PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2025

NEW ISSUE (BOOK-ENTRY ONLY) **RATING: NOT RATED**

In the opinion of Archer & Greiner P.C., Red Bank, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Notes (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 computing federal alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. See "TAX MATTERS" herein. Bond Counsel is also further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX MATTERS" herein.

$4,747,900
BOROUGH OF PALMYRA
IN THE COUNTY OF BURLINGTON, STATE OF NEW JERSEY
BOND ANTICIPATION NOTES
Consisting of:
$4,147,900 General Improvement Notes
$600,000 Sewer Utility Notes
(BANK-QUALIFIED) (NON-CALLABLE)

Coupon: ____% Yield: ____% CUSIP[1]: _______

Dated: Date of Delivery **Due: December 1, 2026**

The aggregate principal amount of $4,747,900 Bond Anticipation Notes (the "Notes") are general obligations of the Borough of Palmyra, in the County of Burlington, State of New Jersey (the "Borough"), for which the full faith and credit of the Borough are pledged. The Notes consist of: (i) $4,147,900 General Improvement Notes; and (ii) $600,000 Sewer Utility Notes. The Borough is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Borough without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Notes will be in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry only form in denominations of $5,000, or multiples of $1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Note (subject to approval of the Chief Financial Officer of the Borough).

The Notes will bear interest at the rate per annum indicated above, commencing from their date of delivery. Interest on the Notes will be payable at maturity. The Notes will be payable as to principal upon presentation and surrender thereof at the offices of the Borough, acting in the capacity of paying agent (the "Paying Agent"), or a hereafter duly designated paying agent, if any. Interest on the Notes will be paid by check, draft or wire transfer, mailed, delivered or transmitted, as applicable, by the Paying Agent to the registered owner thereof as of the Record Dates (as defined herein). While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payment to DTC Participants. DTC Direct Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Notes. *See* "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes 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 various bond ordinances of the Borough duly adopted by the Borough Council on the dates set forth herein, approved by the Mayor and published as required by law. The Notes are being issued to: (i) refund, on a current basis, a portion of prior taxable bond anticipation notes of the Borough issued in the aggregate principal amount of $5,906,100 on December 6, 2024 and maturing December 5, 2025; (ii) refund, on a current basis, prior bond anticipation notes of the Borough issued in the aggregate principal amount of $1,435,000 on August 28, 2025 and maturing December 5, 2025; (iii) temporarily finance various capital improvements in and for the Borough in the amount of $2,787,300; and (iv) pay the costs associated with the issuance of the Notes.

The Notes are not subject to redemption prior to maturity. S*ee* "DESCRIPTION OF THE NOTES – Redemption" herein.

The Notes 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.

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 all appendices, to obtain information essential to making an informed investment decision.

The Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel, and certain other conditions described herein. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Notes. Certain legal matters will be passed on for the Borough by its Solicitor, Ted M. Rosenberg, Esquire, of Rosenberg Legal, Moorestown, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about November 19, 2025.

PROPOSALS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY ACACIA FINANCIAL GROUP, INC., ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE BOROUGH UNTIL 11:00 A.M. ON WEDNESDAY, NOVEMBER 19, 2025, EITHER (i) ELECTRONICALLY VIA PARITY® OR (ii) BY E-MAIL TRANSMITTAL TO MSCHIMENTI@ACACIAFIN.COM.

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[1] Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Borough does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

BOROUGH OF PALMYRA
IN THE COUNTY OF BURLINGTON, STATE OF NEW JERSEY

MAYOR
Gina Ragomo Tait

BOROUGH COUNCIL MEMBERS
Timothy Howard, President
Jessica O'Connor, Esq.
Richard K. Dreby
John Liebe
Natashia Latimore
Sean O'Connell

BOROUGH CLERK
Doretha (Rita) Jackson, RMC, CMR

BOROUGH ADMINISTRATOR
John J. Gural, CPM

CHIEF FINANCIAL OFFICER
Donna Condo, CMFO, QPA

BOROUGH SOLICITOR
Ted Rosenberg, Esquire
Moorestown, New Jersey

INDEPENDENT AUDITORS
Bowman & Company LLP
Voorhees, New Jersey

MUNICIPAL ADVISOR
Acacia Financial Group, Inc.
Mount Laurel, New Jersey

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

No dealer, broker, salesperson or other person has been authorized by the Borough of Palmyra, in the County of Burlington, State of New Jersey (the “Borough”) to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the Borough. 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 Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Borough, The Depository Trust Company, Brooklyn, New York (“DTC”) and other sources deemed reliable by the Borough; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the Borough, such information is not to be construed as a representation or warranty by the Borough.

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

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, 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 may not be reproduced or used in whole or part, for any other purpose. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial condition of other affairs of the Borough. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

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

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

TABLE OF CONTENTS

TABLE OF CONTENTS (Cont'd)

OFFICIAL STATEMENT

OF

$4,747,900
BOROUGH OF PALMYRA
IN THE COUNTY OF BURLINGTON, STATE OF NEW JERSEY
BOND ANTICIPATION NOTES
Consisting of:
$4,147,900 General Improvement Notes
$600,000 Sewer Utility Notes

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Borough of Palmyra (the “Borough”), in the County of Burlington (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of $4,747,900 Bond Anticipation Notes (the “Notes”) of the Borough. The Notes consist of: (i) $4,147,900 General Improvement Notes; and (ii) $600,000 Sewer Utility Notes. This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Mayor and Borough Council and executed by and on behalf of the Borough by the Chief Financial Officer to be distributed in connection with the sale of the Notes.

This Official Statement contains specific information relating to the Notes 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 Notes. 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, including tables of receipts and disbursements, 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.

DESCRIPTION OF THE NOTES

General Description

The Notes comprise an issue of general obligation bond anticipation notes of the Borough in the aggregate principal amount of $4,747,900, which are being issued in anticipation of the issuance of bonds.

The Notes shall be dated and shall bear interest from December 2, 2025 and shall mature on December 1, 2026. The Notes shall bear interest at the rate shown on the front cover hereof, which interest is payable at maturity. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"). DTC will act as securities depository for the Notes (the “Securities Depository”). Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of $5,000, or multiples of $1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Note (subject to approval of the Chief Financial Officer of the Borough). Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly by the Borough acting as paying agent (the "Paying Agent"), or some other paying agent as may be designated by the Borough, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Notes is the responsibility of the DTC Participants (as hereinafter defined). *See* "BOOK-ENTRY ONLY SYSTEM" herein.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Borough or any hereafter duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Notes. *See* "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

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

Authorization for the Issuance of the Notes

The Notes have been authorized 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") and by various bond ordinances duly adopted by the Borough Council on the dates set forth in the chart on the following page, approved by the Mayor and published as required by law. The bond ordinances 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.

Purpose of the Notes

The Notes are being issued to: (i) refund, on a current basis, a portion of prior taxable bond anticipation notes of the Borough issued in the aggregate principal amount of $5,906,100 on December 6, 2024 and maturing December 5, 2025; (ii) refund, on a current basis, prior bond anticipation notes of the Borough issued in the aggregate principal amount of $1,435,000 on August 28, 2025 and maturing December 5, 2025; (iii) temporarily finance various capital improvements in and for the Borough in the amount of $2,787,300; and (iv) pay the costs associated with the issuance of the Notes.

The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, and amount of Notes being funded with the proceeds of the Bond Anticipation Notes. The bond ordinances are:

General Improvement Bond Ordinances

Ordinance Number	Description	Amount of Note Proceeds
2015-13	Completion of Various 2015 Capital Improvements, Finally Adopted on 8/17/2015	$90,000
2017-10	Completion of Various 2017 Capital Improvements, Finally Adopted on 9/18/2017	$66,000
2020-06	Completion of Various 2020 Capital Improvements, Finally Adopted on 7/20/2020	$349,867
2021-10	Completion of Various 2021 Capital Improvements, Finally Adopted on 8/16/2021	$38,000
2022-05	Completion of Various 2022 Capital Improvements, Finally Adopted on 8/15/2022	$670,933
2023-14	Various 2023 Capital Improvements, Finally Adopted 9/18/2023	$1,032,500
2024-13	Various 2024 Capital Improvements, Finally Adopted 9/16/2024	$295,500
2025-04	Various 2025 Capital Improvements, Finally Adopted 9/15/2025	$1,605,100
	TOTAL	**$4,147,900**

Sewer Utility Bond Ordinances

Ordinance Number	Description	Amount of Note Proceeds
2025-05	Improvements/Rehabilitation of Sewer System	$600,000
	TOTAL	**$600,000**

SECURITY FOR THE NOTES

The Notes are valid and legally binding general obligations of the Borough for which the full faith and credit of the Borough are irrevocably pledged for the punctual payment of the principal of and interest on the Notes. Unless otherwise paid from other sources, the Borough has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

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

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

MARKET PROTECTION

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

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the Borough as of the date hereof.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), Brooklyn, New York will act as Securities Depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the Notes, in the aggregate principal amount of the issue of Notes will be deposited with DTC.

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (a "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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct 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. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the Agent, 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 Notes at any time by giving reasonable notice to the Borough or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

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

Discontinuance of Book-Entry Only System

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

<u>PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT</u>

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 Notes 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 <u>et</u> <u>seq</u>., 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 by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. In certain circumstances, the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the “Local Finance Board”) must approve the authorization of the issuance of refunding bonds.

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. 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 <u>et</u> <u>seq</u>.)

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, <u>et</u> <u>seq</u>.)

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

The Division 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 Notes.

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:

Total of Local, County, and School Levies	-	Anticipated Revenues	=	Cash Required from Taxes to Support Local Municipal Budget and Other Taxes

$$\frac{\text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}}{\text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)}} = \text{Amount to be Raised by Taxation}$$

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), 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 generally accepted accounting principals.

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 audit report 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, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory 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 Director of Law (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 1st day of April 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 within the current tax year and reductions are shown as cancelled or remitted taxes for that year. 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 Notes 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 Notes in order to assure that interest on the Notes 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 Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. The Borough will make certain representations in its tax certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Notes 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 Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes 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 Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. Interest on the Notes 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 Notes 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 Notes 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 Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Borough or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Borough as the taxpayer and the beneficial owners of the Notes 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 Notes 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 Notes.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note 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.

Bank Qualification

The Notes constitute “qualified tax-exempt obligations” as defined in and for the purpose of Section 265(b)(3)(B) of the Code.

Additional Federal Income Tax Consequences of Holding the Notes

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, 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 Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

Changes in Federal Tax Law Regarding the Notes

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 Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes 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 NOTES 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 NOTES 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 Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Notes 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 Notes 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 Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES 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 NOTES.

LEGALITY FOR INVESTMENT

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

RISK TO HOLDERS OF NOTES

It is understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

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 ITS 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 NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

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 provided 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 be avoided pursuant to certain preferential transfer provisions set forth in such act.

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.

Remedies of Holders of Notes (N.J.S.A. 52:27-1 et seq.)

