sales/Transfers</u>	<u>Canceled</u>	<u>Collections</u>	<u>Dec. 31</u>
2024	(2) \$	11,930	\$ 1,357	\$ -	\$ -	\$ 13,287
2023		18,874	1,241	8,186	-	11,930
2022		81,028	9,216	-	71,369	18,874
2021		137,179	31,338	39,959	47,531	81,028
2020		104,823	32,357	-	-	137,179

**FORECLOSED PROPERTY (1)(3)**

<u>Year</u>		<u>Balance</u>	<u>Sales</u>		<u>Balance</u>
		<u>Jan. 1</u>	<u>of Property</u>	<u>Adjustments</u>	<u>Dec. 31</u>
2024	(2) \$	80,300	\$ -	\$ -	\$ 80,300
2023		80,300	-	-	80,300
2022		80,300	-	-	80,300
2021		80,300	-	-	80,300
2020		80,300	-	-	80,300

**CURRENT WATER AND SEWER COLLECTIONS (1)**

<u>Year</u>		<u>Beginning</u>		<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Balance</u>	<u>Total Levy</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2024	(2) \$	76,527	\$ 3,031,383	\$ 3,010,532	96.87%	\$ 97,378	3.13%
2023		81,162	2,819,957	2,824,592	97.36%	76,527	2.64%
2022		83,689	2,846,060	2,848,586	97.23%	81,162	2.77%
2021		87,276	2,844,855	2,848,050	97.13%	83,689	2.85%
2020		27,342	2,890,156	2,829,379	96.98%	87,276	2.99%

(1) Source: Annual Reports of Audit, unless otherwise noted.

(2) Information from Annual Compiled 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

**NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)**

<u>Year</u>	<u>Net Valuation</u>		<u>Tax Rate(2)</u>				
	<u>Taxable</u>	<u>Total</u>	<u>County</u>	<u>County Open Space</u>	<u>Municipal Library</u>	<u>Municipal</u>	<u>Local School</u>
2025	\$ 794,224,660	N/A	N/A	N/A	N/A	N/A	N/A
2024	792,018,500	\$ 3.493	\$ 0.535	\$ 0.036	\$ 0.037	\$ 0.836	\$ 2.049
2023	789,305,400	3.401	0.531	0.033	0.033	0.796	2.008
2022 (6)	789,681,200	3.267	0.519	0.031	0.028	0.730	1.959
2021	569,401,700	4.483	0.725	0.045	0.037	1.012	2.664
2020	568,717,700	4.430	0.721	0.044	0.036	1.012	2.617

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (4)</u>
	2025	\$ 794,224,660	78.68%	\$ 1,009,436,528
2024	792,018,500	88.41%	895,847,189	102,033
2023	789,305,400	100.33%	786,709,259	89,602
2022 (6)	789,681,200	116.69%	676,734,253	77,077
2021	569,401,700	89.56%	635,776,798	72,412

**REAL PROPERTY CLASSIFICATION (5)**

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>						
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>
2025	\$ 794,224,660	\$ 1,782,700	\$ 715,576,160	\$ 39,331,700	\$ 13,489,000	\$ 24,040,600	\$ 4,500
2024	792,018,500	1,834,600	714,033,900	38,615,900	13,489,000	24,040,600	4,500
2023	790,426,500	1,774,000	712,255,400	38,750,700	13,489,000	23,872,600	284,800
2022 (6)	789,681,200	1,774,000	711,282,900	38,978,600	13,489,000	23,872,600	284,100
2021	569,401,700	1,777,500	506,011,500	37,436,800	7,702,000	16,237,400	236,500

(1) Source: Borough Tax Collector

(2) per \$100 of assessed valuation

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

(4) Based on Federal Census 2020 of 8,780

(5) Source: Borough Tax Assessor's Office

(6) Revaluation

**BOROUGH OF PITMAN  
STATEMENT OF INDEBTEDNESS  
AS OF DECEMBER 31, 2024**

The following table summarizes the direct debt of the Borough as of December 31, 2024 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2-et. seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water and Sewer Utility and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school debt, as well as debt considered to be self liquidating. The resulting net debt of \$6,533,332 represents 0.730% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	<u>Debt Issued</u>		<u>Debt Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>Deductions</u>		<u>Net Debt</u>
	<u>Bonds and Notes</u>	<u>Loans</u>			<u>School Debt</u>	<u>Self-Liquidating Debt</u>	
General	\$ 6,371,017	\$ -	\$ 162,315	\$ 6,533,332	\$ -	\$ -	\$ 6,533,332
School	560,000	-	-	560,000	560,000	-	-
Water and Sewer Utility	2,095,000	1,978,952	-	4,073,952	-	4,073,952	-
	<u>\$ 9,026,017</u>	<u>\$ 1,978,952</u>	<u>\$ 162,315</u>	<u>\$ 11,167,284</u>	<u>\$ 560,000</u>	<u>\$ 4,073,952</u>	<u>\$ 6,533,332</u>

Source: Borough Auditor

**DEBT RATIOS AND VALUATIONS (1) (2)**

Average of Equalized Valuations of Real Property with Improvements for 2022, 2023 and 2024	\$	895,498,268
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2022, 2023 and 2024		0.730%
2025 Net Valuation Taxable	\$	794,224,660
2025 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	1,009,436,528
Gross Debt (3)		
As a Percentage of 2025 Net Valuation Taxable		1.41%
As a Percentage of 2025 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.11%
Net Debt (3)		
As a Percentage of 2025 Net Valuation Taxable		0.82%
As a Percentage of 2025 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		0.65%
Gross Debt per Capita(4)	\$	1,272
Net Debt per Capita(4)	\$	744

**BOROUGH BORROWING CAPACITY (1) (2)**

3.5% of Average (2022-24) Equalized Valuation of Real Property Including Improvements (\$895,498,268)	\$	31,342,439
Net Debt		<u>6,533,332</u>
Remaining Borrowing Capacity	\$	<u>24,809,107</u>

**SCHOOL DISTRICT BORROWING CAPACITY (1) (2)**

4% of Average (2022-24) Equalized Valuation of Real Property Including Improvements (\$895,498,268)	\$	35,819,931
Local School Debt		<u>560,000</u>
Remaining Borrowing Capacity	\$	<u>35,259,931</u>

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(1) As of December 31, 2024  
(2) Source: Borough Auditor  
(3) Excluding overlapping debt  
(4) Based on 2020 Federal Census of 8,780

**BOROUGH OF PITMAN  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2024**

	<b>DEBT ISSUED</b>				
	<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 Gloucester(1):					
General	\$ 239,268,000	\$ 19,131,039	(2) \$ 220,136,961	\$ 5,107,177	(4) \$ -
Bonds Issued by Other Public Bodies Guaranteed by the County	100,041,911	100,041,911	(3) -	-	-
	<u>\$ 339,309,911</u>	<u>\$ 119,172,950</u>	<u>\$ 220,136,961</u>	<u>\$ 5,107,177</u>	<u>\$ -</u>

(1) Source: County's Annual Debt Statement.

(2) Includes Reserve for Payment of Debt and County College Bonds.

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2024 Net Valuation on which County taxes are apportioned, which is 2.32%.

**BOROUGH OF PITMAN  
SCHEDULE OF BOROUGH DEBT SERVICE  
(BONDED DEBT ONLY) (1)**

<u>Year</u>	<u>General</u>			<u>Sewer</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 495,000	\$ 73,700	\$ 568,700	\$ 375,000	\$ 73,038	\$ 448,038
2026	515,000	57,050	572,050	390,000	60,400	450,400
2027	450,000	39,375	489,375	390,000	46,900	436,900
2028	240,000	21,000	261,000	395,000	33,050	428,050
2029	555,000	21,600	576,600	545,000	23,200	568,200
	<u>\$ 2,255,000</u>	<u>\$ 212,725</u>	<u>\$ 2,467,725</u>	<u>\$ 2,095,000</u>	<u>\$ 236,588</u>	<u>\$ 2,331,588</u>

(1) As of December 31, 2024

Source: Borough Auditor

**BOROUGH OF PITMAN  
2025 MUNICIPAL BUDGET (1)**

**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$1,940,000.00
Miscellaneous Revenues:	
Local Revenues	433,000.00
State Aid without Offsetting Appropriations	646,060.00
Dedicated Uniform Construction Code Fees	130,000.00
Special Items--Shared Service Agreements	50,000.00
Special Items--Public and Private Revenues	78,108.19
Other Special Items of Revenue	828,715.09
Receipts from Delinquent Taxes	270,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>7,340,452.39</u>
Total Appropriated Revenues	<u><u>\$11,716,335.67</u></u>
Appropriations:	
Within CAPS:	
Operations	\$8,129,252.00
Deferred Charges and Statutory Expenditures	1,174,788.00
Excluded from CAPS:	
Other Operations	357,410.00
Shared Service Agreements	218,667.00
Public and Private Programs	78,108.19
Capital Improvements	198,585.00
Debt Service	568,700.00
Deferred Charges	250,347.57
Reserve for Uncollected Taxes	<u>740,477.91</u>
Total Appropriations	<u><u>\$11,716,335.67</u></u>

**WATER AND SEWER UTILITY**

Anticipated Revenues:	
Fund Balance	\$735,925.50
Rents	<u>3,010,000.00</u>
Total Anticipated Revenues	<u><u>\$3,745,925.50</u></u>
Appropriations:	
Operating	\$2,486,050.00
Capital Improvement Fund	102,000.00
Debt Service	552,875.50
Deferred Charges and Statutory Expenditures	120,000.00
Surplus	<u>485,000.00</u>
Total Appropriations	<u><u>\$3,745,925.50</u></u>

(1) As adopted

**CAPITAL PROGRAM (1)**  
**PROJECTS SCHEDULED FOR THE YEARS 2025-2027**

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	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in- Aid and Other Funds</u>	<u>Bonds and Notes</u>
				<u>General</u> <u>Self- liquidating</u>
<b><u>GENERAL:</u></b>				
Police Vehicles	\$ 60,000	\$ 3,000		\$ 57,000
Police Equipment	15,000	750		14,250
Public Works Pole Barn	300,000	15,000		285,000
Public Works Trash Vehicles	970,700	48,535		922,165
Public Works Sweeper	400,000	20,000		380,000
Parks and Recreation Equipment	11,000	550		10,450
Road Improvements	700,000	35,000		665,000
Fire Safety Equipment	15,000	750		14,250
	<hr/>			
Total General	\$ 2,471,700	\$ 123,585		\$ 2,348,115
	<hr/> <hr/>			

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(1) As adopted

**APPENDIX B**

**COMPILED FINANCIAL STATEMENTS OF THE BOROUGH  
FOR THE YEAR ENDED DECEMBER 31, 2024 AND  
AUDITED FINANCIAL STATEMENTS OF THE BOROUGH  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**FOR THE YEAR ENDED 2024**  
**COMPILED FINANCIAL STATEMENTS**

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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Pitman  
Pitman, New Jersey 08071

Management is responsible for the accompanying financial statements of the Borough of Pitman, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2024 and the related statements of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

Respectfully submitted,

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

/s/ Evan J. Palmer  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
April 23, 2025

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

ASSETS

Regular Fund:

Cash	<u>\$ 5,771,482.03</u>
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Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	387,315.65
Tax Title Liens Receivable	13,286.56
Property Acquired for Taxes	80,300.00
Other Liens Receivable	9,350.00
Other Accounts Receivable	5,675.22
Due from Federal and State Grant Fund	62,196.22
Due from Trust Other Fund	<u>6,671.60</u>

564,795.25

6,336,277.28

Federal, State and Other Grant Fund:

Cash	<u>1,084,112.34</u>
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\$ 7,420,389.62

(Continued)

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

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Liabilities:

Appropriation Reserves	\$	887,628.05
Reserve for Encumbrances		308,948.92
Accounts Payable		96,735.89
Prepaid Taxes		185,305.19
Tax Overpayments		20,179.82
Payroll Deductions Payable		126,797.09
Due from/to State of New Jersey:		
Veterans' and Senior Citizens' Deductions		23,737.82
Due County for Added and Omitted Taxes		8,405.32
Local School District Taxes Payable		1,174,100.02
Due to Local Library		10,604.00
Due to General Capital		192,296.28

3,034,738.40

Reserve for Receivables and Other Assets		564,795.25
Fund Balance		2,736,743.63

6,336,277.28

Federal, State and Other Grant Fund:

Reserve for Grants Appropriated		976,095.18
Reserve for Grants Unappropriated		38,167.45
Due to Current Fund		62,196.22
Reserve for Encumbrances		7,653.49

1,084,112.34

\$ 7,420,389.62

See Independent Accountant's Compilation Report and selected notes.

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

Revenue and Other Income Realized

Fund Balance Utilized	\$ 1,940,000.00
Miscellaneous Revenue Anticipated	2,331,543.78
Receipts from Delinquent Taxes	282,009.70
Receipts from Current Taxes	27,333,523.22
Non-Budget Revenues	187,432.99
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	649,903.67
Refund of Prior Year Revenues	78,479.17
	32,802,892.53
Total Income	32,802,892.53

Expenditures

Budget and Emergency Appropriations:	
Operations Within "CAPS":	
Salaries and Wages	4,045,786.00
Other Expenses	3,606,102.00
Deferred Charges and Statutory Expenditures Within "CAPS"	1,213,106.75
Operations - Excluded from "CAPS":	
Other Expenses	846,184.44
Capital Improvements - Excluded from "CAPS"	110,000.00
Municipal Debt Service - Excluded from "CAPS"	848,406.00
Municipal Deferred Charges - Excluded from "CAPS"	35,020.00
County Taxes	4,511,916.70
County Share of Added and Omitted Taxes	8,405.32
Local District School Tax	16,226,182.00
State of New Jersey - Senior Citizens' and Veterans'	
Deductions Disallowed by Tax Collector - Prior Year Taxes	1,506.85
	31,452,616.06
Total Expenditures	31,452,616.06

Statutory Excess to Fund Balance	1,350,276.47
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Fund Balance

Balance Jan. 1	3,326,467.16
	4,676,743.63
Utilized as Revenue	1,940,000.00
	\$ 2,736,743.63

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF PITMAN**  
**TRUST FUNDS**  
Statement of Assets, Liabilities and Reserves - Regulatory Basis  
As of December 31, 2024

ASSETS

Animal Control Fund:	
Cash	\$ 4,811.27
Trust Other Funds:	
Cash	718,208.36
	\$ 723,019.63

LIABILITIES AND RESERVES

Animal Control Fund:	
Reserve for Animal Control Fund Expenditures	\$ 4,811.27
Trust Other Funds:	
Due to Current Fund	6,671.60
Reserve for Law Enforcement Funds	27,459.59
Reserve for Tax Title Lien Premium	87,000.00
Reserve for Tax Title Lien Redemption	4,382.62
Reserve for O/S Emp of Off-Duty Police	75,209.86
Reserve for Community Appreciation	2,441.33
Reserve for Fire Safety	9,460.31
Reserve for Public Defender Fees	116,255.08
Reserve for Parade Donations	28,306.52
Reserve for Library Donations	73,434.01
Reserve for Recreation Fund Donations	49,369.53
Reserve for Community Service	845.41
Reserve for K-9 Donations	1,353.60
Reserve for Town Clock Donations	19.93
Reserve for Recreation - Miss Pitman	10,946.42
Reserve for Unemployment Compensation Insurance	148,932.24
Reserve for Storm Recovery	58,622.97
Reserve for Trust Other	17,497.34
	718,208.36
	\$ 723,019.63

See Independent Accountant's Compilation Report and selected notes.

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

ASSETS

Cash	\$ 1,994,996.83
Due from Current Fund	192,296.28
Due from Water and Sewer Utility Operating Fund	323,000.00
Deferred Charges to Future Taxation:	
Funded	2,255,000.00
Unfunded	4,278,332.00
Deferred Charges - Overexpenditures--Improvement Authorizations	250,347.57
	\$ 9,293,972.68

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	\$ 241,478.20
Improvement Authorizations:	
Funded	265,982.04
Unfunded	1,086,844.14
Reserve for Encumbrances	228,124.95
Reserve for Preliminary Costs - Redevelopment	1,172.69
Reserve for Road Improvements	103,677.76
Reserve for Debt Service	971,510.92
Bond Anticipation Notes	4,116,017.00
General Serial Bonds	2,255,000.00
Fund Balance	24,164.98
	\$ 9,293,972.68

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF PITMAN**  
**WATER AND SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2024

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ASSETS

Operating Fund:	
Cash	\$ 1,958,348.52
Investment in Bond Anticipation Note	<u>1,884,226.00</u>
	<u>3,842,574.52</u>
Receivables with Full Reserves:	
Consumer Accounts Receivable	<u>97,377.88</u>
Total Operating Fund	<u>3,939,952.40</u>
Capital Fund:	
Cash	184,576.94
Due from Water and Sewer Operating Fund	145,885.97
Fixed Capital	17,428,437.74
Fixed Capital Authorized and Uncompleted	<u>3,716,142.80</u>
Total Capital Fund	<u>21,475,043.45</u>
	<u><u>\$ 25,414,995.85</u></u>

(Continued)

**BOROUGH OF PITMAN**  
**WATER AND SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
As of December 31, 2024

LIABILITIES, RESERVES AND FUND BALANCES

Operating Fund:

Liabilities:

Appropriation Reserves	\$	286,290.00
Reserve for Encumbrances		29,485.70
Accounts Payable		1,804.86
Water Rent Overpayments		14,823.07
Accrued Interest on Bonds and Notes		68,939.03
Due to General Capital Fund		323,000.00
Due to Water-Sewer Capital Fund		145,885.97

870,228.63

Reserves for Receivables		97,377.88
Fund Balance		<u>2,972,345.89</u>

3,939,952.40

Capital Fund:

Improvement Authorizations:

Funded		17,517.09
Unfunded		219,663.43
Capital Improvement Fund		175,000.00
Reserve for Encumbrances		109,097.52
Reserve for Amortization		15,317,449.82
Reserve for Deferred Amortization		50,000.00
General Obligation Bonds		2,095,000.00
Bond Anticipation Notes		1,446,856.00
Loans Payable		1,978,951.72
Fund Balance		<u>65,507.87</u>

21,475,043.45

\$ 25,414,995.85

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF PITMAN**  
**WATER AND SEWER UTILITY OPERATING FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2024

Revenue and Other Income Realized

Operating Surplus Anticipated	\$ 860,061.20
Rents	3,010,532.44
Other Credits to Income:	
Miscellaneous Revenues Not Anticipated	127,571.98
Unexpended Balance of Appropriation Reserves	295,334.86
Total Income	4,293,500.48

Expenditures

Operating	2,331,000.00
Capital Outlay	102,000.00
Debt Service	644,553.58
Deferred Charges and Statutory Expenditures	115,000.00
Surplus (General Budget)	485,000.00
Total Expenditures	3,677,553.58

Statutory Excess to Fund Balance	615,946.90
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Fund Balance

Balance Jan. 1	3,216,460.19
	3,832,407.09
Decreased by:	
Utilized as Revenue	860,061.20
Balance Dec. 31	\$ 2,972,345.89

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF PITMAN**  
Selected Information - Substantially All Disclosures Required  
By the Regulatory Basis of Accounting Have Been Omitted  
For the Year Ended December 31, 2024

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

**Description of Financial Reporting Entity** - The Borough of Pitman (hereafter referred to as the "Borough") was incorporated in 1905 and is located in Gloucester County, New Jersey. The population according to the 2020 census is 1,536.

The Borough is governed by the Borough form of government that consists of seven (7) Council Members who are elected at-large to three (3) year terms. The Mayor is elected from and by the Members of the Council and serves a four (4) year term. Under the statutes the Mayor is the head of the government and acts as the executive branch. The Council acts as the legislative branch of government and has executive powers not assigned to the Mayor.

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

Pitman (McCowan) Free Public Library  
15 Pitman Avenue  
Pitman, New Jersey 08071

Annual financial reports may be inspected directly at the office of the component unit during regular business hours.

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

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

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

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

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

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

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

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

**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 and water and sewer utility funds 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* (2 CFR Part 225), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, 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.

**Utility Fixed Assets** - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

**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.

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

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

**Fund Balance** - Fund balances included in the current fund and water and sewer utility operating 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 Gloucester and the Borough of Pitman Board of Education. 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 Pitman Board of Education. Operations is charged for the full amount required to be raised from taxation for the sending school district.

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

**Library Taxes** - The municipality is responsible for levying, collecting and remitting library taxes for the Pitman (McCowan) Free Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

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

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

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

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

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e., assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

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**FOR THE YEARS ENDED 2023 AND 2022**  
**AUDITED FINANCIAL STATEMENTS**

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**BOROUGH OF PITMAN  
COUNTY OF GLOUCESTER**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2023**

**BOROUGH OF PITMAN  
COUNTY OF GLOUCESTER  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Pitman  
County of Gloucester  
Pitman, New Jersey

### 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 and account group of the Borough of Pitman, County of Gloucester, State of New Jersey, as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2023 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 Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Pitman, County of Gloucester, State of New Jersey, as of December 31, 2023 and 2022, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2023 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 below "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Pitman, County of Gloucester, State of New Jersey, as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance for the years then ended.

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## **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, 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 of Pitman, 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, the financial statements are prepared by the Borough of Pitman 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.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by 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 of Pitman's ability to continue as a going concern for twelve months beyond the financial statement date, including any current 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 judgement, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Pitman's basic financial statements. The Borough's Audit Report for the fiscal year ended December 31, 2023, includes certain supplementary information that is not included with this presentation of the basic financial statements.