If the Borough defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Borough in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Borough is so in default. Once a judgment is entered by the Superior Court to the effect that the Borough is in default, the Municipal Finance Commission (the "Commission") would become operative in the Borough. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

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 has received a total of $747,333 from the Plan. 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 large and complex technology environment to conduct its various operations. As a result, the Borough faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. Specifically, the Borough has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training. The Borough engages a cyber security firm to train and assist employees in identifying suspicious emails. In addition, the Borough maintains insurance coverage for cyberattacks and related events.

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.

CERTIFICATES OF THE BOROUGH

Upon the delivery of the Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Borough, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Borough from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes, as applicable, or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes, as applicable, are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of any of the said officers to the respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed on for the Borough by its Solicitor, Ted M. Rosenberg, Esquire, of Rosenberg Legal, Moorestown, New Jersey ("Borough Solicitor").

LITIGATION

To the knowledge of the Borough Solicitor, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes to pay the principal of or the interest on the Notes, 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 Solicitor, no litigation is presently pending or threatened that, in the opinion of the Borough Solicitor, 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 Solicitor and delivered to the Underwriter at the closing.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Borough has covenanted for the benefit of noteholders to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Borough with the Municipal Securities Rulemaking Board and with a state information depository, if any. The specific nature of the Notices will be detailed in a certificate (the "Note Certificate") to be executed on behalf of the Borough by its Chief Financial Officer, in the form appearing in APPENDIX D hereto, such Note Certificate to be delivered concurrently with the delivery of the Notes. This covenant is being made by the Borough to assist the respective purchaser of the Notes in complying with the Rule.

The Borough has previously entered into continuing disclosure undertakings under the Rule with respect to its obligations. The Borough has complied with all continuing disclosure requirements for the past five (5) years. The Borough has engaged Acacia Financial Group, Inc. as its dissemination agent to ensure future compliance with the rule.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of statistical and financial information contained in Appendices A and B and throughout this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

Bowman & Company LLP, Voorhees, New Jersey, Certified Public Accountants and Registered Municipal Accountants, 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. They do take responsibility for the financial statements to the extent specified in the Independent Auditor’s Report appearing in APPENDIX B hereto.

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.

The Borough Solicitor has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other 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.

RATING

The Borough will not obtain a credit rating related to the issuance of the Notes.

FINANCIAL STATEMENTS

APPENDIX B contains audited financial data of the Borough for the years ended December 31, 2024, 2023, 2022, 2021 and 2020. The audited financial data was extracted from the report prepared by Bowman & Company LLP, Voorhees, New Jersey (the "Auditor"), to the extent and for the period set forth in its report appearing in APPENDIX B to this Official Statement. The Auditor has participated in the preparation of this Official Statement, however, it has not 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.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as municipal advisor to the Borough with respect to the issuance of the Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

UNDERWRITING

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Borough of Palmyra, Donna Condo, Chief Financial Officer, 20 West Broad Street, Palmyra, New Jersey 08065 at (856) 829-6100 or dcondo@boroughofpalmyra.com, or to its Municipal Advisor, Acacia Financial Group, Inc., 6000 Midlantic Drive, Suite 410 North, Mount Laurel, New Jersey, telephone (856) 234-6697.

MISCELLANEOUS

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

BOROUGH OF PALMYRA, NEW JERSEY

____
DONNA CONDO
Chief Financial Officer

DATED: November __, 2025

APPENDIX A

CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION CONCERNING THE BOROUGH OF PALMYRA

GENERAL INFORMATION ON THE BOROUGH

History, Location and Area

The Borough of Palmyra is located along the Delaware River directly across from Philadelphia, Pennsylvania in south western Burlington County and covers an area of approximately 1.9 square miles.

Palmyra is a residential community with some light industry, retail stores, financial institutions and restaurants serving the citizens of Palmyra and the neighboring communities. Located within the Borough are newly constructed recreational facilities, baseball fields, football and soccer fields and basketball courts. Within a short distance from Palmyra is a fully staffed hospital, three country clubs and golf courses, and shopping malls and state of the art library facilities.

Along the Delaware River in the Borough are boating and fishing facilities. The year 2003 saw the completion of a new 340-unit residential community with recreational facilities along the river. The Riverfront at Palmyra was completed over a five-year period.

Form of Government

The Borough is governed by a Mayor and Borough Council composed of six members, all of whom are elected at large. The Borough employs a Borough Administrator who has the responsibility of operating the Borough government efficiently under the guidelines and provisions of the Mayor and Borough Council and the Borough Administrative Code.

The general administration of the Borough business, tax assessment and collection, zoning and planning, elections and court is provided, utilizing a full time staff of approximately 7 persons, plus several part-time staff members.

Planning and Development

The Borough Master Plan provides for well-planned development/redevelopment of the remaining vacant land within Palmyra. The Master Plan was adopted in 1992 and was re-examined and updated in 2007 and again in 2017, and with subsequent amendments, to conform with New Jersey guidelines.

The Borough previously entered into a Redevelopment Agreement for a 184-acre Brownfield Development Area (BDA) (2025 Phoenix Award winning project) that included commercial redevelopment, and 102 affordable housing units. The project has substantially increased tax rateables in the community. Two completed warehouses alone pay the Borough a $1M Payment In Lieu of Taxes each. There are five additional smaller areas that have been or are in the process of being designed Areas in Need of Redevelopment. The NJ DEP & EDA have assisted the Borough's efforts by awarding approximately $7,000,000 for environmental evaluation and remediation.

Public Services

The Borough has 17 police officers, 11 Crossing Guards and 13 police vehicles including a utility trailer and two electronic message board trailers. Emergency medical services have paid daytime coverage to augment its numerous volunteers. The Palmyra Ambulance Association is the oldest volunteer ambulance service in the United States.

The Borough of Palmyra's Fire Department consists of over 30 paid stipend members. The Shifts are 7am to 4pm Monday thru Friday, with 2 per shift. The Independence Fire Company is a volunteer fire company that has approx. 40 members that are certified to assist in the Palmyra Fire department operational side of the department. They are available 24hrs/7days a week, 365 days a year. The Palmyra Fire department's equipment is extensive. The apparatus is 2 - Class A engines/pumpers, 1- 104' straight stick ladder truck, 1- Brush truck w/small pump, 2- utility/Fire police vehicles, and 1- command vehicle.

Improvements and maintenance of the Borough streets and equipment utilizes an 9 person Public Works Department. Once-a-week automated garbage and trash collection and special leaf collections are operated during the Fall, financed through Borough tax dollars.

Public Service Electric and Gas Company, provides electric and gas to the Borough. Water supply is provided by New Jersey American Water Company. The Borough operates its own sewerage system and charges an annual fee for service to approximately 3,400 customers.

Transportation

The Borough of Palmyra is bisected by New Jersey State Highway 73, which provides direct access to the New Jersey Turnpike, Interstate 295, and the City of Philadelphia via the Tacony-Palmyra Bridge. Public transportation options within the Borough include New Jersey Transit bus service as well as the RiverLine light rail service which links to AMTRACK service in Trenton. Additionally, the Heritage Trail, a bikeway beginning in Palmyra, extending north to Trenton, and looping back through Pennsylvania has been implemented by the County.

Compensated Absences

Borough employees are entitled to paid vacation depending upon their length of service with the Borough. Vacation time is not accrued from year to year unless specifically approved by the Borough Administrator and the Governing Body. Sick time may be accumulated and carried forward to succeeding years. After 25 years, and at retirement, accrued sick days will be paid at the rate of 60% of final salary not to exceed $15,000.

Pension Plans

The Borough, on behalf of most of its employees, is enrolled in the New Jersey Public Employees Retirement System, a pension actuarial system administered by the Division of Pensions within the Treasury Department of the State. The members of the Police Department, however, are enrolled in the Police and Firemen's Retirement System. For additional information regarding pension plans, see Appendix B: Audited Financial Statements of the Borough, Note 9.

Borough Employees

	December 31,				
	2024	**2023**	**2022**	**2021**	**2020**
Full-time	35	34	35	34	33
Part-time	21	18	14	17	20
	56	52	49	51	53

Employee Collective Bargaining Units

There are 15 Borough Police Officers represented by the Palmyra Police Association. The three-year agreement with the Police Association expires December 31, 2026 and is the only collective bargaining unit representing Borough employees.

Borough Population (1)

2020 Federal Census	7,438
2010 Federal Census	7,336
2000 Federal Census	7,091
1990 Federal Census	7,056
1980 Federal Census	7,085

Selected Census 2023 Data for the Borough (1)

Median household income	$85,014
Per capita income	$44,529

Borough Labor Force (2)

The following table discloses annual average labor force data for the Borough.

	2024	2023	2022	2021	2020
Borough					
Labor Force	4,488	4.470	4,371	4,278	4,248
Employed	4,310	4,294	4.219	4,032	3,912
Unemployed	178	176	152	246	336
Unemployment Rate	4.0%	3.9%	3.5%	5.8%	7.9%
County					
Labor Force	248,122	246,548	240,684	235,227	232,816
Employment	237,708	236,845	232,054	221,531	213,811
Unemployment	10,414	9,703	8,630	13,696	19,005
Unemployment Rate	4.2%	3.9%	3.6%	5.8%	8.2%
State					
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%

(1) Source: U.S. Department of Commerce, Bureau of Census.
(2) Source: New Jersey Department of Labor

Business and Industry

There are two major commercial centers within Palmyra. The first fronts along New Jersey State Highway 73 and includes typical highway commercial uses, such as a car dealerships, gas stations and convenience stores. The Borough's main small business district is along Broad Street (County Route 543). Additional non-residential uses are located along Public Road and Market Street.

A new mixed-use development is planned for the 184-acre Rt. 73 South Redevelopment Area (BDA previously referenced) on the western side of New Jersey State Highway 73. The current plan proposes 102 affordable housing units with some age-restricted, along with 1.7 million square feet of warehousing. An additional 300,000 to 400,000 square feet of commercial space including retail, restaurant and other supportive uses are planned for future phases of development.

TEN LARGEST EMPLOYERS (1)

Company	Nature of Business	Approximate Number of Employees
Philadelphia Sign Company	Design Manufacturing and Installers	260
Palmyra Public School	K-12 Education	145
Kerbeck Cadillac	Auto Sales	140
Wawa	Convenience Food Market	50
Gemini Linens	Commercial Laundry For Linen Supply	37
Callahan Chemical	Wholesale Chemical Distribution	22
Bridge Machine Company	Food Processing Machine Manufacturing	21
Curran’s Irish Inn	Restaurant/Bar	20
Joshua Motor Car Company Inc.	Used Car Sales	18
Palmyra Ambulance Association	Emergency Medical Services	17

Building Permits Issued (2)

Year	Number of Permits Issued	Value of Construction
2025 (3)	232	$28,729,050
2024	384	32,266,858
2023	348	32,404,118
2022	418	5,194,521
2021	378	6,220,409
2020	288	3,600,202

(1) Source: Borough Officials
(2) Source: Borough Construction Official
(3) As of August 1, 2025

GENERAL INFORMATION ON THE SCHOOL DISTRICT (1)

The Borough of Palmyra School District ("School District") functions independently through a nine member board, elected by the citizens in alternate three-year terms. There are presently three schools for grades pre-school through twelve.

Borough high school students attend the Palmyra High School.

Taxes for the support of the School District, as approved by the voters in the School District, are levied on the valuations in the Borough as equalized by the County.

BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHOOL ENROLLMENTS (1)

			October 15,		
Grade	**2024**	**2023**	**2022**	**2021**	**2020**
Pre-K	89	80	27	8	2
K	58	45	67	50	55
1	46	68	53	57	54
2	61	54	53	49	50
3	55	52	49	62	53
4	55	45	58	54	46
5	38	53	57	51	44
6	49	62	52	43	56
7	67	52	48	58	60
8	52	43	60	64	59
9	65	82	83	89	78
10	80	79	83	81	74
11	80	92	80	79	90
12	93	84	72	87	78
Special Education	147	154	142	137	136
Totals	1,035	1,045	984	969	935

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY (1)

Name of School	Date Constructed	Renovations/ Additions	Grades	Enrollment Oct. 15, 2024	Functional Capacity
Charles Street School	1958	1962, 1992	Pre-K-6	362	705
Delaware Avenue School	1956	None	Pre-K, Admin	89	180
Palmyra High School	1922	1957, 1961 and 1993	7-12	437	765
Totals				888 (2)	1,650

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(1) Source: School District officials'
(2) Does not include Special Education Students

HIGHER EDUCATION FACILITIES

Rowan College at Burlington County

Rowan College at Burlington County (formerly Burlington County College) ("RCBC" or "County College") is a comprehensive, publicly supported, coeducational, two-year institution developed by the County and the State and accredited by the Middle States Association of Colleges and Schools. The County College was founded in October 1965 and opened in September 1969. The 225-acre main campus is located on Pemberton-Browns Mills Road in Pemberton Township, while the Mount Laurel campus opened in July 1995. The Board of County Commissioners (formally Board of Chosen Freeholders) sponsors the County College, appointing nine of the twelve Trustees.

In June 2015, the Rowan University Board of Trustees approved a resolution to partner with the County College thereby allowing students to obtain a bachelor's degree from Rowan University on the County College's Mount Laurel Campus. The unique partnership provides students the opportunity to seamlessly transition from the community college to the university. RCBC is the first community college in the region to offer junior-level courses as part of the "3+1" program in which students complete 75 percent of a Rowan University degree with the community college before completing their senior year at the university.

In July 2015, RCBC announced a transition from its original Pemberton Campus to the more accessible and modern Mount Laurel Campus. Located at the intersection of Route 38 and I-295, the 100-acre Mount Laurel campus is already home to the Technology and Engineering Center. Joining it as part of the transformed Mount Laurel campus is a new Health Sciences Center as well as a new Student Success Center - a 78,000 square foot, $25.4 million state-of-the-art building that will feature a one-stop shop for student services from enrollment to academic planning, knowledge commons library, bookstore, dining area and state-of-the-art technology. This building serves as the gateway to the newly transformed Mount Laurel campus with a total investment of $55 million and renovation of 240,000 square feet.

RCBC's fall 2024 enrollment in academic courses was 6,620 students. In addition, the County College serves thousands of other County residents each semester through youth programs, Learning is for Everyone, workforce development, theatrical productions, guest speakers, and art exhibitions.

The Board of Trustees governs the County College and certain fiscal matters are subject to review by the Board of School Estimate. The County College is not permitted to borrow for capital expenditures. Instead, the Board of Trustees and the Board of School Estimate certify the need for funding to the Board, which either currently appropriates the amount certified or authorizes the issuance of County debt, generally in accordance with the provisions of the Local Bond Law except that no down payment is required.

Burlington County Institute of Technology

The Burlington County Board of Vocational Education was created by the Board in 1962 after a favorable referendum. The enrollment for the two campuses, Westampton and Medford, for academic year 2023-2024 was 2,070 students.

The Burlington County Institute of Technology ("BCIT") is governed by a consolidated Board of Education of the Special Services School District and the Vocational School District of the County of Burlington and certain fiscal matters are subject to the review of the Board of

School Estimate. BCIT is not permitted to borrow for capital expenditures. Instead, the Board of Education and the Board of School Estimate certify the need for funding to the Board which either currently appropriates the amount certified or authorizes the issuance of County debt, generally in accordance with the provisions of the Local Bond Law except that no down payment is required.

BCIT contributes to the County workforce each year an average of 462 high school seniors certified in one of thirty-three career and technical programs and, through its Adult School Division, approximately 760 adults who have completed either a certification or licensing program in one of the thirty-five career programs offered. The Superintendent of BCIT is the liaison between the education community of the County and business and industry.

Burlington County Special Services School District

The Burlington County Special Services School District ("Special Services School District") was created by the Board in June 1972. The Special Services School District is comprised of state-of-the-art facilities located in the Townships of Westampton, Lumberton, and Mount Laurel which provide comprehensive educational and therapeutic programs for preschool and school-age students, ranging in age from three to eighteen, as well as young adults, ranging in age from eighteen to twenty-one. Students at the Special Services School District have access to the following programs: Sensory, Autism, Multiple Disabilities, Behavior Disabilities, Preschool Disabilities, Auditory Impaired, Career and Technical Education, and Transitions, a program designed to prepare students to be a self-sufficient, productive member of the community. The enrollment for the Special Services School District for the 2023-2024 academic year was 461 students.

CERTAIN TAX INFORMATION
TEN LARGEST REAL PROPERTY TAXPAYERS (1)

Name of Taxpayer	Nature of Business	2025 Assessed Valuation
WILLOW SHORES LP	REAL ESTATE	$ 11,406,700
BOSS LADY, LLC	AUTOMOTIVE	3,500,000
RIVER VILLAS MEWS LLC	REAL ESTATE	2,261,600
SANSONE URBAN RENEWAL	WAREHOUSE	1,916,500
PHILADELPHIA SIGN COMPANY	MANUFACTURING	1,809,200
RAINER, JOSEPH	APARTMENT BUILDINGS	1,726,400
PALMYRA ARMS APTS LLC	APARTMENT BUILDINGS	1,320,600
CALLAHAN CHEMICAL COMPANY, LLC	CHEMICAL PLANT	1,177,700
ROTO CYLINDERS INC	MANUFACTURING	1,100,000
AYDJIAN, HAROUTION	RETAIL AND WAREHOUSE	1,053,500

(1) Source: Borough Tax Assessor

CURRENT TAX COLLECTIONS (1)

Year	Total Levy	Outstanding Dec. 31 Amount	Outstanding Dec. 31 Percentage	Collected in Year of Levy Amount	Collected in Year of Levy Percentage
2024	$ 20,769,229	$ 326,387	1.57%	$ 20,390,762	98.18%
2023	20,343,758	391,301	1.92%	19,915,891	97.90%
2022	19,838,435	402,907	2.03%	19,405,534	97.82%
2021	19,098,623	363,112	1.90%	18,716,238	98.00%
2020	19,118,875	376,987	1.97%	18,622,616	97.40%

DELINQUENT TAXES (1)

Year	Outstanding Jan. 1	Added	Collected Amount	Collected Percentage	Transferred to Liens	Other Credits	Outstanding Dec. 31
2024	$ 399,119	$ 1,000	$ 390,389	97.57%	$ 1,300	$ 103	$ 8,327
2023	407,102	1,500	400,784	98.09%	-	-	7,818
2022	373,461	1,220	363,947	97.14%	-	6,539	4,195
2021	388,382	1,770	379,008	97.14%	-	795	10,349
2020	415,797	4,012	394,771	94.04%	8,692	4,951	11,395

TAX TITLE LIENS (1)

Year	Balance Jan. 1	Added by Sales and Transfers	Foreclosed/ Collected	Balance Dec. 31
2024	$ 78,401	$ 12,555	$ 7,065	$ 83,891
2023	82,065	8,896	12,560	78,401
2022	68,381	14,440	756	82,065
2021	68,129	14,206	13,954	68,381
2020	41,138	38,009	11,018	68,129

FORECLOSED PROPERTY (1) (2)

Year	Balance Jan. 1	Adjustments	Transferred from Tax Title and Sewer Liens	Sale of/Donated Foreclosed Property	Balance Dec. 31
2024	$ 300,550	$ -	$ -	$ -	$ 300,550
2023	300,550	-	-	-	300,550
2022	300,550	-	-	-	300,550
2021	300,550	-	-	-	300,550
2020	570,050	(8,245)	-	261,255	300,550

(1) Source: Annual Reports of Audit
(2) 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.

CURRENT SEWER COLLECTIONS (1)

	Beginning		Collected in Year of Levy		Outstanding Dec. 31	
Year	Balance	Total Levy	Amount	Percentage	Amount	Percentage
2024	$ 180,683	$ 1,917,432	$ 1,913,505	91.20%	$ 184,152	8.78%
2023	147,031	1,707,123	1,673,471	90.26%	180,683	9.74%
2022	145,388	1,697,360	1,695,281	92.00%	147,031	7.98%
2021	151,175	1,679,259	1,684,610	92.03%	145,388	7.94%
2020	148,348	1,619,254	1,616,950	91.48%	151,175	8.55%

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (2)

		Tax Rate (3)			
Year	Net Valuation Taxable	Total Rate	County	Local School	Municipal
2025	$ 479,351,405	$ 4.589	$ 0.579	$ 2.549	$ 1.461
2024	480,037,721	4.324	0.529	2.371	1.424
2023	479,582,821	4.234	0.470	2.377	1.387
2022	479,125,030	4.134	0.443	2.339	1.352
2021	477,400,339	3.990	0.434	2.243	1.313

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA (4)

Year	Real Property Assessed Valuation	Percentage of True Value	True Value	True Value per Capita (5)
2025	$ 479,351,345	60.12%	$ 797,324,260	$ 107,196
2024	480,037,645	66.84%	718,189,176	96,557
2023	479,582,745	75.86%	632,194,496	84,995
2022	479,124,945	85.40%	561,036,235	75,428
2021	477,400,245	90.75%	526,060,876	70,726

(1) Source: Annual Reports of Audit
(2) Source: Borough Tax Collector
(3) Per $100 of assessed valuation
(4) Source: State of New Jersey, Department of Treasury, Division of Taxation
(5) Based upon the 2020 Federal Census of 7,438

REAL PROPERTY CLASSIFICATION (1)

Year	Assessed Value of Land and Improvements	Vacant Land	Residential	Commercial	Industrial	Apartments
2025	$ 479,351,345	$ 6,368,500	$ 412,032,545	$ 30,212,400	$ 9,338,500	$ 21,399,400
2024	480,037,645	6,494,600	412,592,745	30,212,400	9,338,500	21,399,400
2023	479,582,745	6,577,000	412,053,145	30,214,700	9,338,500	21,399,400
2022	479,124,945	6,567,000	411,485,645	30,186,600	9,486,300	21,399,400
2021	477,400,245	4,733,600	409,706,845	32,267,600	9,486,300	21,205,900

(1) Source: Borough Tax Assessor

BOROUGH OF PALMYRA
STATEMENT OF INDEBTEDNESS (2)