Respectfully submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 473

Medford, New Jersey  
October 21, 2024

**BASIC FINANCIAL STATEMENTS**

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**BOROUGH OF PITMAN  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022**

	Ref.	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 4,835,086.51	\$ 5,513,578.85
Change Fund	A-5	<u>210.00</u>	<u>210.00</u>
Total Cash		<u>4,835,296.51</u>	<u>5,513,788.85</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	280,502.85	280,071.33
Tax Title Liens	A-7	11,929.61	18,874.30
Property Acquired for Taxes - at Assessed Valuation	A-8	80,300.00	80,300.00
Other Liens Receivable	A	9,350.00	9,350.00
Other Accounts Receivable	A	5,675.22	5,675.22
Prepaid School Taxes	A-15	-	3,338.00
Interfund Receivable:			
Grant Fund	A	98,692.04	-
Trust - Other Fund	B	8,502.19	-
Utility Operating Fund	D	<u>40,152.76</u>	<u>-</u>
Total Receivables & Other Assets With Full Reserves		<u>535,104.67</u>	<u>397,608.85</u>
Deferred Charges:			
Emergency Authorization (40A:4-48)	A	<u>35,020.00</u>	<u>-</u>
Total Deferred Charges		<u>35,020.00</u>	<u>-</u>
Total Regular Funds		<u>5,405,421.18</u>	<u>5,911,397.70</u>
Federal & State Grants:			
Federal and State Grants Receivable	A-19	1,001,627.34	862,961.12
Deferred Charge - Expenditure Without Appropriation	A-19	10,707.75	-
Due from Current Fund	A	<u>-</u>	<u>41,965.47</u>
Total State & Federal Grants		<u>1,012,335.09</u>	<u>904,926.59</u>
Total Assets		<u>\$ 6,417,756.27</u>	<u>\$ 6,816,324.29</u>

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

**BOROUGH OF PITMAN  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022**

	Ref.	<u>2023</u>	<u>2022</u>
<b>LIABILITIES RESERVES &amp; FUND BALANCE</b>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 772,768.80	\$ 763,101.37
Reserve for Encumbrances	A-9	184,785.87	223,319.75
Accounts Payable	A	72,854.19	31,825.31
Prepaid Taxes	A-10	158,381.81	157,544.13
Tax Overpayments	A-12	5,387.14	3,901.68
Local School Tax Payable	A-15	494.02	-
Due to County for Added and Omitted Taxes	A-16	11,488.76	5,757.74
Due To State:			
Veterans and Senior Citizens Deductions	A-11	23,737.82	24,765.22
Reserve for Municipal Relief Aid	A	66,593.88	33,303.87
Reserve for American Rescue Funds	A	-	457,453.92
Due to Local Library	A	5,866.00	-
Payroll Taxes Payable	A	41,491.06	8,819.86
Interfund Payable:			
Federal and State Grant Fund	A	-	41,965.47
General Capital Fund	C	200,000.00	-
Utility Operating	D	-	3,365.16
Subtotal Regular Fund		<u>1,543,849.35</u>	<u>1,755,123.48</u>
Reserve for Receivables & Other Assets	A	535,104.67	397,608.85
Fund Balance	A-1	<u>3,326,467.16</u>	<u>3,758,665.37</u>
Total Regular Fund		<u>5,405,421.18</u>	<u>5,911,397.70</u>
State & Federal Grants:			
Due to Current Fund	A	98,692.04	-
Reserve for Appropriated Grants	A-20	801,629.44	842,595.90
Reserve for Encumbrances	A-20	433.68	13,842.29
Reserve for Unappropriated Grants	A-21	<u>111,579.93</u>	<u>48,488.40</u>
Total State & Federal Grants		<u>1,012,335.09</u>	<u>904,926.59</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 6,417,756.27</u>	<u>\$ 6,816,324.29</u>

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

**BOROUGH OF PITMAN  
CURRENT FUND  
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 2,085,000.00	\$ 1,775,336.00
Miscellaneous Revenue Anticipated	A-2	2,640,749.62	2,476,806.84
Receipt From Current Taxes	A-2	26,630,599.70	25,543,103.52
Receipts From Delinquent Taxes	A-2	273,418.70	388,141.84
Miscellaneous Revenue Not Anticipated	A-2	364,230.38	180,270.96
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-14	581,606.57	702,027.44
Cancellation of Payables	A-18	-	250.00
Interfunds Returned	A	54,647.24	110,357.70
Prior Year Prepaid School Taxes Recognized	A-15	3,338.00	-
<b>Total Revenue</b>		<u>32,633,590.21</u>	<u>31,176,294.30</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	3,815,750.00	3,694,200.00
Other Expenses	A-3	3,431,106.00	3,301,632.00
Deferred Charges and Statutory Expenditures	A-3	1,077,699.00	1,035,608.00
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	232,200.00	205,400.00
Other Expenses	A-3	937,287.00	675,039.87
Capital Improvements	A-3	300,000.00	150,000.00
Municipal Debt Service	A-3	816,204.93	673,050.62
Local District School Taxes	A-15	15,843,780.00	15,467,413.00
County Taxes	A-16	4,448,353.38	4,335,868.66
County Share of Added Taxes	A-16	11,488.76	5,757.74
Other Charges to Income:			
Prior Year Senior Citizens & Veterans Disallowed	A-11	750.00	250.00
Local School Taxes Advanced	A-15	-	3,338.00
Interfund Advanced	A	101,189.35	-
<b>Total Expenditures</b>		<u>31,015,808.42</u>	<u>29,547,557.89</u>
Excess in Revenue		1,617,781.79	1,628,736.41
Add: Expenditures Included			
Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	A-3	35,020.00	-
Statutory Excess To Fund Balance		1,652,801.79	1,628,736.41
Fund Balance, January 1	A	<u>3,758,665.37</u>	<u>3,905,264.96</u>
Decreased By:		5,411,467.16	5,534,001.37
Utilized as Anticipated Revenue	A-1,A-2	<u>2,085,000.00</u>	<u>1,775,336.00</u>
Fund Balance, December 31	A	<u>\$ 3,326,467.16</u>	<u>\$ 3,758,665.37</u>

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

**BOROUGH OF PITMAN  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>	<u>Budget Amendments</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 2,085,000.00	\$ -	\$ 2,085,000.00	\$ -
Miscellaneous Revenues:				
Fees and Permits	30,435.00	-	47,070.03	16,635.03
Fines and Costs - Municipal Court	67,589.00	-	59,318.45	(8,270.55)
Interest and Costs on Taxes	105,000.00	-	68,247.25	(36,752.75)
Interest on Investments and Deposits	129,000.00	-	373,264.53	244,264.53
Lease Payments - Cell Tower	138,000.00	-	135,983.71	(2,016.29)
Energy Receipts Tax	642,860.00	-	642,860.18	0.18
Municipal Relief Fund	33,303.87	-	33,303.87	-
Uniform Construction Code Fees	135,000.00	-	130,651.00	(4,349.00)
Shared Service Agreements:				
Pitman Board of Education	50,000.00	-	50,000.00	-
Special Items of Revenue				
New Jersey Transportation Trust Fund	234,990.00	-	234,990.00	-
NJ DOT - Boundry Road	-	175,000.00	175,000.00	-
CDBG - 2022 ADA	50,000.00	-	50,000.00	-
American Rescue Plan - Firefighter 2022	39,000.00	-	39,000.00	-
NJ DEP Stormwater Assistance Grant	-	25,000.00	25,000.00	-
Open Space Stewardship Award	-	3,000.00	3,000.00	-
Click It or Ticket	2,800.00	-	2,800.00	-
JIF Optional Safety	3,500.00	-	3,500.00	-
JIF EPL & Technology Risk Management	2,500.00	-	2,500.00	-
JIF Wellness Incentive Program	1,250.00	-	1,250.00	-
JIF Safety Incentive	-	4,800.00	3,203.00	(1,597.00)
Cable Television Franchise Fee	52,100.00	-	51,543.81	(556.19)
Internet Franchise Fee	53,300.00	-	50,809.87	(2,490.13)
Local Fiscal Recovery Fund - Police S&W	457,453.92	-	457,453.92	-
Total Miscellaneous Revenues	2,228,081.79	207,800.00	2,640,749.62	204,867.83
Receipts From Delinquent Taxes	275,000.00	-	273,418.70	(1,581.30)
Amount To Be Raised By Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,282,954.32	-	6,821,656.71	538,702.39
Minimum Library Tax	262,361.01	-	262,361.01	-
Total Amount To Be Raised By Taxes for Support of Municipal Budget	6,545,315.33	-	7,084,017.72	538,702.39
Budget Totals	11,133,397.12	207,800.00	12,083,186.04	741,988.92
Non-Budget Revenue	-	-	364,230.38	364,230.38
Total General Revenues	\$ 11,133,397.12	\$ 207,800.00	\$ 12,447,416.42	\$ 1,106,219.30

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

**BOROUGH OF PITMAN  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenue

## Allocation of Current Tax Collections:

Revenue From Collections	\$ 26,630,599.70
School and County Taxes	<u>20,303,622.14</u>

## Balance for Support of Municipal Budget

Appropriations	6,326,977.56
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## Add: "Appropriation Reserve for

Uncollected Taxes"	<u>757,040.16</u>
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## Amount for Support of Municipal Budget

Appropriations	<u>\$ 7,084,017.72</u>
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## Receipts From Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 273,418.70</u>
----------------------------	----------------------

\$ 273,418.70

## Miscellaneous Revenue Not Anticipated:

## Chief Financial Officer:

Vacant Property Fees	\$ 14,100.00
Liquor License	5,000.00
Scrap Iron Receipts	6,436.88
Fire Safety Local	60,680.00
Fire Safety LEA	18,341.39
Trash Can Sales	2,765.00
Street Opening Permits	7,926.00
Senior Citizen and Veteran Deduction Admin. Fee	1,164.45
Miscellaneous	21,641.66
Sign Concession Fee	1,075.00
NSF Fee	100.00
Off-Duty Administrative Fees	<u>225,000.00</u>

Total	<u>\$ 364,230.38</u>
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**BOROUGH OF PITMAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
GENERAL APPROPRIATIONS						
Operations - Within "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
General Administration:						
Salaries and Wages	\$ 259,850.00	\$ 250,800.00	\$ 244,026.46	\$ -	\$ 6,773.54	\$ -
Other Expenses	97,300.00	97,300.00	75,185.69	19,362.20	2,752.11	-
Mayor and Council:						
Other Expenses	2,000.00	2,000.00	1,785.27	-	214.73	-
Municipal Clerk:						
Other Expenses	10,000.00	10,000.00	6,571.32	-	3,428.68	-
Financial Administration:						
Salaries and Wages	35,000.00	35,000.00	34,377.28	-	622.72	-
Other Expenses	3,350.00	2,030.00	826.08	165.00	1,038.92	-
Audit Services:						
Other Expenses	58,000.00	58,000.00	53,994.00	-	4,006.00	-
Revenue Administration:						
Salaries and Wages	65,000.00	65,000.00	65,000.00	-	-	-
Other Expenses	6,850.00	6,850.00	6,808.19	-	41.81	-
Legal Services and Costs:						
Other Expenses	73,000.00	73,000.00	47,679.73	10,585.57	14,734.70	-
Engineering Services and Costs:						
Other Expenses	40,000.00	40,000.00	13,212.18	-	26,787.82	-
Economic Committee:						
Other Expenses	15,000.00	15,000.00	13,443.20	1,412.26	144.54	-
Historical Preservation:						
Other Expenses	500.00	500.00	-	-	500.00	-
Garden Club Committee:						
Other Expenses	1,000.00	1,000.00	583.74	-	416.26	-
Diversity, Equity and Inclusion Committee:						
Other Expenses	10,000.00	10,000.00	-	492.00	9,508.00	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	3,800.00	3,800.00	3,775.00	-	25.00	-
Other Expenses:	29,700.00	32,200.00	27,943.67	954.50	3,301.83	-
Zoning Official:						
Salaries and Wages	11,000.00	11,000.00	10,927.14	-	72.86	-
Other Expenses:	600.00	600.00	435.00	-	165.00	-
CODE ENFORCEMENT AND ADMINISTRATION						
Housing Safety:						
Salaries and Wages	22,550.00	22,550.00	19,198.93	-	3,351.07	-
Other Expenses	700.00	700.00	-	-	700.00	-
INSURANCE						
General Liability	120,000.00	120,000.00	88,384.00	-	31,616.00	-
Workers Compensation	210,650.00	210,650.00	210,650.00	-	-	-
Employee Group Insurance	985,500.00	990,500.00	968,073.06	-	22,426.94	-
Surety Bond	1,000.00	1,000.00	-	-	1,000.00	-
Insurance Waivers	45,000.00	45,000.00	-	-	45,000.00	-
PUBLIC SAFETY FUNCTIONS						
Police:						
Salaries and Wages - (LFRF)	457,453.92	457,453.92	457,453.92	-	-	-
Salaries and Wages	1,510,546.08	1,505,546.08	1,479,298.21	-	26,247.87	-
Other Expenses	145,500.00	145,500.00	103,769.53	40,945.71	784.76	-
Emergency Management Services:						
Other Expenses	4,170.00	4,170.00	505.00	-	3,665.00	-
Aid to Volunteer Fire Company:						
Other Expenses	17,000.00	17,000.00	13,277.67	3,722.33	-	-
Fire Department:						
Other Expenses	62,865.00	62,865.00	36,967.83	24,456.09	1,441.08	-
Uniform Fire Safty Act:						
Salaries and Wages	62,000.00	62,000.00	46,780.36	-	15,219.64	-
Other Expenses	22,500.00	22,500.00	8,004.54	7,927.95	6,567.51	-

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

**BOROUGH OF PITMAN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets and Roads:						
Salaries and Wages	986,000.00	991,000.00	984,462.04	-	6,537.96	-
Other Expenses	137,470.00	145,470.00	115,583.39	29,609.90	276.71	-
Snow Removal:						
Salaries and Wages	20,000.00	20,000.00	-	-	20,000.00	-
Other Expenses	30,000.00	20,000.00	3,111.18	-	16,888.82	-
Public Buildings and Grounds:						
Other Expenses	57,500.00	57,500.00	53,710.32	867.66	2,922.02	-
<b>HEALTH AND HUMAN SERVICES</b>						
Board of Health:						
Salaries and Wages	39,750.00	39,750.00	35,752.13	-	3,997.87	-
Other Expenses	1,100.00	1,100.00	611.87	-	488.13	-
Green Team:						
Other Expenses	500.00	500.00	-	-	500.00	-
Senior Outreach:						
Other Expenses	4,000.00	4,000.00	3,427.02	568.71	4.27	-
Environmental Committee:						
Salaries and Wages	2,000.00	2,000.00	902.06	-	1,097.94	-
Other Expenses	12,575.00	12,575.00	3,475.16	8,725.42	374.42	-
Animal Control Services:						
Salaries and Wages	200.00	200.00	-	-	200.00	-
Administration of Public Assistance						
Salaries and Wages	4,000.00	4,000.00	463.83	-	3,536.17	-
<b>PARKS AND RECREATION FUNCTIONS</b>						
Parks and Playgrounds:						
Salaries and Wages	118,000.00	118,000.00	116,290.35	-	1,709.65	-
Other Expenses	63,980.00	63,980.00	22,496.46	-	41,483.54	-
Maintenance of Alcyon Park:						
Salaries and Wages	97,000.00	106,750.00	106,720.54	-	29.46	-
Other Expenses	38,800.00	38,800.00	26,516.49	6,760.79	5,522.72	-
Senior Citizen Transportation:						
Salaries and Wages	20,600.00	21,100.00	20,997.24	-	102.76	-
Other Expenses	3,500.00	3,000.00	709.13	-	2,290.87	-
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Events, Anniversary or Holiday:						
Other Expenses	18,100.00	18,100.00	16,714.50	985.50	400.00	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	75,200.00	75,200.00	62,611.65	-	12,588.35	-
Street Lighting	139,000.00	139,000.00	128,135.54	-	10,864.46	-
Telephone	62,500.00	62,500.00	42,683.56	729.99	19,086.45	-
Natural Gas	19,000.00	19,000.00	11,942.06	-	7,057.94	-
Fuel Oil	3,500.00	3,500.00	1,564.97	-	1,935.03	-
Gasoline/Diesel Fuel	233,910.00	233,910.00	153,542.16	5,944.04	74,423.80	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>						
Solid Waste Disposal						
Other Expenses - Garbage and Trash	483,288.00	468,288.00	354,407.97	15,505.34	98,374.69	-
Other Expenses - Recycling	89,838.00	89,838.00	66,747.12	1,476.75	21,614.13	-
<b>STATE UNIFORM CONSTRUCTION CODE</b>						
Construction Official:						
Salaries and Wages	92,500.00	99,800.00	98,521.25	-	1,278.75	-
Other Expenses	6,480.00	6,480.00	3,906.15	91.00	2,482.85	-
<b>Total Operations Within "CAPS"</b>	<b>7,249,676.00</b>	<b>7,246,856.00</b>	<b>6,474,943.14</b>	<b>181,288.71</b>	<b>590,624.15</b>	<b>-</b>
<b>Detail:</b>						
Salaries and Wages	3,807,250.00	3,815,750.00	3,724,946.74	-	90,803.26	-
Other Expenses	3,442,426.00	3,431,106.00	2,749,996.40	181,288.71	499,820.89	-

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

**BOROUGH OF PITMAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original	Budget After	Paid	Encumbered	Reserved	
	Budget	Modifications				
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"</b>						
Deferred Charges:						
Emergency Authorizations	8,292.96	8,292.96	-	-	-	8,292.96
Statutory Expenditures:						
Contribution To:						
Public Employees Retirement System	262,061.00	264,881.00	264,875.43	-	5.57	-
Social Security System (O.A.S.I.)	290,000.00	290,000.00	275,111.63	23.41	14,864.96	-
Consolidated Police & Firemen's Pension	1,000.00	1,000.00	-	-	1,000.00	-
Police and Firemen's Retirement System	514,818.00	514,818.00	514,818.00	-	-	-
Unemployment Compensation Insurance	3,500.00	3,500.00	3,500.00	-	-	-
Disability Insurance	3,500.00	3,500.00	657.28	-	2,842.72	-
Total Deferred and Statutory Expenditures - Municipal - Within "CAPS"	1,083,171.96	1,085,991.96	1,058,962.34	23.41	18,713.25	8,292.96
Total General Appropriations for Municipal Purposes Within "CAPS"	8,332,847.96	8,332,847.96	7,533,905.48	181,312.12	609,337.40	8,292.96
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Library Appropriation per R.S. 40:54-8 et. Seq.						
Salaries and Wages	232,200.00	232,200.00	220,363.92	-	11,836.08	-
Other Expenses	36,200.00	36,200.00	30,953.65	1,399.79	3,846.56	-
Recycling Tax						
Other Expenses	10,000.00	10,000.00	8,251.11	-	1,748.89	-
Garbage and Trash Disposal - Other Expense	6,212.00	6,212.00	6,212.00	-	-	-
Recycling Tax From Garbage - Other Expense	40,162.00	40,162.00	40,162.00	-	-	-
Police and Fireman's Retirement System	64,163.00	64,163.00	64,163.00	-	-	-
Public Employees Retirement System	41,620.00	41,620.00	41,620.00	-	-	-
Gasoline/Diesel Fuel	12,090.00	12,090.00	12,090.00	-	-	-
Total Other Operations Excluded From "CAPS"	442,647.00	442,647.00	423,815.68	1,399.79	17,431.53	-
<b>SHARED SERVICE AGREEMENTS:</b>						
Township of Mantua:						
Municipal Court:						
Other Expenses	135,000.00	135,000.00	131,000.00	-	4,000.00	-
Pitman Board of Education:						
Other Expenses	50,000.00	50,000.00	-	-	50,000.00	-
Total Shared Service Agreements	185,000.00	185,000.00	131,000.00	-	54,000.00	-
<b>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES (N.J.S.A. 40A:4-45.3h)</b>						
New Jersey Transportation Trust Fund	234,990.00	234,990.00	234,990.00	-	-	-
NJ DOT - Boundry Road	-	175,000.00	175,000.00	-	-	-
CDBG - 2022 ADA	50,000.00	50,000.00	50,000.00	-	-	-
American Rescue Plan - Firefighter 2022	39,000.00	39,000.00	39,000.00	-	-	-
NJ DEP Stormwater Assistance Grant	-	25,000.00	25,000.00	-	-	-
Open Space Stewardship Award	-	3,000.00	3,000.00	-	-	-
Click It or Ticket	2,800.00	2,800.00	2,800.00	-	-	-
JIF Optional Safety	3,500.00	3,500.00	3,387.00	-	113.00	-
JIF EPL & Technology Risk Management	2,500.00	2,500.00	2,500.00	-	-	-
JIF Wellness Incentive Program	1,250.00	1,250.00	221.81	-	1,028.19	-
JIF Safety Incentive Program	-	4,800.00	1,574.42	2,073.96	1,151.62	-
Total Additional Appropriations Offset By Revenues	334,040.00	541,840.00	537,473.23	2,073.96	2,292.81	-
Total Operations - Excluded From "CAPS"	961,687.00	1,169,487.00	1,092,288.91	3,473.75	73,724.34	-
Detail:						
Salaries and Wages	232,200.00	232,200.00	220,363.92	-	11,836.08	-
Other Expenses	729,487.00	937,287.00	871,924.99	3,473.75	61,888.26	-

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

**BOROUGH OF PITMAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
Capital Improvements - Excluded From "CAPS"						
Capital Improvements Fund	200,000.00	200,000.00	200,000.00	-	-	-
Road Improvements	100,000.00	100,000.00	10,292.94	-	89,707.06	-
<b>Total Capital Improvements - Excluded From "CAPS"</b>	<b>300,000.00</b>	<b>300,000.00</b>	<b>210,292.94</b>	<b>-</b>	<b>89,707.06</b>	<b>-</b>
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	460,000.00	460,000.00	460,000.00	-	-	-
Payment of BANs and Capital Notes	87,928.00	122,948.00	122,939.00	-	-	9.00
Interest on Bonds	104,200.00	104,200.00	104,200.00	-	-	-
Interest on Notes	129,694.00	129,694.00	129,065.93	-	-	628.07
<b>Total Municipal Debt Service - Excluded From "CAPS"</b>	<b>781,822.00</b>	<b>816,842.00</b>	<b>816,204.93</b>	<b>-</b>	<b>-</b>	<b>637.07</b>
<b>Total General Appropriations for Municipal Purposes Excluded From "CAPS"</b>	<b>2,043,509.00</b>	<b>2,286,329.00</b>	<b>2,118,786.78</b>	<b>3,473.75</b>	<b>163,431.40</b>	<b>637.07</b>
<b>Subtotal General Appropriations</b>	<b>10,376,356.96</b>	<b>10,619,176.96</b>	<b>9,652,692.26</b>	<b>184,785.87</b>	<b>772,768.80</b>	<b>8,930.03</b>
Reserve for Uncollected Taxes	757,040.16	757,040.16	757,040.16	-	-	-
<b>Total General Appropriations</b>	<b>\$ 11,133,397.12</b>	<b>\$ 11,376,217.12</b>	<b>\$ 10,409,732.42</b>	<b>\$ 184,785.87</b>	<b>\$ 772,768.80</b>	<b>\$ 8,930.03</b>

Budget as Adopted	\$ 11,133,397.12
Appropriations by 40A:4-87	207,800.00
Emergency Appropriation by 40A:4-48	35,020.00
	<u>\$ 11,376,217.12</u>