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. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Sewer Utility and Debt of the Local School District. Deductions from gross debt to arrive at net debt include excess note cash, reserve for the payment of debt, local school district debt, and debt considered to be self-liquidating. The resulting net debt of $12,944,349 represents 1.808% of the average of equalized valuations for the Borough for the last three years, of $715,855,140 which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued	Debt Auth.	Gross	Deductions				Net
	Bonds/Loans/Notes	But Not Issued	Debt	School District	Self Liquidating / Other	Excess Note Cash	Reserve for Payment of Debt	Debt
Local School District	$ 3,800,000		$ 3,800,000	$ 3,800,000				
Sewer Utility	7,441,789	$ 444,239	7,886,028		$ 7,886,028			
General	11,766,400	1,391,799	13,158,199			$ 2,178	$ 211,672	$ 12,944,349
	$ 23,008,189	$ 1,836,038	$ 24,844,227	$ 3,800,000	$ 7,886,028	$ 2,178	$ 211,672	$ 12,944,349

(2) As of December 31, 2024
Source: Borough Auditor

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2022, 2023 and 2024	$	715,855,140
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2022, 2023 and 2024		1.808%
2025 Net Valuation Taxable	$	479,351,405
2025 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$	797,324,320
Gross Debt (2)		
As a Percentage of 2025 Net Valuation Taxable		5.18%
As a Percentage of 2025 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		3.12%
Net Debt (2)		
As a Percentage of 2025 Net Valuation Taxable		2.70%
As a Percentage of 2025 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.62%
Gross Debt per Capita(3)	$	3,340
Net Debt per Capita(3)	$	1,740

BOROUGH BORROWING CAPACITY (1)

3.5% of Average (2022-24) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property ($715,855,140)	$	25,054,930
Net Debt		(12,944,349)
Remaining Borrowing Capacity	$	12,110,580

LOCAL SCHOOL BORROWING CAPACITY (1)

4% of Average (2022-24) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property ($715,855,140)	$	28,634,206
Local School District Debt		(3,800,000)
Remaining Borrowing Capacity	$	24,834,206

(1) Excluding overlapping debt
(2) Based on 2020 Federal Census of 7,438
(3) As of December 31, 2024

BOROUGH OF PALMYRA
OVERLAPPING DEBT
AS OF DECEMBER 31, 2024

	DEBT ISSUED							
	Debt Outstanding	Deductions		Net Debt Outstanding	Net Debt Outstanding Allocated to the Issuer		**Debt Auth. but not Issued**
County of Burlington:							
General							
Bonds	$ 129,015,000	$ 17,421,051	(1)	$ 111,593,949	$ 1,247,203	(2)	
Notes						(2)	$ 58,025,107
Loans	3,457,864			3,457,864	38,646	(2)	
Bonds Issued by Other Public Bodies							
Guaranteed by the County	361,231,900	361,231,900	(3)				
Solid Waste Utility	22,565,000	22,565,000					37,394,130
	$ 516,269,764	$ 401,217,951		$ 115,051,813	$ 1,285,849		$ 95,419,237

(1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
(2) Such debt is allocated as a proportion of the Issuer's share of the total 2024 Net Valuations on which County taxes are apportioned, which is 1.118%.
(3) Deductible in accordance with N.J.S. 40:37A-80.

BOROUGH OF PALMYRA
SCHEDULE OF DEBT SERVICE(1)
(BONDED DEBT ONLY)

	Present Debt						
	General			Sewer Utility			Grand
Year	Principal	Interest	Total	Principal	Interest	Total	Total
2025	$ 1,295,000	$ 154,380	$ 1,449,380	$ 380,343	$ 66,599	$ 446,942	$ 1,896,322
2026	1,325,000	126,290	1,451,290	380,343	62,346	442,689	1,893,979
2027	1,365,000	97,225	1,462,225	385,343	58,019	443,362	1,905,587
2028	1,410,000	63,450	1,473,450	395,343	52,619	447,962	1,921,412
2029	720,000	42,300	762,300	400,343	46,394	446,737	1,209,037
2030	735,000	29,700	764,700	405,343	39,678	445,021	1,209,721
2031	750,000	15,000	765,000	420,343	32,400	452,743	1,217,743
2032				420,343	24,725	445,068	445,068
2033				430,343	16,894	447,237	447,237
2034				240,000	8,725	248,725	248,725
2035				125,000	2,188	127,188	127,188
	$ 7,600,000	$ 528,345	$ 8,128,345	$ 3,983,089	$ 410,587	$ 4,393,676	$ 12,522,021

(1) As of December 31, 2024

BOROUGH OF PALMYRA
2025 MUNICIPAL BUDGET (1)

CURRENT FUND

Anticipated Revenues:		
Fund Balance	$	1,911,700
Miscellaneous Revenues:		
Local Revenues		178,000
State Aid without Offsetting Appropriations		564,912
Dedicated Uniform Construction Code Fees		70,000
Other Special Items of Revenue		1,086,071
Receipts from Delinquent Taxes		275,000
Amount to be Raised by Taxation for Municipal Purposes		7,004,972
Total Anticipated Revenues	$	11,090,655
Appropriations:		
Within CAPS:		
Operations	$	7,646,361
Deferred Charges and Statutory Expenditures		693,639
Excluded from CAPS:		
Other Operations		15,856
Capital Improvements		150,000
Debt Service		1,934,840
Deferred Charges and Statutory Expenditures		3,000
Reserve for Uncollected Taxes		646,959
Total Appropriations	$	11,090,655

SEWER UTILITY FUND

Anticipated Revenues:		
Fund Balance	$	464,383
Sewer Service Charges		1,850,000
Miscellaneous		1,000
Total Anticipated Revenues	$	2,315,383
Appropriations:		
Operating	$	1,688,873
Capital Improvements		60,000
Debt Service		470,410
Pension, Social Security, Unemployment Compensation		96,100
Total Appropriations	$	2,315,383

(1) Adopted Budget 2025

BOROUGH OF PALMYRA
CAPITAL BUDGET
PROJECTS SCHEDULED FOR THE YEARS 2025 - 2027(1)

	Estimated Total Cost	Capital Improvement Fund	Bonds and Notes General	Bonds and Notes Self Liquidating
General Improvements:				
General:				
Facility Improvements	$ 477,000	$ 23,850	$ 453,150	
Codification of Ordinances	15,000	750	14,250	
Police Vehicles and Equipment	460,000	23,000	437,000	
Fire Vehicles and Equipment	75,500	3,775	71,725	
Field Improvements	75,000	3,750	71,250	
Road Improvements	2,100,000	105,000	1,995,000	
Street Signs	20,000	1,000	19,000	
Public Works Equipment	364,000	18,200	345,800	
Sanitation Vehicles and Equipment	675,000	33,750	641,250	
Total General Improvements	4,261,500	213,075	4,048,425	-
Sewer Improvements:				
Pump Station Improvements	$ 101,000	$ 5,050		$ 95,950
System Improvements	1,117,000	55,850		1,061,150
Vehicles and Equipment	130,000	6,500		123,500
Facility Improvements	34,000	1,700		32,300
Total Sewer Utility Improvements	1,382,000	69,100	-	1,312,900
Totals--All Projects	$ 5,643,500	$ 282,175	$ 4,048,425	$ 1,312,900

(1) Adopted Budget 2025

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE BOROUGH

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Palmyra
Palmyra, New Jersey 08065

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Palmyra, in the County of Burlington, State of New Jersey, ("Borough"), as of December 31, 2024, 2023, 2022, 2021 and 2020, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Palmyra, in the County of Burlington, State of New Jersey, as of December 31, 2024, 2023, 2022, 2021 and 2020, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Borough of Palmyra, in the County of Burlington, State of New Jersey, as of December 31, 2024, 2023, 2020, 2021 and 2020, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

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

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

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

Emphasis of Matter

Change in Accounting Principle

As discussed in note 1 to the financial statements, during the year ended December 31, 2024, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101*, Compensated Absences.* The adoption of this new accounting principle resulted in an updated measurement of compensated absences in accordance with the Statement (note 12). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only impacted financial statement disclosures. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we (cont'd):

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 7, 2025

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

	As of December 31,				
	2024	2023	2022	2021	2020
ASSETS					
Cash	$ 3,803,716	$ 4,714,858	$ 4,924,415	$ 8,177,361	$ 7,885,434
Investment in Bond Anticipation Notes	5,906,100	4,679,000	3,798,700		
Federal and State Grants Receivable	660,284	879,055	1,131,237	955,999	715,999
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	334,713	399,119	407,102	373,461	388,382
Tax Title Liens Receivable	83,891	78,401	82,065	68,381	68,129
Property Acquired for Taxes--Assessed Valuation	300,550	300,550	300,550	300,550	300,550
Revenue Accounts Receivable	3,014	3,204	4,101	2,845	4,682
Interfunds Receivable	50,000	42,952	43,819	49,789	45,778
Deferred Charges	3,000	6,000	9,000	12,000	15,000
	$ 11,145,268	$ 11,103,139	$ 10,700,989	$ 9,940,386	$ 9,423,954
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	$ 945,923	$ 973,092	$ 839,275	$ 873,746	$ 1,051,180
Accounts Payable	62,486	60,386	58,981	54,276	53,865
Reserve for Encumbrances	303,973	322,353	607,738	385,535	1,010,857
Interfunds Payable	89,267	446,485	192,534	192,534	207,630
County Taxes Payable	1,146	4,097	2,858	5,151	2,736
Local District Taxes Payable	1,613,801	1,624,908	1,528,702	1,280,568	1,381,979
Prepaid Revenues	129,191	121,188	96,619	112,693	155,972
Tax Overpayments					250
Other Liabilities and Special Funds	151,949	166,074	91,353	116,177	70,019
Reserve for Receivables and Other Assets	772,168	824,225	837,637	795,026	807,521
Reserve for Federal and State Grants	830,070	682,427	1,399,770	1,164,730	759,773
Fund Balance	6,245,294	5,877,904	5,045,522	4,959,950	3,922,172
	$ 11,145,268	$ 11,103,139	$ 10,700,989	$ 9,940,386	$ 9,423,954

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

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

	For the Years Ended December 31,				
	2024	2023	2022	2020	2020
Revenue Realized:					
Current Tax Collections	$ 20,390,762	$ 19,915,891	$ 19,405,534	$ 18,716,238	$ 18,622,616
Delinquent Tax Collections	397,454	413,345	364,703	392,962	405,790
Total Taxes	20,788,216	20,329,236	19,770,237	19,109,200	19,028,406
Miscellaneous Revenues Anticipated	3,258,637	3,125,722	2,334,032	1,842,278	1,849,669
Other Income	1,257,580	1,052,143	986,562	1,433,742	1,043,906
Fund Balance Utilized	2,000,700	1,600,000	1,350,000	1,211,000	1,314,800
Total Income	27,305,134	26,107,101	24,440,831	23,596,220	23,236,781
Expenditures:					
Operating	8,102,909	7,360,121	7,477,972	6,408,216	6,729,352
Capital Improvements	150,000	50,000	25,000		
Debt Service	1,971,083	1,894,755	1,443,842	1,443,016	910,600
Deferred Charges and Statutory Expenditures	743,542	700,284	730,026	705,880	678,195
County Taxes	2,538,059	2,260,327	2,118,046	2,067,744	1,998,224
Local District School Purposes	11,378,387	11,400,601	11,208,189	10,711,921	10,914,744
Other Expenditures	53,064	8,631	2,184	10,665	24,038
Total Expenditures and Encumbrances	24,937,044	23,674,719	23,005,259	21,347,442	21,255,153
Excess in Revenues	2,368,090	2,432,382	1,435,572	2,248,778	1,981,628
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year					15,000
Statutory Excess to Fund Balance	2,368,090	2,432,382	1,435,572	2,248,778	1,996,628
Fund Balance Beginning of Year	5,877,904	5,045,522	4,959,950	3,922,172	3,240,344
	8,245,994	7,477,904	6,395,522	6,170,950	5,236,972
Decreased by:					
Utilized as Revenue	2,000,700	1,600,000	1,350,000	1,211,000	1,314,800
Fund Balance Ending of Year	$ 6,245,294	$ 5,877,904	$ 5,045,522	$ 4,959,950	$ 3,922,172

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

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

	As of December 31,				
	2024	2023	2022	2021	2020
ASSETS					
Cash	$ 1,545,433	$ 2,019,481	$ 2,877,622	$ 1,159,092	$ 2,886,333
Deferred Charges to Future Taxation:					
Funded	7,600,000	8,865,000	10,105,000	11,315,000	12,505,000
Unfunded	5,558,199	5,031,249	4,095,524	2,287,342	1,601,252
Interfunds Receivable	89,267	408,267	89,267	89,267	89,267
	$ 14,792,899	$ 16,323,997	$ 17,167,413	$ 14,850,701	$ 17,081,852
LIABILITIES, RESERVES AND FUND BALANCE					
Bond Anticipation Notes	$ 4,166,400	$ 3,746,000	$ 3,190,000		
General Serial Bonds	7,600,000	8,865,000	10,105,000	$ 11,315,000	$ 12,505,000
Improvement Authorizations:					
Funded	198,387	398,439	106,531	344,607	978,405
Unfunded	1,741,241	2,409,596	2,058,462	1,974,236	1,409,412
Reserve for Encumbrances	767,375	533,960	1,155,643	395,631	1,210,197
Capital Improvement Fund	75,084	4,134	19,909	100,134	157,744
Interfunds Payable					
Reserves for Payment of Debt	211,672	311,672	411,672	491,672	571,672
Other Liabilities and Special Funds	2,178	2,178	2,178	2,178	2,178
Fund Balance	30,562	53,018	118,018	227,243	247,244
	$ 14,792,899	$ 16,323,997	$ 17,167,413	$ 14,850,701	$ 17,081,852

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

BOROUGH OF PALMYRA
SEWER UTILITY
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	2024	2023	2022	2021	2020
ASSETS					
Operating Fund:					
Cash and Investments	$ 1,232,082	$ 925,368	$ 1,265,753	$ 1,336,191	$ 986,147
Deferred Charges		20,000			
Receivables with Full Reserves:					
Sewer Rents Receivable	184,152	180,683	147,031	145,388	151,175
Sewer Liens Receivable	2,706	2,249	2,249	1,812	1,376
Total Operating Fund	1,418,940	1,128,300	1,415,033	1,483,391	1,138,698
Capital Fund:					
Cash	2,009,729	608,335	866,417	461,550	1,102,063
Fixed Capital	13,042,018	13,042,018	13,042,018	6,891,518	6,891,518
Fixed Capital Authorized and Uncompleted	4,795,700	3,755,700	3,140,700	7,421,200	6,962,500
Total Capital Fund	19,847,447	17,406,053	17,049,135	14,774,268	14,956,081
Total Assets	$ 21,266,387	$ 18,534,353	$ 18,464,168	$ 16,257,659	$ 16,094,779
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserves	$ 37,083	$ 242,424	$ 287,263	$ 171,328	$ 226,033
Reserve for Encumbrances	105,512	264,374	151,251	94,368	35,862
Accounts Payable	11,299	1,816	6,714	6,714	3,485
Accrued Interest on Bonds and Notes	21,184	25,572	26,349	26,368	25,384
Prepaid & Overpaid Sewer Service Charges	3,491	4,881	3,442	2,823	5,372
Interfunds Payable	50,000	4,734	3,581	2,398	1,098
Reserve for Receivables	186,858	182,932	149,280	147,201	152,551
Fund Balance	1,003,513	401,567	787,153	1,032,191	688,913
Total Operating Fund	1,418,940	1,128,300	1,415,033	1,483,391	1,138,698
Capital Fund:					
Serial Bonds	2,270,000	2,460,000	2,640,000	2,820,000	3,002,000
Loans Payable	1,713,089	1,893,432	2,073,775	2,249,119	2,424,462
Bond Anticipation Notes	3,458,700	933,000	608,700		
Reserve for Encumbrances	1,917,407	347,379	545,929	117,332	445,184
Improvement Authorizations:					
Funded	2,000	21,429		48,198	41,551
Unfunded	516,095	2,101,749	1,912,010	658,590	519,198
Capital Improvement Fund	39	2,039	11,325	11,325	11,325
Reserve for Amortization	9,503,856	9,133,513	8,773,170	8,417,826	8,060,483
Reserve for Deferred Amortization	466,261	414,261	384,975	384,975	384,975
Reserve for Payment of Debt		23,377	23,377	23,377	23,377
Fund Balance		75,874	75,874	43,526	43,526
Total Capital Fund	19,847,447	17,406,053	17,049,135	14,774,268	14,956,081
Total Liabilities, Reserves and Fund Balance	$ 21,266,387	$ 18,534,353	$ 18,464,168	$ 16,257,659	$ 16,094,779

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

BOROUGH OF PALMYRA
SEWER UTILITY
Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	2024	2023	2022	2021	2020
Revenue Realized:					
Miscellaneous Revenues not Anticipated	$ 510,253	$ 42,523	$ 19,025	$ 271,182	$ 33,851
Rents	1,913,506	1,673,472	1,695,281	1,684,610	1,614,675
Reserve for Payment of Debt Service	23,377				7,500
Sewer Capital Fund Balance	75,874				
Other Credits to Income	321,808	238,881	134,817	191,438	159,833
Fund Balance	380,221	637,426	493,870	240,000	240,000
Total Income	3,225,039	2,592,302	2,342,993	2,387,230	2,055,859
Expenditures and Encumbrances:					
Operating	1,610,794	1,798,120	1,585,783	1,286,636	1,289,066
Capital Improvements	50,000	20,000			40,600
Debt Service	474,699	460,215	436,076	441,739	456,601
Deferred Charges and Statutory Expenditures	107,380	74,090	72,000	72,000	66,500
Other Charges to Income:					
Refund of Prior Year Revenue		8,037	302	3,577	
Total Expenditures and Encumbrances	2,242,873	2,360,462	2,094,161	1,803,952	1,852,767
Excess in Revenues	982,166	231,840	248,832	583,278	203,092
Adjustments to Income before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year		20,000			
Statutory Excess to Fund Balance	982,166	251,840	248,832	583,278	203,092
Fund Balance Beginning of Year	401,567	787,153	1,032,191	688,913	725,821
	1,383,734	1,038,993	1,281,023	1,272,191	928,913
Decreased by:					
Utilized as Revenue	380,221	637,426	493,870	240,000	240,000
Fund Balance End of Year	$ 1,003,513	$ 401,567	$ 787,153	$ 1,032,191	$ 688,913

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

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

	As of December 31,				
	2024	2023	2022	2021	2020
ASSETS					
Cash and Investments	1,104,851	$ 957,457	$ 7,079,207	$ 6,659,070	$ 1,019,715
Investments - Length of Service Award Program	306,885	303,936	258,855	299,741	297,897
Interfunds Receivable			65,049	65,049	80,145
	$ 1,411,736	$ 1,261,393	$ 7,403,111	$ 7,023,860	$ 1,397,757
LIABILITIES, RESERVES AND FUND BALANCE					
Interfund Loans Payable			$ 2,019	$ 9,173	$ 6,461
Reserve for Liabilities and Special Funds	$ 1,411,736	$ 1,261,393	7,401,092	7,014,687	1,391,296
	$ 1,411,736	$ 1,261,393	$ 7,403,111	$ 7,023,860	$ 1,397,757

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

BOROUGH OF PALMYRA
Notes to Financial Statements
For the Year Ended December 31, 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Palmyra (hereafter referred to as the "Borough") was incorporated as a Borough by an act of the New Jersey legislature on April 19, 1894, from portions of Cinnaminson Township and Riverton Borough. On February 20, 1923, Palmyra was reincorporated as a Borough. The Borough is located in Burlington County, New Jersey, and is located approximately ten miles northeast of the City of Philadelphia. The Borough borders the Delaware River, Riverton Borough, Cinnaminson Township, and Pennsauken Township. According to the 2020 census, the population is 7,438.

The Borough is governed by a Mayor/Council form of government which consists of seven members elected at large by the voters. The Mayor is elected by the voters to a four-year term and acts as the Chief Executive Officer of the Borough. Each of the six members of the Borough Council is elected to serve three-year terms that are staggered. The legislative powers rest with the Borough Council. The Borough Administrator, Borough Clerk, and Borough Chief Financial Officer are appointed by the Borough Council and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Component Units - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended.

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.

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

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current 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. Investments recorded in the trust fund for the Borough's length of service awards program, however, are stated at fair value.

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

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

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

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.

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

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 Uniform Guidance. 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 over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

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

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

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

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 Burlington and the Borough of Palmyra School District. 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 Palmyra School District. Operations is charged for the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2023 and decreased by the amount deferred at December 31, 2024.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Burlington. 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.

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

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

Appropriations for principal payments on outstanding general capital 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.

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

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 paid time off (PTO), sick leave, vacation leave, compensatory time, and certain types of sabbatical 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.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The Borough implemented the following GASB Statement for the year ended December 31, 2024:

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only impacted financial statement disclosures. There exists no impact on the financial statements of the Borough.

Because of the implementation of GASB Statement No. 101, the Borough has updated the measurement of compensated absences in accordance with the Statement (note 12).