Analysis of Paid or Charged:	
State and Federal Grants	\$ 529,790.00
Due to General Capital Fund	200,000.00
Due to Utility Operating Fund	45,545.75
Reserve for Uncollected Taxes	757,040.16
Cash Disbursements	9,107,647.16
Refund of Current Year Expenditures	<u>(230,290.65)</u>
	<u>\$ 10,409,732.42</u>

**BOROUGH OF PITMAN  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022**

ASSETS	Ref.	2023	2022
Dog Trust Fund:			
Cash	B-1	\$ 2,417.17	\$ 4,977.60
Other Trust Funds:			
Cash - Chief	B-1	557,421.07	795,283.87
Cash - Tax	B-1	46,357.57	147,351.30
		<u>603,778.64</u>	<u>942,635.17</u>
Total Assets		<u>\$ 606,195.81</u>	<u>\$ 947,612.77</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Dog Trust Fund:			
Reserve for Dog Fund Expenditures	B-2	\$ 2,417.17	\$ 4,977.60
		<u>2,417.17</u>	<u>4,977.60</u>
Other Trust Funds:			
Reserve for Other Trust Funds:			
Recreation Trust - Miss Pitman	B-4	10,673.93	9,612.57
Tax Title Lien Premium	B-4	35,600.00	110,400.00
Tax Title Lien Redemption	B-4	10,239.08	36,951.30
Unemployment Insurance	B-4	124,693.09	112,700.84
Law Enforcement Forfeited	B-4	27,459.59	20,555.96
Parade Donations	B-4	28,306.52	26,435.52
Library Donations	B-4	69,804.00	77,860.16
Outside Employment of Off-Duty Police	B-4	67,116.27	302,107.99
Community Appreciation	B-4	6,937.37	11,223.19
Theater Avenue Revialization Donation	B-4	-	-
Fire Safety	B-4	32,106.11	30,416.11
Developer's Escrow	B-4	79,520.61	101,431.26
Recreation Fund Donations	B-4	31,383.35	28,975.34
Community Service	B-4	797.41	710.50
K-9 Donations	B-4	11,967.22	14,582.53
Town Clock Maintenance Donations	B-4	19.93	19.93
Storm Recovery	B-4	58,622.97	58,622.97
Trust Other	B-4	29.00	29.00
Due to Current Fund	A	8,502.19	-
		<u>603,778.64</u>	<u>942,635.17</u>
Total		<u>\$ 606,195.81</u>	<u>\$ 947,612.77</u>

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

**BOROUGH OF PITMAN  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022**

ASSETS	Ref.	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	C-2	\$ 2,757,287.39	\$ 3,346,260.22
Deferred Charges to Future Taxation:			
Funded	C-5	2,730,000.00	3,190,000.00
Unfunded	C-6	4,428,740.00	5,041,825.75
Due from Current Fund	A	200,000.00	-
Due from Utility Operating Fund	D	<u>323,000.00</u>	<u>-</u>
 Total Assets		 <u>\$ 10,439,027.39</u>	 <u>\$ 11,578,085.97</u>
 <b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>			
Bond Anticipation Notes Payable	C-10	\$ 4,266,425.00	\$ 4,066,364.00
Bonds Payable	C-9	2,730,000.00	3,190,000.00
Encumbrances Payable	C-8	258,503.00	341,259.00
Capital Improvement Fund	C-4	221,478.20	21,478.20
Improvement Authorizations:			
Funded	C-7	310,982.04	1,300,354.64
Unfunded	C-7	1,512,670.00	2,491,171.90
Reserve for Preliminary Costs - Redevelopment	C	38,121.49	38,121.49
Reserve for Road Improvements	C	105,171.76	105,171.76
Reserve for Debt Service	C	971,510.92	-
Fund Balance	C-1	<u>24,164.98</u>	<u>24,164.98</u>
 Total Liabilities, Reserves & Fund Balance		 <u>\$ 10,439,027.39</u>	 <u>\$ 11,578,085.97</u>

There were \$162,315.00 and \$975,461.75 of bonds and notes authorized but not issued as of December 31, 2023 and 2022.

**BOROUGH OF PITMAN  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Balance December 31, 2023 and 2022

\$ 24,164.98

**BOROUGH OF PITMAN  
WATER AND SEWER UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022**

	Ref.	<u>2023</u>	<u>2022</u>
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 2,348,855.24	\$ 2,371,168.04
Change Fund	D	150.00	150.00
Investment in Bond Anticipation Note	D	1,962,800.00	1,545,000.00
Due from Current Fund	A	-	3,365.16
		<u>4,311,805.24</u>	<u>3,919,683.20</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	76,527.14	81,162.19
		<u>76,527.14</u>	<u>81,162.19</u>
Total Receivables & Other Assets With Full Reserves			
		<u>76,527.14</u>	<u>81,162.19</u>
Total Operating Fund			
		<u>4,388,332.38</u>	<u>4,000,845.39</u>
Capital Fund:			
Cash and Cash Equivalents	D-5	416,971.05	601,902.98
Due from Sewer Operating Fund	D	169,238.97	-
Fixed Capital	D-11	17,428,437.74	17,401,927.74
Fixed Capital Authorized and Uncompleted	D-12	3,716,142.80	3,716,142.80
		<u>21,730,790.56</u>	<u>21,719,973.52</u>
Total Capital Fund			
		<u>21,730,790.56</u>	<u>21,719,973.52</u>
Total Operating & Capital Fund			
		<u>\$ 26,119,122.94</u>	<u>\$ 25,720,818.91</u>

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

**BOROUGH OF PITMAN  
WATER AND SEWER UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022**

	Ref.	<u>2023</u>	<u>2022</u>
LIABILITIES RESERVES & FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$ 331,331.24	\$ 363,928.04
Reserve for Encumbrances	D-9	161,342.69	23,870.19
Accounts Payable	D-8	1,804.86	-
Overpaid Sewer Rents	D	21,728.52	13,645.50
Accrued Interest on Bonds and Notes	D-10	46,746.01	43,866.72
Due to Current Fund	A	40,152.76	-
Due to General Capital Fund	C	323,000.00	-
Due to Sewer Capital fund	D	169,238.97	-
		<u>1,095,345.05</u>	<u>445,310.45</u>
Subtotal			
Reserve for Receivables	D	76,527.14	81,162.19
Fund Balance	D-1	3,216,460.19	3,474,372.75
		<u>4,388,332.38</u>	<u>4,000,845.39</u>
Total Operating Fund			
Capital Fund:			
Serial Bonds Payable	D-17	2,460,000.00	2,810,000.00
Bond Anticipation Notes	D-18	1,466,771.00	1,676,771.00
USDA Loans Payable	D-19	2,018,507.04	2,056,807.48
Improvement Authorizations:			
Funded	D-13	147,824.89	147,824.89
Unfunded	D-13	454,258.14	639,190.07
Capital Improvement Fund	D-14	175,000.00	175,000.00
Reserve for Amortization	D-15	14,892,979.50	14,103,169.06
Deferred Reserve for Amortization	D-16	50,000.00	50,000.00
Fund Balance	D-2	65,449.99	61,211.02
		<u>21,730,790.56</u>	<u>21,719,973.52</u>
Total Capital Fund			
		<u>\$ 26,119,122.94</u>	<u>\$ 25,720,818.91</u>
Total Liabilities, Reserves & Fund Balance			

There were \$256,323.00 and \$421,323.00 of bonds and notes authorized but not issued as of December 31, 2023 and 2022.

**BOROUGH OF PITMAN**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 509,976.50	\$ 464,568.00
Water and Sewer Rents	2,824,591.57	2,850,731.48
Miscellaneous	171,291.93	49,466.03
Other Credits to Income:		
Appropriation Reserves Lapsed	238,766.77	259,492.87
	3,744,626.77	3,624,258.38
Total Revenue		
Expenditures:		
Operating	2,297,115.00	2,108,280.00
Capital Improvements	100,000.00	100,000.00
Municipal Debt Service	984,597.83	612,339.63
Deferred Charges and Statutory Expenditures	110,850.00	106,500.00
	3,492,562.83	2,927,119.63
Excess (Deficit) in Revenue	252,063.94	697,138.75
Fund Balance, January 1	3,474,372.75	3,241,802.00
	3,726,436.69	3,938,940.75
Decreased By:		
Utilized as Anticipated Revenue	509,976.50	464,568.00
Fund Balance, December 31	\$ 3,216,460.19	\$ 3,474,372.75

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

**BOROUGH OF PITMAN  
WATER AND SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Balance, December 31, 2022	\$ 61,211.02
Increased By:	
Premium on Bond Anticipation Notes Issued	<u>4,238.97</u>
Balance December 31, 2023	<u><u>\$ 65,449.99</u></u>

**BOROUGH OF PITMAN  
WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus	\$ 509,976.50	\$ 509,976.50	\$ -
Sewer Rents	3,000,000.00	2,824,591.57	(175,408.43)
Miscellaneous	-	171,291.93	171,291.93
	<u>\$ 3,509,976.50</u>	<u>\$ 3,505,860.00</u>	<u>\$ (4,116.50)</u>

Analysis of Miscellaneous Revenue

Interest Earnings	\$ 152,569.25
Interest and Costs	7,295.63
Other	11,427.05
	<u>\$ 171,291.93</u>

Cash Receipts	\$ 125,746.18
Due from Current Fund	45,545.75
	<u>\$ 171,291.93</u>

**BOROUGH OF PITMAN  
WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATIONS		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 697,665.00	\$ 697,665.00	\$ 627,447.47	\$ -	\$ 70,217.53	\$ -
Other Expenses	884,450.00	884,450.00	808,514.80	39,305.49	36,629.71	-
Sewerage Fees - County sewerage Authority	715,000.00	715,000.00	453,040.93	48,730.24	213,228.83	-
Total Operating	2,297,115.00	2,297,115.00	1,889,003.20	88,035.73	320,076.07	-
Capital Improvements:						
Capital Outlay	100,000.00	100,000.00	26,510.00	73,306.96	183.04	-
Total Capital Improvements	100,000.00	100,000.00	26,510.00	73,306.96	183.04	-
Debt Service:						
Payment on Bond Principal	355,000.00	355,000.00	350,000.00	-	-	5,000.00
Payment on Bond Anticipation Notes	375,000.00	375,000.00	375,000.00	-	-	-
Interest on Bonds	101,337.50	101,337.50	94,304.17	-	-	7,033.33
Interest on Notes	60,836.00	60,836.00	60,836.00	-	-	-
Payment on USDA Loan - Principal	38,300.44	38,300.44	38,300.44	-	-	-
Payment on USDA Loan - Interest	71,537.56	71,537.56	66,157.22	-	-	5,380.34
Total Debt Service	1,002,011.50	1,002,011.50	984,597.83	-	-	17,413.67
Statutory Expenditures:						
Public Employees' Retirement System	55,000.00	55,000.00	54,999.96	-	0.04	-
Social Security System (O.A.S.I.)	53,350.00	53,350.00	44,777.91	-	8,572.09	-
Unemployment Compensation Insurance	2,500.00	2,500.00	-	-	2,500.00	-
Total Statutory Expenditures	110,850.00	110,850.00	99,777.87	-	11,072.13	-
Total Sewer Utility Appropriations	\$ 3,509,976.50	\$ 3,509,976.50	\$ 2,999,888.90	\$ 161,342.69	\$ 331,331.24	\$ 17,413.67
Budget as Adopted						
		\$ 3,509,976.50				
		<u>\$ 3,509,976.50</u>				
Cash			\$ 2,403,591.51			
Due to Utility Capital Fund			375,000.00			
Accrued Interest on Debt			221,297.39			
			<u>\$ 2,999,888.90</u>			

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

**BOROUGH OF PITMAN  
GENERAL FIXED ASSET ACCOUNT GROUP  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022**

ASSETS	Ref.	<u>2023</u>	<u>2022</u>
Land	E	\$ 460,400.00	\$ 460,400.00
Buildings	E	6,463,136.00	6,463,136.00
Machinery and Equipment	E	6,148,469.67	6,148,469.67
Vehicles	E	<u>6,078,556.74</u>	<u>6,031,545.74</u>
Total Assets		<u>\$ 19,150,562.41</u>	<u>\$ 19,103,551.41</u>
LIABILITIES, RESERVES & FUND BALANCE			
Investment in General Fixed Assets	E	<u>\$ 19,150,562.41</u>	<u>\$ 19,103,551.41</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 19,150,562.41</u>	<u>\$ 19,103,551.41</u>

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

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**BOROUGH OF PITMAN  
COUNTY OF GLOUCESTER**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The Borough of Pitman, County of Gloucester, New Jersey (hereafter referred to as the "Borough") was incorporated in 1905 and is located in Gloucester County, New Jersey. The Borough is governed by the Borough form of government that consists of seven (7) Council Members who are elected at-large to three (3) year terms. The Mayor is elected from and by the Members of the Council and serves a four (4) year term. Under the statutes the Mayor is the head of the government and acts as the executive branch. The Council acts as the legislative branch of government and has executive powers not assigned to the Mayor.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61 and 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 90. If the provisions of GASB Statement No. 14 had been complied with, the financial statements of the following component unit would have either been blended or discreetly presented with the financial statements of the Borough, the primary government.

Pitman (McCowan) Free Public Library  
15 Pitman Avenue  
Pitman, NJ 08071

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

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

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Utility Operating and Capital Funds** – These funds accounts for utility operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

**Budgets and Budgetary Accounting** - The Borough must adopt an annual budget for its Current and Utility 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<sup>th</sup> of each year. At introduction, the governing body must 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 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. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, 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 utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, 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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1. Summary of Significant Accounting Policies (continued)**

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.

**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 and Supplies** - The cost 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 Circular A-87 (Attachment B, Section 19), 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. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their 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 assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

**Utility Fixed Assets** – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds,

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1. Summary of Significant Accounting Policies (continued)**

loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Foreclosed property** – Foreclosed Property or “Property Acquired for Taxes” 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 Borough 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 Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

**Fund Balance** – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough’s budget. Receivables for property taxes 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 the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

**Utility Revenues** – Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Boroughs utility operating fund.

**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 Gloucester and Pitman Borough School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Gloucester. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> 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<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Pitman Borough School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district from January 1 to December 31 and July 1 to June 30, respectively.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

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

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is 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 interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Borough’s financial statements.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1. Summary of Significant Accounting Policies (continued)**

Recently Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2023:

Statement No. 96, Subscription-Based IT Arrangements (SBITA), addresses accounting and financial reports for subscription-based information technology arrangements. The standard requires governments to recognize the subscription-based IT arrangement as an intangible asset and to amortize the intangible asset over the subscription term. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. The Borough has implemented this standard as of December 31, 2023.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 101, Compensated Absences, updates the recognition and measurement guidance to better meet the information needs of the financial statement users for compensated absences. The standard requires that liabilities for compensated absences be recognized for leave that hasn't been used and leave that has been used but not paid yet. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 102, Certain Risk Disclosures, requires a government to disclose information about concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The standard will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. Statement No. 102 is effective for reporting periods beginning after June 15, 2024. Management has not yet determined the potential impact on the Borough's financial statements.

**Note 2. Deposits and Investments**

The Borough is governed by the deposit and investment limitations of New Jersey state law.

Deposits

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2023, the Borough's bank balance of \$11,133,876.35 was insured or collateralized as follows:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 2. Deposits and Investments (continued)**

Insured under FDIC and GUDPA	\$ 10,589,474.04
Uninsured and Uncollateralized	<u>544,402.31</u>
	<u>\$ 11,133,876.35</u>

**Investments**

At December 31, 2023, the Borough's Water and Sewer Utility Fund had an investment in a Bond Anticipation Note for the Borough's General Capital Fund in the amount of \$1,962,800.00, issued on December 13, 2023, at the rate of 4.15% per annum and will mature on May 24, 2024.

**Note 3. Property Taxes**

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

**Comparison Schedule of Tax Rates**

	<u>2023</u>	<u>2022*</u>	<u>2021</u>
Tax Rate	<u>\$ 3.401</u>	<u>\$ 3.267</u>	<u>\$ 4.483</u>
Apportionment of Tax Rate:			
Municipal	0.796	0.730	1.012
Municipal Library	0.033	0.028	0.037
County	0.564	0.550	0.770
Local School	2.008	1.959	2.664

\* Revaluation in 2022

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2023	\$ 789,305,400.00
2022	789,681,200.00
2021	569,401,700.00

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 3. Property Taxes (continued)**

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2023	\$ 26,913,486.23	\$ 26,630,599.70	98.94%
2022	25,834,514.45	25,543,103.52	98.87%
2021	25,612,529.10	25,239,664.54	98.54%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2023	\$ 11,929.61	\$ 280,502.85	\$ 292,432.46	1.09%
2022	18,874.30	280,071.33	298,945.63	1.16%
2021	81,028.01	317,160.60	398,188.61	1.55%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2023	2
2022	6
2021	7

The last tax sale was held on October 5, 2023.

**Note 4. Property Acquired By Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2023	\$ 80,300.00
2022	80,300.00
2021	80,300.00

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 5. Sewer Utility Service Charges**

The following is a three-year comparison of sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2023	\$ 81,162.19	\$ 2,819,956.52	\$ 2,901,118.71	\$ 2,824,591.57	97.36%
2022	83,688.54	2,846,060.12	2,929,748.66	2,848,586.47	97.22%
2021	87,275.68	2,844,855.16	2,932,130.84	2,848,442.30	97.14%

**Note 6. Fund Balances Appropriated**

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2023	\$ 3,326,467.16	\$ 1,940,000.00	58.32%
2022	3,758,665.37	2,085,000.00	55.47%
2021	3,905,264.96	1,775,336.00	45.46%
<b>Water &amp; Sewer Utility Operating Fund:</b>			
2023	\$ 3,216,460.19	\$ 860,061.20	26.74%
2022	3,474,372.75	509,976.50	14.68%
2021	3,241,802.00	464,568.00	14.33%

**Note 7. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 8. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 147,346.99	\$ 200,000.00
State and Federal Grant Fund	-	98,692.04
Trust Other Fund	-	8,502.19
General Capital Fund	523,000.00	-
Utility Operating Fund	-	532,391.73
Utility Capital Fund	169,238.97	-
	<u>\$ 839,585.96</u>	<u>\$ 839,585.96</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 8. Interfund Receivables, Payables and Transfers (continued)**

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The following interfund transfers were recorded during the year ended December 31, 2023:

Fund	Transfers In	Transfers Out
Current Fund	\$ 54,647.24	\$ 101,189.35
State and Federal Grant Fund	98,692.04	-
Trust Other Fund	2,497.31	-
Utility Operating Fund	-	54,647.24
	\$ 155,836.59	\$ 155,836.59

**Note 9. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2023:

	Balance December 31, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2023</u>
Land	\$ 460,400.00	\$ -	\$ -	\$ 460,400.00
Buildings and Improvements	6,463,136.00	-	-	6,463,136.00
Machinery & Equipment	6,148,469.67	-	-	6,148,469.67
Vehicles	6,031,545.74	215,911.00	168,900.00	6,078,556.74
	\$ 19,103,551.41	\$ 215,911.00	\$ 168,900.00	\$ 19,150,562.41

**Note 10. Pension Obligations**

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

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

The following represents the membership tiers for PERS:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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

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

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2023, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the Borough's contractually required contribution to PERS plan was \$368,973.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Components of Net Pension Liability** - At December 31, 2023, the Borough's proportionate share of the PERS net pension liability was \$3,998,679. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Borough's proportion measured as of June 30, 2023, was 0.027607% which was a decrease of 0.000179% from its proportion measured as of June 30, 2022.

**Balances at December 31, 2023 and December 31, 2022**

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 434,701	\$ 806,607
Deferred Inflows of Resources	336,022	754,067
Net Pension Liability	3,998,679	4,193,208
Borough's portion of the Plan's total Net Pension Liability	0.027607%	0.027785%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2023, the Borough's proportionate share of the PERS expense/(benefit), calculated by the plan as of the June 30, 2023 measurement date is \$131,117. This expense/(benefit) is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$368,973 to the plan in 2023.

At December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 38,233	\$ 16,345
Changes of Assumptions	8,784	242,337
Net Difference between Projected and Actual Earnings on Pension Plan Investments	18,414	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	369,270	77,340
	<u>\$ 434,701</u>	<u>\$ 336,022</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-
Changes in Proportion and Differences between Contributions and Pro Year of Pension Plan Deferral:		
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04
June 30, 2023	5.08	5.08

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending <u>Dec 31,</u></b>	<b><u>Amount</u></b>
2024	\$ 107,801
2025	60,170
2026	(84,084)
2027	15,048
2028	<u>(256)</u>
	<u>\$ 98,679</u>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	2.75%-6.55% based on years of service
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 5,249,315</u>	<u>\$ 3,998,679</u>	<u>\$ 2,996,627</u>

**Special Funding Situation** – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the 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 the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of December 31, 2023. The State's proportionate share of the contribution associated with the special funding situation was \$12,470 as of December 31, 2023. These are based on measurements as of June 30, 2023.

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if 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.

**Basis of Presentation** - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. 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. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the Borough's contractually required contributions to PFRS plan was \$571,226.

**Net Pension Liability and Pension Expense** - At December 31, 2023 the Borough's proportionate share of the PFRS net pension liability was \$4,741,096. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The Borough's proportion of the net pension liability was

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Borough's proportion measured as of June 30, 2023, was 0.0042911%, which was a decrease of 0.001607% from its proportion measured as of June 30, 2022.

**Balances at December 31, 2023 and December 31, 2022**

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 1,048,031	\$ 1,586,912
Deferred Inflows of Resources	813,040	1,173,458
Net Pension Liability	4,741,096	5,095,695
Borough's portion of the Plan's total net pension Liability	0.042911%	0.044518%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2023, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2023 measurement date was \$395,155. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$571,226 to the plan in 2023.

At December 31, 2023, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 203,004	\$ 226,108
Changes of Assumptions	10,233	320,138
Net Difference between Projected and Actual Earnings on Pension Plan Investments	241,455	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>593,339</u>	<u>266,794</u>
	<u>\$ 1,048,031</u>	<u>\$ 813,040</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17
June 30, 2022	6.22	-
June 30, 2023	6.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-
June 30, 2022	-	6.22
June 30, 2023	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<b>Year Ending</b>		
<b><u>Dec 31.</u></b>		<b><u>Amount</u></b>
2024	\$	473,575
2025		454,479
2026		(731,210)
2027		62,890
2028		(22,447)
Thereafter		<u>(2,296)</u>
		<u>\$ 234,991</u>

**Special Funding Situation** – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed 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 non-employer 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 to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Borough is \$873,602 as of December 31, 2023. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The State’s proportion of the net pension liability associated with the Borough 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 members, actuarially determined. The State’s proportion measured as of June 30, 2023 was 0.0429104%, which was a decrease of 0.001608% from its proportion measured as of June 30, 2022, which is the same proportion as the Borough’s. At December 31, 2023, the Borough’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 4,741,096
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>873,602</u>
	<u>\$ 5,614,698</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

At December 31, 2023, the State’s proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2023 measurement date was \$99,370.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

Employee 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.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2023 are summarized in the following table:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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 projected benefit payments to determine the total pension liability.