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2024, the Borough’s bank balances of $10,187,099.94 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	$ 9,491,638.10
Uninsured and Uncollateralized	695,461.84
Total	$ 10,187,099.94

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	Year Ended				
	2024	**2023**	**2022**	**2021**	**2020**
Tax Rate	$ 4.324	$ 4.234	$ 4.134	$ 3.990	$ 4.005
Apportionment of Tax Rate:					
Municipal	$ 1.424	$ 1.387	$ 1.352	$ 1.313	$ 1.295
County	.529	.470	.443	.434	.421
Local School	2.371	2.377	2.339	2.243	2.289

Assessed Valuation

Year	Amount
2024	$ 480,037,721.00
2023	479,582,821.00
2022	479,125,030.00
2021	477,400,339.00
2020	476,635,339.00

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2024	$ 20,769,228.65	$20,390,762.45	98.18%
2023	20,343,757.82	19,915,891.18	97.90%
2022	19,838,434.95	19,405,533.71	97.82%
2021	19,098,623.13	18,716,238.07	98.00%
2020	19,118,875.36	18,622,615.50	97.40%

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2024	$ 83,890.53	$ 334,713.34	$ 418,603.87	2.02%
2023	78,400.87	399,118.94	477,519.81	2.35%
2022	82,065.31	407,102.06	489,167.37	2.47%
2021	68,380.70	373,460.85	441,841.55	2.31%
2020	68,129.31	388,381.67	456,510.98	2.39%

Note 3: PROPERTY TAXES (CONT'D)

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

Year	Number
2024	9
2023	9
2022	10
2021	18
2020	19

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Year	Amount
2024	$ 300,550.00
2023	300,550.00
2022	300,550.00
2021	300,550.00
2020	300,550.00

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

	Balance Beginning of Year				
Year	Receivable	Liens	Levy	Total	Cash Collections
2024	$ 180,683.10	$ 2,706.06	$ 1,917,432.02	$ 2,100,821.18	$ 1,913,505.72
2023	147,031.12	2,248.46	1,707,123.30	1,856,402.88	1,673,471.32
2022	145,388.20	1,812.46	1,697,360.14	1,844,560.80	1,695,281.22
2021	151,174.55	1,376.46	1,679,259.38	1,831,810.39	1,684,609.73
2020	148,347.29	980.46	1,619,254.45	1,768,582.20	1,616,950.22

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2024	$ 6,245,293.90	$ 1,911,700.00	30.61%
2023	5,877,903.82	2,000,700.00	34.04%
2022	5,045,522.48	1,600,000.00	31.71%
2021	4,959,949.86	1,350,000.00	27.22%
2020	3,922,172.07	1,211,000.00	30.88%

Sewer Utility Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2024	$ 1,003,512.65	$ 464,383.00	46.28%
2023	401,567.17	380,221.00	94.68%
2022	787,152.53	637,426.00	80.98%
2021	1,032,191.30	493,870.00	47.85%
2020	688,912.76	240,000.00	34.84%

Note 7: LEASES RECEIVABLE

The Borough, as lessor, has entered into the following lease which meets the requirements of GASB Statement No. 87, *Leases*:

Cell Towers Lease - On January 1, 2019, the Borough entered into a twenty five-year lease agreement for the lease of a cell tower with an incremental borrowing rate of 4.25%. Based on this agreement, the Borough is receiving payments of ranging from $2,800.00 - $5,900.00 on a monthly basis through December 31, 2043.

Under the provisions of GASB 87, as of December 31, 2024, the balance of the lease's receivable is $683,563.70. As a result of the regulatory basis of accounting previously described in note 1, such balance is not recorded on the Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund.

The following is a summary of the leases as of December 31, 2024:

Lease Description	Lease Receivable	Future Lease Revenue	Future Lease Interest Revenue
Cell Tower	$ 683,563.70	$ 551,704.47	$ 351,976.24

Note 7: LEASES RECEIVABLE (CONT'D)

Under the provisions of GASB 87, for the year ended December 31, 2024, the Borough would have recognized $10,720.15 in a reduction of lease receivable and $29,299.85 in interest revenue related to the leases. In addition, $29,037.12 would have been recognized as both lease revenue and a reduction in deferred inflows of resources related to leases.

As a result of the regulatory basis of accounting previously described in note 1, the rental payments collected of $40,020.00 were reported as revenue in the current fund.

Note 8: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2024:

Fund	Interfunds Receivable	Interfunds Payable
Current	$ 50,000.00	
Federal and State Grant		$ 89,267.26
General Capital	89,267.26	
Sewer Utility - Operating		50,000.00
Totals	$ 139,267.26	$ 139,267.26

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2025, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 9: PENSION PLANS

N.J.A.C. 5:30-6.1 allows local units to disclose the most recently available information as it relates to the New Jersy Division of Pension's reporting on GASB No. 68, *Accounting and Financial Reporting for Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2024 was not available; therefore, the information from the measurement period June 30, 2023 is disclosed below.

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

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

Note 9: <u>PENSION PLANS (CONT'D)</u>

<u>General Information about the Pension Plans</u>

Plan Descriptions

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

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

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

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

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

The following represents the membership tiers for PFRS:

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

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

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

Contributions

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

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Public Employees' Retirement System (Cont'd) - *Special Funding Situation Component* - Under N.J.S.A. 43:15A, 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. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 15.07% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is $186,727.00, and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was $146,469.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were $94,112.25.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the year ended December 31, 2023 was .51% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was $6,311.00. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was $3,688.00.

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

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

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

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 38.85% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is $444,505.00, and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was $436,013.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were $116,115.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, for the year ended December 31, 2023 was 6.80% of the Employer's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was $77,743.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was $85,024.00, which was paid on April 1, 2023.

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

For the year ended December 31, 2024, employee contributions totaled $10,308.84, and the Borough's contributions were $7,500.18. There were no forfeitures during the year.

Note 9: PENSION PLANS (CONT'D)

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

Public Employees' Retirement System

Pension Liability - As of December 31, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was $2,023,620.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was .0139710581%, which was an increase of .0023561951% from its proportion measured as of June 30, 2022.

Pension (Benefit) Expense - For the year ended December 31, 2023, the Employer's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was $2,343.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PERS was $146,469.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PERS pension (benefit) expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 measurement date, was $6,311.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2023, the Employer's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	$ 3,689,329.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	679,802.00
	$ 4,369,131.00

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was .0333912700%, which was a decrease of .0001339200% from its proportion measured as of June 30, 2022. Likewise, at June 30, 2023, the State of New Jersey's proportion, on-behalf of the Employer, was .0333912100%, which was a decrease of .0001341500% from its proportion, on-behalf of the Employer, measured as of June 30, 2022.

Note 9: PENSION PLANS (CONT'D)

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

Police and Firemen's Retirement System (Cont'd)

Pension (Benefit) Expense - For the year ended December 31, 2023, the Employer's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was $90,939.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PFRS was $436,013.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Employer, calculated by the Plan as of the June 30, 2023 measurement date, was $77,326.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2023, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	$ 19,348.00	$ 157,970.00	$ 177,318.00	$ 8,272.00	$ 175,948.00	$ 184,220.00
Changes of Assumptions	4,445.00	7,963.00	12,408.00	122,640.00	249,118.00	371,758.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	9,319.00	187,891.00	197,210.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	332,322.00	180,091.00	512,413.00	203,169.00	586,211.00	789,380.00
Contributions Subsequent to the Measurement Date	93,364.00	222,253.00	315,617.00	-	-	-
	$ 458,798.00	$ 756,168.00	$ 1,214,966.00	$ 334,081.00	$ 1,011,277.00	$ 1,345,358.00

Deferred outflows of resources in the amounts of $93,364.00 and $222,253.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2024. These amounts were based on an estimated April 1, 2025 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2023 to the Employer's year end of December 31, 2023.

Note 9: PENSION PLANS (CONT'D)

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

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

	PERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
June 30, 2022	-	5.04	6.22	-
June 30, 2023	5.08	-	6.16	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
June 30, 2022	-	5.04	-	6.22
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
June 30, 2021	5.00	-	5.00	-
June 30, 2022	5.00	-	5.00	-
June 30, 2023	5.00	-	5.00	-
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17
June 30, 2022	5.04	5.04	6.22	6.22
June 30, 2023	5.08	5.08	6.16	6.16

Note 9: PENSION PLANS (CONT'D)

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

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

Year Ending Dec 31,	PERS	PFRS	Total
2024	$ (133,098.00)	$ (170,282.00)	$ (303,380.00)
2025	(43,358.00)	(232,921.00)	(276,279.00)
2026	139,650.00	104,943.00	244,593.00
2027	61,720.00	(153,726.00)	(92,006.00)
2028	6,439.00	(25,659.00)	(19,220.00)
Thereafter	-	283.00	283.00
	$ 31,353.00	$ (477,362.00)	$ (446,009.00)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 6.55% Based on Years of Service	3.25% - 16.25% Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

Note 9: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Public Employees' Retirement System

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

Police and Firemen's Retirement System

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

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 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' and PFRS' target asset allocation as of June 30, 2023 are summarized in the table that follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market 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%
	100.00%	

Note 9: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

For both PERS and PFRS, 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 would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Public Employees' Retirement System (PERS) - The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2023 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	$ 2,634,323.00	$ 2,023,620.00	$ 1,503,832.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Employer's annual required contribution. As such, the net pension liability as of the June 30, 2023 measurement date, for the Employer and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	$ 5,140,434.00	$ 3,689,329.00	$ 2,480,905.00
State of New Jersey's Proportionate Share of Net Pension Liability	947,185.00	679,802.00	457,136.00
	$ 6,087,619.00	$ 4,369,131.00	$ 2,938,041.00

Pension Plan Fiduciary Net Position

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

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements to show information for 10 years.

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

	Measurement Date Ended June 30,				
	2023	2022	2021	2020	2019
Proportion of the Net Pension Liability	0.0139710581%	0.0116148630%	0.0120573003%	0.0128336813%	0.0144558666%
Proportionate Share of the Net Pension Liability	$ 2,023,620.00	$ 1,752,843.00	$ 1,428,368.00	$ 2,092,838.00	$ 2,604,728.00
Covered Payroll (Plan Measurement Period)	$ 1,062,260.00	$ 856,004.00	$ 854,500.00	$ 887,180.00	$ 1,027,272.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	190.50%	204.77%	167.16%	235.90%	253.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%

	Measurement Date Ended June 30,				
	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability	0.0126026851%	0.0131832790%	0.0141762747%	0.0125491461%	0.0117651258%
Proportionate Share of the Net Pension Liability	$ 2,481,406.00	$ 3,068,857.00	$ 4,198,606.00	$ 2,817,032.00	$ 2,202,753.00
Covered Payroll (Plan Measurement Period)	$ 923,656.00	$ 898,664.00	$ 975,224.00	$ 815,400.00	$ 819,512.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	268.65%	341.49%	430.53%	345.48%	268.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Ten Years)

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 186,727.00	$ 146,469.00	$ 141,205.00	$ 140,394.00	$ 140,613.00
Contribution in Relation to the Contractually Required Contribution	(186,727.00)	(146,469.00)	(141,205.00)	(140,394.00)	(140,613.00)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (Calendar Year)	$ 1,238,880.00	$ 1,045,707.00	$ 874,426.00	$ 856,358.00	$ 908,265.00
Contributions as a Percentage of Covered Payroll	15.07%	14.01%	16.15%	16.39%	15.48%

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 125,356.00	$ 122,129.00	$ 125,940.00	$ 107,889.00	$ 96,990.00
Contribution in Relation to the Contractually Required Contribution	(125,356.00)	(122,129.00)	(125,940.00)	(107,889.00)	(96,990.00)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (Calendar Year)	$ 995,538.00	$ 945,016.00	$ 920,107.00	$ 975,024.00	$ 829,481.00
Contributions as a Percentage of Covered Payroll	12.59%	12.92%	13.69%	11.07%	11.69%

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Ten Plan Years)

	Measurement Date Ended June 30,				
	2023	2022	2021	2020	2019
Proportion of the Net Pension Liability	0.0333912700%	0.0335251900%	0.0398405163%	0.0389816829%	0.0380915715%
Proportionate Share of the Net Pension Liability	$ 3,689,329.00	$ 3,837,413.00	$ 2,912,004.00	$ 5,036,948.00	$ 4,661,577.00
State's Proportionate Share of the Net Pension Liability	679,802.00	682,947.00	819,001.00	781,711.00	736,072.00
Total	$ 4,369,131.00	$ 4,520,360.00	$ 3,731,005.00	$ 5,818,659.00	$ 5,397,649.00
Covered Payroll (Plan Measurement Period)	$ 1,216,480.00	$ 1,210,900.00	$ 1,396,616.00	$ 1,289,972.00	$ 1,303,184.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	303.28%	316.91%	208.50%	390.47%	357.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.16%	68.33%	77.26%	63.52%	65.00%

	Measurement Date Ended June 30,				
	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability	0.0354076555%	0.0398784903%	0.0382384984%	0.0364642544%	0.0328532955%
Proportionate Share of the Net Pension Liability	$ 4,791,240.00	$ 6,156,468.00	$ 7,304,531.00	$ 6,073,674.00	$ 4,132,640.00
State's Proportionate Share of the Net Pension Liability	650,811.00	689,576.00	613,399.00	532,641.00	445,016.00
Total	$ 5,442,051.00	$ 6,846,044.00	$ 7,917,930.00	$ 6,606,315.00	$ 4,577,656.00
Covered Payroll (Plan Measurement Period)	$ 1,254,908.00	$ 1,277,080.00	$ 1,222,196.00	$ 1,127,212.00	$ 1,023,832.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	381.80%	482.07%	597.66%	538.82%	403.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%	56.31%	62.41%

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Ten Years)

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 444,505.00	$ 436,013.00	$ 464,327.00	$ 435,492.00	$ 384,767.00
Contribution in Relation to the Contractually Required Contribution	(444,505.00)	(436,013.00)	(464,327.00)	(435,492.00)	(384,767.00)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (Calendar Year)	$ 1,144,052.00	$ 1,212,868.00	$ 1,190,645.00	$ 1,329,165.00	$ 1,322,027.00
Contributions as a Percentage of Covered Payroll	38.85%	35.95%	39.00%	32.76%	29.10%

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 346,162.00	$ 352,932.00	$ 311,774.00	$ 296,400.00	$ 252,336.00
Contribution in Relation to the Contractually Required Contribution	(346,162.00)	(352,932.00)	(311,774.00)	(296,400.00)	(252,336.00)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (Calendar Year)	$ 1,277,134.00	$ 1,212,308.00	$ 1,276,214.00	$ 1,190,751.00	$ 1,138,016.00
Contributions as a Percentage of Covered Payroll	27.10%	29.11%	24.43%	24.89%	22.17%

Note 9: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in Assumptions

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

Discount Rate				Long-term Expected Rate of Return			
Year	Rate	Year	Rate	Year	Rate	Year	Rate
2023	7.00%	2018	5.66%	2023	7.00%	2018	7.00%
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%
2019	6.28%	2014	5.39%	2019	7.00%	2014	7.90%

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms

The June 30, 2023 measurement date include the following plan amendment: Chapter 92, P.L. 2023 establishing an extension of the previous plan amendment Chapter 52, P.L. 2021, allowing members enrolled between January 18, 2000 and April 19, 2021 to retire prior to age 55 if they have attained 20 years of creditable service and retire by May 1, 2026.

Changes in Assumptions

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

Discount Rate				Long-term Expected Rate of Return			
Year	Rate	Year	Rate	Year	Rate	Year	Rate
2023	7.00%	2018	6.51%	2023	7.00%	2018	7.00%
2022	7.00%	2017	6.14%	2022	7.00%	2017	7.00%
2021	7.00%	2016	5.55%	2021	7.00%	2016	7.65%
2020	7.00%	2015	5.79%	2020	7.00%	2015	7.90%
2019	6.85%	2014	6.32%	2019	7.00%	2014	7.90%

Note 10: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Borough's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Borough's trust fund, was created by a Borough Resolution adopted on December 3, 2001 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27.*

The voters of the Borough approved the adoption of the Plan at the general election held on November 8, 2001, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2002. The Plan provides tax deferred income benefits to emergency service volunteers of the Palmyra Fire Department, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the Palmyra Fire Department, consisting of the volunteer fire department, come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Plan Amendments - The Borough may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Borough, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Borough's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Borough's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Borough shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Borough may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Borough shall notify all participants in writing prior to making any amendment to the Plan.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of $100.00 and a maximum contribution of $1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Borough elected to contribute $915.21 for the year ended December 31, 2024, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2024, the Borough's total expenditure to the Plan was $10,067.31.

Note 10: <u>LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)</u>

<u>Participant Accounts</u> - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in an account maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Borough to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Borough. These funds, however, are not available for funding the operations of the Borough.

<u>Vesting</u> - The Borough, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

<u>Payment of Benefits</u> - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

<u>Forfeited Accounts</u> - For the year ended December 31, 2024, no accounts were forfeited.

<u>Investments</u> - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

<u>Plan Information</u> - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

Note 11: <u>POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS</u>

N.J.A.C. 5:30-6.1 allows local units to disclose the most recently available information as it relates to the New Jersy Division of Pension's reporting on GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2024 was not available; therefore, the information from the measurement period June 30, 2023 is disclosed below.

<u>General Information about the State Health Benefit Local Government Retired Employees Plan</u>

Plan Description and Benefits Provided - The Borough contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit ("OPEB") plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd) - For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml. As a local participating employer of the Plan, the Borough is referred to as "Employer" throughout this note. The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

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

The Employer was billed monthly by the Plan and paid $400,093.96, for the year ended December 31, 2023, representing 16.79% of the Employer's covered payroll. During the year ended December 31, 2023, retirees were required to contribute $57,151.53 to the Plan.

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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

OPEB Liability - At December 31, 2023, the Employer's proportionate share of the net OPEB liability was $10,692,760.00. The Employer's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the Employer's proportion was .071254%, which was an increase of .016668% from its proportion measured as of the June 30, 2022 measurement date.

OPEB (Benefit) Expense - At December 31, 2023, the Employer's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date, is $(213,369.00). This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer made contributions to the Plan totaling $400,093.96.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2023, the Employer had deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 493,095.00	$ 2,903,804.00
Changes of Assumptions	1,385,114.00	3,022,501.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	1,764.00
Changes in Proportion	3,448,038.00	1,180,280.00
Contributions Subsequent to the Measurement Date	206,106.52	-
	$ 5,532,353.52	$ 7,108,349.00

Deferred outflows of resources in the amount of $206,106.52 will be included as a reduction of the Employer's net OPEB liability during the year ending December 31, 2024.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14	June 30, 2018	5.00	-
June 30, 2019	-	8.05	June 30, 2019	5.00	-
June 30, 2020	7.87	-	June 30, 2020	5.00	-
June 30, 2021	-	7.82	June 30, 2021	5.00	-
June 30, 2022	7.82	-	June 30, 2022	5.00	-
June 30, 2023	-	7.89	June 30, 2023	5.00	-
Changes of Assumptions			Changes in Proportion		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04	June 30, 2017	8.04	8.04
June 30, 2018	-	8.14	June 30, 2018	8.14	8.14
June 30, 2019	-	8.05	June 30, 2019	8.05	8.05
June 30, 2020	7.87	-	June 30, 2020	7.87	7.87
June 30, 2021	7.82	-	June 30, 2021	7.82	7.82
June 30, 2022	-	7.82	June 30, 2022	7.82	7.82
June 30, 2023	7.89	-	June 30, 2023	7.89	7.89

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Year Ending Dec. 31,	
2024	$ (1,083,090.00)
2025	(724,685.00)
2026	(258,773.00)
2027	116,069.00
2028	(163,492.00)
Thereafter	331,869.00
	$ (1,782,102.00)

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases *

PERS - Rates for all future years	2.75% to 6.55% based on years of service
PFRS - Rates for all future years	3.25% to 16.25% based on years of service

Mortality:

PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS - Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Actuarial assumptions used in the valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

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

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Assumptions (Cont'd)

Health Care Trend Assumptions - The health care trend assumptions used is as follows:

	Annual Rate of Increase					
	Medical Trend			Prescription Drug Trend		
Fiscal Year Ending	Pre-65	PPO Post-65	HMO Post-65	Pre-65	Post-65	EGWP
2024	6.50%	-5.63%	-6.04%	14.00%	9.50%	14.28%
2025	6.25%	8.22%	8.33%	10.00%	8.75%	11.21%
2026	6.00%	16.85%	17.28%	7.50%	7.50%	7.50%
2027	5.75%	14.31%	14.65%	6.75%	6.75%	6.75%
2028	5.50%	12.43%	12.71%	6.00%	6.00%	6.00%
2029	5.25%	11.02%	11.24%	5.25%	5.25%	5.25%
2030	5.00%	9.91%	10.09%	4.50%	4.50%	4.50%
2031	4.75%	8.98%	9.14%	4.50%	4.50%	4.50%
2032	4.50%	6.46%	6.53%	4.50%	4.50%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability, calculated using a discount rate of 3.65%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate Share of the Net OPEB Liability	$ 12,385,624.00	$ 10,692,760.00	$ 9,331,112.00

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Proportionate Share of the Net OPEB Liability	$ 9,087,588.00	$ 10,692,760.00	$ 12,747,871.00

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Proportionate Share of the Net OPEB Liability (Last Seven Plan Years)

	Measurement Date Ended June 30,			
	2023	2022	2021 (a)	2020
Proportion of the Net OPEB Liability	0.071254%	0.054586%	0.054304%	0.059501%
Proportionate Share of the Net OPEB Liability	$ 10,692,760.00	$ 8,815,418.00	$ 9,774,601.00	$ 10,678,414.00
Covered Payroll (Plan Measurement Period)	$ 2,292,442.00	$ 2,148,151.00	$ 2,098,642.00	$ 2,263,787.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	466.44%	410.37%	465.76%	471.71%
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%	0.91%

	Measurement Date Ended June 30,		
	2019	2018	2017
Proportion of the Net OPEB Liability	0.057229%	0.060832%	0.061001%
Proportionate Share of the Net OPEB Liability	$ 7,752,281.00	$ 9,530,317.00	$ 12,453,835.00
Covered Payroll (Plan Measurement Period)	$ 2,238,917.00	$ 2,198,811.00	$ 2,210,315.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	346.25%	433.43%	563.44%
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Supplementary OPEB Information (Cont'd)

Schedule of Contributions (Last Seven Years)

	Year Ended December 31,			
	2023	2022	2021	2020
Required Contributions	$ 400,093.96	$ 291,589.01	$ 263,946.59	$ 223,837.30
Actual Contributions in Relation to the Required Contribution	(400,093.96)	(291,589.01)	(263,946.59)	(223,837.30)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll (Calendar Year)	$ 2,382,932.00	$ 2,258,575.00	$ 2,065,071.00	$ 2,185,523.00
Contributions as a Percentage of Covered Payroll	16.79%	12.91%	12.78%	10.24%

	Year Ended December 31,		
	2019	2018	2017
Required Contributions	$ 221,442.80	$ 379,655.51	$ 394,486.25
Actual Contributions in Relation to the Required Contribution	(221,442.80)	(379,655.51)	(394,486.25)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll (Calendar Year)	$ 2,230,292.00	$ 2,272,672.00	$ 2,157,324.00
Contributions as a Percentage of Covered Payroll	9.93%	16.71%	18.29%

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, included changes due to employers adopting and /or changing Chapter 48 provisions.