**Sensitivity of the Borough’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Borough’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 10. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.0%)</u></b>
Borough's Proportionate Share of the Net Pension Liability	\$ 6,605,887	\$ 4,741,096	\$ 3,188,171
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,217,211</u>	<u>873,602</u>	<u>587,457</u>
	<u>\$ 7,823,098</u>	<u>\$ 5,614,698</u>	<u>\$ 3,775,628</u>

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

**Note 11. Other Post-Retirement Benefits**

**General Information About the OPEB Plan**

**Plan Description** - Borough of Pitman, New Jersey Postemployment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by Southern NJ Regional Employee Benefits Fund. MRHIF provides fully insured medical and prescription drug coverage to eligible retirees and their spouses.

**Funding Policy** - The contribution requirements of the Borough healthcare plan are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For the calendar year 2022, the Borough contributed \$429,468.00 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

**Annual OPEB Cost and Net OPEB Obligation** - The Borough's annual Other Postemployment Benefit (OPEB) cost (expense) is calculated based on the Entry Age Normal (EAN) cost method as required by GASB Statement 75. The EAN actuarial cost method requires a salary scale assumption. The discount rate used to determine the liabilities under GASB 75 is based on the Bond Buyer 20 Index. This rate was 3.72% as of December 31, 2022. Future medical care cost increase rates unpredictable and could be volatile. They will depend upon the economy, future health care delivery systems, and emerging technologies.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 11. Other Post-Retirement Benefits (continued)**

**Annual OPEB Cost and Net OPEB Obligation**

Balance as of 12/31/2021	\$ 23,195,102.00
Service Cost	250,271.00
Interest of Total OPEB Liability	478,551.00
Difference Between Expected and Actual Experience	226447
Change in Assumptions	(1,840,380.00)
Benefits Payments	<u>(429,468.00)</u>
Net Changes	<u>(1,314,579.00)</u>
Balance as of 12/31/2022	<u>\$ 21,880,523.00</u>

**Interest on Total OPEB Liability**

	Amount (a)	Time Period* (b)	Interest (c)	Calculation (a x b x c)
Beginning of Year Total OPEB Liability	\$ 23,195,102.00	1.0	0.0206	\$ 477,819.10
Service Cost (positive number)	250,271.00	1.0	0.0206	5,155.58
Benefit Payments (negative number)	(429,468.00)	0.5	0.0206	(4,423.52)
Employee Refunds (if any) (negative number)	-	0.5	0.0206	-
<b>Interest on Total OPEB Liability</b>				<u><b>\$ 478,551.16</b></u>

\* A half year is used because benefits and employee refunds occur throughout the year.

Sensitivity of the total net OPEB liability to changes in the discount rate. The following represents the total net OPEB liability of the Borough, as well as what the Borough's total net OPEB liability would be if it were calculated using a discount rate that is 1 % lower or 1 % higher than the current discount rate.

<u>1% Decrease (2.72%)</u>	<u>Current Discount Rate (3.72%)</u>	<u>1% Increase (4.72%)</u>
<u>\$ 24,228,717.00</u>	<u>\$ 21,880,523.00</u>	<u>\$ 20,017,775.00</u>

Sensitivity of the total net OPEB liability to changes in the healthcare cost trend rates. The following represents the total net OPEB liability of the Borough, as well as what the Borough's total net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1 % lower or 1 % higher than the current healthcare cost trend rate.

<u>1% Decrease</u>	<u>Current Health Care Rate</u>	<u>1% Increase</u>
<u>\$ 20,081,231.00</u>	<u>\$ 21,880,523.00</u>	<u>\$ 24,118,128.00</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 11. Other Post-Retirement Benefits (continued)**

For the year ended December 31, 2022, the Borough's OPEB expense would have been \$916,281.00 if New Jersey municipalities followed GAAP accounting principles. The Borough had total deferred inflows of resources related to OPEB of \$1,726,951.00 and total deferred outflows of resources of \$2,731,355.00.

**Total OPEB Expense Calculation as of 12/31/2022**

Service Cost	\$	250,271.00
Interest on Total OPEB Liability		478,551.00
Recognition of Experience Changes		13,957.00
Recognition of Assumption Changes		173,502.00
Net OPEB Expense Recognized	\$	916,281.00

**Summary of Deferred Outflows and Inflows to OPEB Expenses**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 212,490.00	\$ -
Changes of Assumptions	2,518,865.00	1,726,951.00
Total	\$ 2,731,355.00	\$ 1,726,951.00

\*Note that the information presented above for Other Post-Retirement Benefits is in accordance with Local Finance Notice 2023-10, which differs from the requirements of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension*.

**Note 12. Municipal Debt**

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 12. Municipal Debt (continued)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 6,996,425.00	\$ 7,256,364.00	\$ 7,772,042.00
Utility:			
Bonds, Notes and Loans	5,945,278.04	6,543,578.48	6,954,777.85
	<hr/>	<hr/>	<hr/>
Total Debt Issued	12,941,703.04	13,799,942.48	14,726,819.85
	<hr/>	<hr/>	<hr/>
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	162,315.00	975,461.75	652,461.75
Utility:			
Bonds, Notes and Loans	256,323.00	421,323.00	256,323.00
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	418,638.00	1,396,784.75	908,784.75
	<hr/>	<hr/>	<hr/>
<b>Total Gross Debt</b>	<u>\$ 13,360,341.04</u>	<u>\$ 15,196,727.23</u>	<u>\$ 15,635,604.60</u>
<b>Deductions:</b>			
Utility:			
Self Liquidating Debt	\$ 6,201,601.04	\$ 6,964,901.48	\$ 7,211,100.85
	<hr/>	<hr/>	<hr/>
Total Deductions	6,201,601.04	6,964,901.48	7,211,100.85
	<hr/>	<hr/>	<hr/>
<b>Total Net Debt</b>	<u>\$ 7,158,740.00</u>	<u>\$ 8,231,825.75</u>	<u>\$ 8,424,503.75</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,280,000.00	\$ 1,280,000.00	\$ -
General Debt	7,158,740.00	-	7,158,740.00
Utility Debt	6,201,601.04	6,201,601.04	-
	<hr/>	<hr/>	<hr/>
	<u>\$ 14,640,341.04</u>	<u>\$ 7,481,601.04</u>	<u>\$ 7,158,740.00</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 12. Municipal Debt (continued)**

Net Debt \$7,158,740.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$784,836,268.67 equals 0.912%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2023 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	27,469,269.40
Net Debt		7,158,740.00
 Remaining Borrowing Power	 \$	 <u>20,310,529.40</u>

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year		\$ 3,505,860.00
Deductions:		
Operating and Maintenance Costs	\$	2,407,965.00
Debt Service		984,597.83
Total Deductions		3,392,562.83
Excess/(Deficit) in Revenue	\$	113,297.17

\*If Excess in Revenues all Utility Debt is Deducted

**General Debt**

**A. Serial Bonds Payable**

On July 12, 2017, the Borough issued \$2,437,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.000% to 3.000% and mature on July 1, 2030.

On September 10, 2020, the Borough issued \$2,080,000.00 of General Refunding Bonds. The General Refunding Bonds were issued at interest rates varying from 3.000% to 4.000% and mature on December 1, 2027.

Principal and interest due on the outstanding bonds is as follows:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 12. Municipal Debt (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 475,000.00	\$ 89,300.00	\$ 564,300.00
2025	495,000.00	73,700.00	568,700.00
2026	515,000.00	57,050.00	572,050.00
2027	450,000.00	39,375.00	489,375.00
2028	240,000.00	21,000.00	261,000.00
2029-2030	555,000.00	21,600.00	576,600.00
	<u>\$ 2,730,000.00</u>	<u>\$ 302,025.00</u>	<u>\$ 3,032,025.00</u>

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2023:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance December 31, <u>2023</u>
Series 2023	9/7/2023	5/24/2024	4.50%	\$ 2,303,625.00
Series 2023	9/7/2023	5/24/2024	4.15%	1,962,800.00
				<u>\$ 4,266,425.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

The Borough had \$162,315.00 of bonds and notes authorized but not issued in the General Capital Fund at December 31, 2023.

**Sewer Utility Debt**

**A. Serial Bonds Payable**

On July 12, 2017, the Borough issued \$1,672,000.00 of Utility General Obligation Bonds. The Bonds were issued at interest rates varying from 2.000% to 3.000% and mature on July 1, 2030.

On September 10, 2020, the Borough issued \$2,150,000.00 of Utility General Obligation Bonds. The Bonds were issued at interest rates varying from 4.000% to 4.125% and mature on December 1, 2029.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 12. Municipal Debt (continued)**

Principal and interest due on the outstanding bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 365,000.00	\$ 84,937.50	\$ 449,937.50
2025	375,000.00	73,037.50	448,037.50
2026	390,000.00	60,400.00	450,400.00
2027	390,000.00	46,900.00	436,900.00
2028	395,000.00	33,050.00	428,050.00
2029-2030	545,000.00	23,200.00	568,200.00
	<u>\$ 2,460,000.00</u>	<u>\$ 321,525.00</u>	<u>\$ 2,781,525.00</u>

**B. USDA Loans Payable**

On March 13, 2014, the Borough issued \$2,337,000.00 of USDA Loans Payable. The Loans were issued at an interest rate of 3.250% and mature on March 13, 2054.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 39,555.32	\$ 65,282.68	\$ 104,838.00
2025	40,851.31	63,986.69	104,838.00
2026	42,189.77	62,648.23	104,838.00
2027	43,572.07	61,265.93	104,838.00
2028	44,999.67	59,838.33	104,838.00
2029-2033	248,104.12	276,085.88	524,190.00
2034-2038	291,500.68	232,689.32	524,190.00
2039-2043	342,487.85	181,702.15	524,190.00
2044-2048	402,393.30	121,796.70	524,190.00
2049-2053	472,777.00	51,413.00	524,190.00
2054	50,075.95	813.73	50,889.68
	<u>\$ 2,018,507.04</u>	<u>\$ 1,177,522.64</u>	<u>\$ 3,196,029.68</u>

**C. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the Utility Capital Fund at December 31, 2023:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2023</u>
Series 2023	9/7/2023	5/24/2024	4.50%	<u>\$ 1,466,771.00</u>
				<u>\$ 1,466,771.00</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 12. Municipal Debt (continued)**

The purpose of these short-term borrowings was to provide resources for acquisition of various equipment for the Water and Sewer Utility System permitted by State Local Bond Law NJSA 40A:2 et. seq.

**D. Bonds and Notes Authorized But Not Issued**

As of December 31, 2023 the Borough had \$256,323.00 in various Utility bonds and notes authorized but not issued.

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Borough is as follows:

	Balance December 31, <u>2022</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2023</u>	Balance Due Within <u>One Year</u>
<b>General Capital:</b>					
General Bonds	\$ 3,190,000.00	\$ -	\$ 460,000.00	\$ 2,730,000.00	\$ 475,000.00
Bond Anticipation Notes	4,266,425.00	4,266,425.00	4,266,425.00	4,266,425.00	4,266,425.00
	<u>\$ 7,456,425.00</u>	<u>\$ 4,266,425.00</u>	<u>\$ 4,726,425.00</u>	<u>\$ 6,996,425.00</u>	<u>\$ 4,741,425.00</u>
<b>Utility Capital:</b>					
Utility Bonds	\$ 2,810,000.00	\$ -	\$ 350,000.00	\$ 2,460,000.00	\$ 365,000.00
Bond Anticipation Notes	1,466,771.00	1,466,771.00	1,466,771.00	1,466,771.00	1,466,771.00
USDA Loans Payable	2,056,807.48	-	38,300.44	2,018,507.04	39,555.32
	<u>\$ 6,333,578.48</u>	<u>\$ 1,466,771.00</u>	<u>\$ 1,855,071.44</u>	<u>\$ 5,945,278.04</u>	<u>\$ 1,871,326.32</u>

**Note 13. 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 benefits 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 14. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. Borough employees are granted vacation benefits in varying amounts depending on their length of service with the Borough. The Borough does not permit employees to accrue unused vacation pay. The Borough permits employees to carry over one week of vacation time, which must be utilized by December 31 of the succeeding year or be forfeited unless otherwise approved by a Department Head. All employees are granted twelve sick days per year. Sick leave is accumulated from year to year but may not exceed twenty-six weeks of earned sick leave.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 14. Accrued Sick, Vacation and Compensation Time (continued)**

The Borough compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy provides one compensated day for every two and a half sick days accumulated and one compensated day for every vacation day accumulated. The Borough has entered into duly negotiated and approved labor agreements with various unions with regards to accumulated absence benefits. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$345,873.56 at December 31, 2023.

**Note 15. 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.

**Joint Insurance Pool**

The Borough is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Borough with the following coverage:

Crime and Excess Crime Policy	\$ 2,000,000.00
Worker’s Compensation & Employer’s Liability	\$ 2,000,000.00
General Liability	\$ 2,000,000.00
Property Damage	\$ 2,000,000.00
Automobile Liability	\$ 2,000,000.00

Contributions to the Funds are based on actuarial assumptions determined by the Funds’ actuaries. The Fund publishes its own financial report for the year ended December 31, 2023 which can be obtained on the Fund’s website.

**New Jersey Unemployment Compensation Insurance**

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Ending Balance</u>
2023	\$ 4,263.99	\$ 2,924.37	\$ 4,803.89	\$ 124,693.09
2022	4,615.59	3,275.96	1,318.01	112,700.84
2021	4,358.84	2,887.99	227.92	103,491.28

**BOROUGH OF PITMAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 16. Contingencies**

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023 the Borough estimates that no material liabilities will result from such audits.

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.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2023.

**Note 17. Labor Contracts**

Borough employees are represented by the following unions:

- American Federation of State, County, and Municipal Employees, Local 3303B – January 1, 2020, through December 31, 2024.
- Police Benevolent Association, Local 122 – January 1, 2020, through December 31, 2024.
- Teamsters Local Union No. 676 – January 1, 2020, through December 31, 2024.

**Note 18. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2023 and October 21, 2024, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Borough that would require disclosure.

**APPENDIX C**  
**FORM OF BOND COUNSEL OPINION**



ARCHER & GREINER, P.C.  
ATTORNEYS AT LAW  
Riverview Plaza  
10 Highway 35  
Red Bank, NJ 07701-5902  
732-268-8000  
FAX 732-345-8420

August 21, 2025

Mayor and Borough Council of the  
Borough of Pitman  
Pitman, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$9,410,000 General Obligation Bonds, Series 2025 (the "Bonds"), of the Borough of Pitman (the "Borough"), County of Gloucester, a body politic and corporate of the State of New Jersey. The Bonds consist of: (i) \$6,480,000 General Improvement Bonds, Series 2025; and (ii) \$2,930,000 Water & Sewer Utility Bonds, Series 2025.

The Bonds are authorized by and are issued pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), bond ordinances duly adopted by the Borough Council and published as required by law, and a resolution duly adopted by the Borough Council on July 14, 2025.

The Bonds are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Borough issued in the aggregate principal amount of \$5,562,873 on February 27, 2025 and maturing on August 22, 2025 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various general capital and utility improvements in and by the Borough; (ii) permanently finance various capital improvements in and for the Borough; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The Bonds are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of in principal denominations of \$5,000, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough as Paying Agent (or a duly appointed Paying Agent) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the

responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the first day of February and August (each an "Interest Payment Date"), commencing February 1, 2026, in each year until maturity or prior redemption, as applicable. The Bonds shall mature on August 1 in each of the years, in the principal amounts and at the interest rates as follows:

<u>Year</u>	<u>General Improvement</u>	<u>Water &amp; Sewer Utility</u>	<u>Total Principal Amount</u>	<u>Interest Rates</u>
2026	\$250,000	\$115,000	\$365,000	5.00%
2027	250,000	115,000	365,000	5.00
2028	325,000	130,000	455,000	5.00
2029	340,000	135,000	475,000	5.00
2030	350,000	220,000	570,000	5.00
2031	485,000	220,000	705,000	5.00
2032	495,000	200,000	715,000	4.00
2033	495,000	220,000	715,000	4.00
2034	495,000	220,000	715,000	4.00
2035	495,000	220,000	715,000	4.00
2036	500,000	220,000	720,000	4.00
2037	500,000	220,000	720,000	4.00
2038	500,000	220,000	720,000	4.00
2039	500,000	225,000	725,000	4.00
2040	500,000	230,000	730,000	4.00

The Bonds are subject to optional redemption prior to their stated maturity dates as set forth therein.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and

legally binding obligations of the Borough enforceable in accordance with their terms, and (iii) the Borough has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Borough will represent in its tax certificate relating to the Bonds that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Borough with the requirements of the Code described in the preceding paragraph, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owner of the Bonds pursuant to section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

We are further of the opinion that the Notes constitute "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of each of the Bonds, as executed by the Borough, and, in our opinion, the form of such Bond and its execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed 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 changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

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

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Bonds and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Bonds) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of August 21, 2025 (the "Disclosure Certificate") is executed and delivered by the Borough of Pitman, County of Gloucester, State of New Jersey (the "Borough" or the "Issuer") in connection with the issuance of its \$9,410,000 General Obligation Bonds, Series 2025, dated August 21, 2025 (the "Bonds"). The Bonds consist of (i) \$6,480,000 General Improvement Bonds, Series 2025 and (ii) \$2,930,000 Water and Sewer Utility Bonds, Series 2025. The Bonds are being issued pursuant to bond ordinances duly adopted by the Borough Council of the Borough and published as required by law, and a resolution duly adopted by the Borough Council of the Borough on July 14, 2025 (the "Bond Resolution"). The Borough covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Borough for the benefit of the Beneficial Owners of the Bonds to assist the Underwriter(s) in complying with the Rule (as defined below). The Borough acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borough pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Disclosure Representative" shall mean the Chief Financial Officer of the Borough or his designee, or such other person as the Borough shall designate in writing from time to time for the purposes of this Disclosure Certificate.

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

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents. The Borough or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to [www.emma.msrb.org](http://www.emma.msrb.org).

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment

for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of New Jersey.

"Underwriter(s)" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

### SECTION 3. Provision of Annual Reports.

(a) The Borough shall provide or cause to be provided to the Dissemination Agent not later than 270 days following the end of each year, commencing with the year ending December 31, 2025, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Borough may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Borough are not available by September 1 of each year, the Borough shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Borough, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Borough.

(b) Not later than 285 days following the end of each year, commencing with the year ending December 31, 2025, the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Borough does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot forward the Annual Report to EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Borough (if the Dissemination Agent is not the Borough).

(d) Each year the Dissemination Agent shall file a report with the Borough (if the Dissemination Agent is not the Borough), certifying that the Annual Report has been filed with EMMA pursuant to this Disclosure Certificate, and stating the date it was provided.

(e) If the fiscal year of the Borough changes, the Borough shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Borough, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. (a) The Borough's Annual Report shall contain or incorporate by reference the following:

1. The audited financial statements of the Borough (as of December 31).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

2. The general financial information and operating data of the Borough consistent with the information set forth in Appendix A to the Official Statement dated August 7, 2025, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (i) Borough indebtedness including a schedule of outstanding debt issued by the Borough, (ii) property valuation information, and (iii) tax rate, levy and collection data and in the forepart thereof under the heading entitled, "Litigation".

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borough is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Borough shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Borough (Note to Section 5(a)(12): For the purposes of the event identified in Section 5(a) (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Borough in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borough, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borough;

13. The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation 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.

The Borough shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5 that require a materiality determination, the Borough may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Borough has or obtains knowledge of the occurrence of any of the Listed Events that require a materiality determination, the Borough shall, as soon as possible, determine if such event would constitute information material, if applicable, to the Beneficial Owners of the Bonds.

(c) If the Borough (i) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (ii) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Bonds, the Borough shall promptly notify the Dissemination Agent in writing (if the Borough is not the Dissemination Agent) and the Borough shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Borough determines that the occurrence of a Listed Event requiring a materiality determination would not be material to the Beneficial Owners of the Bonds, the

Borough shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Borough) and the Dissemination Agent (if the Dissemination Agent is not the Borough) shall be instructed by the Borough not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Borough to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, in a timely manner not in excess of ten (10) business days after the occurrence thereof, with a copy to the Borough (if the Dissemination Agent is not the Borough). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Bondholders of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Borough's obligations under this Disclosure Certificate 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). The Borough shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. Except for as specifically disclosed in the Official Statement, the Township has had no existing continuing disclosure obligations in the past 5 years.

SECTION 8. Dissemination Agent; Compensation. The Borough may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Borough. The Borough shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Borough may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Borough to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Borough, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at

the time of the amendment. The Borough shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Borough shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borough. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Borough from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. 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 Certificate, the Borough shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Borough to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Borough to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Borough agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Borough) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Borough

further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Borough under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Borough, the Dissemination Agent, the Underwriter(s), and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Borough  
Colette Bachich, Chief Financial Officer  
Borough of Pitman  
110 South Broadway  
Pitman, NJ 08071

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds:

initially: Colette Bachich, Chief Financial Officer  
Borough of Pitman  
110 South Broadway  
Pitman, NJ 08071

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Borough and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Borough and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State, as applicable.

**BOROUGH OF PITMAN**

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**COLETTE BACHICH,  
Chief Financial Officer**

**Acknowledged and Accepted by:  
DISSEMINATION AGENT**

**N/A**  

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**AUTHORIZED SIGNATORY**

**EXHIBIT A**

**NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Borough of Pitman, County of Gloucester, State of New Jersey

Name of Bond Issue: \$9,410,000 General Obligation Bonds, Series 2025  
Dated August 21, 2025  
(CUSIP Number 724428GB7)

Date of Issuance: August 21, 2025

NOTICE IS HEREBY GIVEN that the above designated Borough has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate dated as of August 21, 2025 executed by the Borough.

DATED: \_\_\_\_\_

\_\_\_\_\_  
DISSEMINATION AGENT  
(on behalf of the Borough)

cc: Borough of Pitman