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

Year	Rate	Year	Rate
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%
2020	2.21%		

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

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend update.

There were no changes to mortality projections.

Note 12: COMPENSATED ABSENCES

Under the existing policy of the Borough, full-time employees, except for the police department, are entitled to paid sick leave and personal days each year in varying amounts as outlined in the employee handbook. Unused sick leave may be accumulated and carried forward to the subsequent year. Personal days cannot be carried forward to the subsequent year. Vacation days are earned based on years of service. Unused vacation days may not be carried forward to the subsequent year, unless specifically approved by the Borough Administrator. Vacations days carried forward must be used in the next succeeding year or be forfeited.

Borough employees, who have at least 20 years of employment with the Borough and retire from the Borough, will be compensated for any accumulated unused sick leave at 60% of their final pay rate. The maximum benefit payable under this provision shall be fifteen thousand dollars ($15,000.00).

Police department employees, regardless of the number of years serving the Borough and upon retirement from the Borough, will be compensated for any accumulated unused sick leave at 60% of their final pay rate. The maximum benefit payable under this provision shall be fifteen thousand dollars ($15,000.00).

The Borough does not record accrued expenses related to compensated absences. It is estimated that as of December 31, 2024, Borough employees who have met the above criteria, have accrued benefits for compensated absences valued at $983,853.82.

The Borough has established a Compensated Absence Trust Fund to set aside funds for the future payments of compensated absences. At December 31, 2024 the balance of the trust fund is $161,332.00.

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 benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough’s financial statements.

Note 14: CAPITAL DEBT

General Improvement Bonds

General Improvement Bonds, Series 2015 - On September 8, 2015, the Borough issued $9,830,000.00 of general improvement bonds, with interest rates ranging from 3.0% - 4.0%. The purpose of the bonds is to fund various capital ordinances. The final maturity of the bonds is March 1, 2028.

General Improvement Bonds, Series 2020 - On December 10, 2020, the Borough issued $5,245,000.00 of general improvement bonds, with interest rates ranging from 0.5% - 2.0%. The purpose of the bonds is to fund various capital ordinances. The final maturity of the bonds is November 1, 2031.

Note 14: CAPITAL DEBT (CONT'D)

General Improvement Bonds (Cont'd)

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

Year	Principal	Interest	Total
2025	$ 1,295,000.00	$ 154,380.00	$ 1,449,380.00
2026	1,325,000.00	126,290.00	1,451,290.00
2027	1,365,000.00	97,225.00	1,462,225.00
2028	1,410,000.00	63,450.00	1,473,450.00
2029	720,000.00	42,300.00	762,300.00
2030-2031	1,485,000.00	44,700.00	1,529,700.00
Totals	$ 7,600,000.00	$ 528,345.00	$ 8,128,345.00

Sewer Utility Debt – Utility Improvement Bonds

Sewer Utility Improvement Bonds, Series 2015 - On September 8, 2015, the Borough issued $1,845,000.00 of general improvement bonds, with interest rates ranging from 3.0% - 4.0%. The purpose of the bonds is to fund various capital ordinances. The final maturity of the bonds is March 1, 2035.

Sewer Utility Improvement Bonds, Series 2020 - On December 10, 2020, the Borough issued $1,522,000.00 of general improvement bonds, with interest rates ranging from 0.5% - 2.0%. The purpose of the bonds is to fund various capital ordinances. The final maturity of the bonds is November 1, 2034.

The following schedule represents the remaining debt service, through maturity, for the sewer utility improvement bonds.

Year	Principal	Interest	Total
2025	$ 195,000.00	$ 51,523.76	$ 246,523.76
2026	195,000.00	48,771.26	243,771.26
2027	200,000.00	45,943.76	245,943.76
2028	205,000.00	42,043.76	247,043.76
2029	210,000.00	37,468.76	247,468.76
2030-2034	1,140,000.00	103,746.88	1,243,746.88
2035	125,000.00	2,187.50	127,187.50
Totals	$ 2,270,000.00	$ 331,685.68	$ 2,601,685.68

Sewer Utility Debt – New Jersey Environmental Infrastructure Loans

On May 21, 2014, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide $2,661,750.00, at no interest, from the fund loan, and $865,000.00 with interest ranging from 3.0% - 5.0% from the trust loan. The proceeds were used to finance various capital ordinances. Semiannual debt payments are due February 1st and August 1st through 2033.

Note 14: CAPITAL DEBT (CONT'D)

Sewer Utility Debt – New Jersey Environmental Infrastructure Loans (Cont'd)

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

Year	Principal	Interest	Total
2025	$ 185,343.21	$ 15,075.00	$ 200,418.21
2026	185,343.21	13,575.00	198,918.21
2027	185,343.21	12,075.00	197,418.21
2028	190,343.21	10,575.00	200,918.21
2029	190,343.21	8,925.00	199,268.21
2030-2033	776,373.04	18,675.00	795,048.04
Totals	$ 1,713,089.09	$ 78,900.00	$ 1,791,989.09

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

	2024	2023	2022
Issued			
General:			
Bonds, Loans and Notes	$ 11,766,400.00	$ 12,611,000.00	$ 13,295,000.00
Sewer Utility:			
Bonds, Loans and Notes	7,441,789.09	5,286,765.30	5,322,475.51
Total Issued	19,208,189.09	17,897,765.30	18,617,475.51
Authorized but not Issued			
General:			
Bonds, Loans and Notes	1,391,798.93	1,285,248.93	905,523.93
Sewer Utility:			
Bonds, Loans and Notes	444,239.00	1,981,939.00	1,720,525.00
Total Authorized but not Issued	1,836,037.93	3,267,187.93	2,626,048.93
Total Issued and Authorized but not Issued	21,044,227.02	21,164,953.23	21,243,524.44
Deductions			
General:			
Reserve for Payment of Debt	211,672.46	311,672.46	411,672.46
Excess Note Cash	2,177.62	2,177.62	2,177.62
Sewer Utility:			
Self-Liquidating	7,886,028.09	7,268,704.30	7,043,000.51
Total Deductions	8,099,878.17	7,582,554.38	7,456,850.59
Net Debt	$ 12,944,348.85	$ 13,582,398.85	$ 13,786,673.85

Note 14: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.808%.

	Gross Debt	Deductions	Net Debt
School Purposes	$ 3,800,000.00	$ 3,800,000.00	
Self-Liquidating	7,886,028.09	7,886,028.09	
General	13,158,198.93	213,850.08	$ 12,944,348.85
	$ 24,844,227.02	$ 11,899,878.17	$ 12,944,348.85

Net debt $12,944,348.85 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, $715,855,140.33, equals 1.808%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	$ 25,054,929.91
Less: Net Debt	12,944,348.85
Remaining Borrowing Power	$ 12,110,581.06

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		$ 2,903,230.84
Deductions:		
Operating and Maintenance Costs	$ 1,718,174.00	
Debt Service	474,698.55	
Total Deductions		2,192,872.55
Excess in Revenue		$ 710,358.29

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

Note 15: ARBITRAGE REBATE

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

Settlement Date	Amount	Liability
September 8, 2015	$ 11,675,000.00	(1)
December 10, 2020	6,767,000.00	(1)

(1) The rebate calculations on these bonds are required to be made at least once every five years. However, the Borough has not prepared the rebate calculations for purposes of determining any contingent liability for rebate. It is anticipated that when such calculations are made, the liability, if any, will be appropriated in that year's general budget.

Note 16: SCHOOL TAXES

The Borough of Palmyra School District tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	Balance December 31,	
	2024	2023
Balance of Tax	$ 5,677,315.98	$ 5,688,422.98
Deferred	4,063,515.00	4,063,515.00
Taxes Payable	$ 1,613,800.98	$ 1,624,907.98

Note 17: RISK MANAGEMENT

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

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

The following is a summary of the activity and the ending balance of the Borough's trust fund for the current and previous two years:

Year	Borough Contributions	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2024	$ -	$ 5,927.41	$ 987.56	$ 147.00	$ 74,940.15
2023	-	5,455.14	1,009.25	8,075.08	68,172.18
2022	-	4,926.84	360.25	5,112.92	79,782.87

There were no unreimbursed payments on behalf of the Borough at December 31, 2024.

Note 17: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Borough is a member of the Burlington County Insurance Pool Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund. The Fund provides its members with the following coverage:

Public Officials Bonds in excess of amounts statutorily required
Public Employees Dishonesty Bonds
Automobile Liability
Workers' Compensation and Employer's Liability
Commercial Property
General Liability
Public Officials Liability
Employment Practices Liability
Environmental Liability

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

The Funds publish their own financial reports which can be obtained from:

Burlington County Municipal Joint Insurance Fund
P.O. Box 325
Hammonton, New Jersey 08037

Municipal Excess Liability Joint Insurance Fund
Park 80 West Plaza I
Saddle Brook, New Jersey 07663

Note 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

Description	Balance December 31, 2024	2025 Budget Appropriation
Current Fund:		
Special Emergency Authorization	$ 3,000.00	$ 3,000.00

The appropriations in the 2025 Budget as adopted are not less than that required by the statutes.

Note 19: CONTINGENCIES

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

Note 20: CONCENTRATIONS

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

APPENDIX C

FORM OF APPROVING LEGAL OPINION

ARCHER

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

December ___, 2025

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Borough Council of the Borough of Palmyra, in the County of Burlington, State of New Jersey (the “Borough”), and other proofs submitted to us relative to the issuance and sale of the

$4,747,900 BOND ANTICIPATION NOTES
Consisting of:
$4,147,900 General Improvement Notes
$600,000 Sewer Utility Notes

BOROUGH OF PALMYRA
IN THE COUNTY OF BURLINGTON
STATE OF NEW JERSEY

DATED: DECEMBER 2, 2025

The $4,747,900 aggregate principal amount of Bond Anticipation Notes (the “Notes”) of the Borough are dated December 2, 2025, mature December 1, 2026, and bear interest at the rate of _______________ hundredths percentum (____%) per annum. The Notes 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. Individual purchases of the Notes will be made in book-entry only form in denominations of $5,000, or multiples of $1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Note (subject to approval of the Chief Financial Officer of the Borough). So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Borough or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The Notes may only be transferred upon presentation to the Chief Financial Officer of the Borough at her office with a written assignment duly acknowledged or proved, and the name of the assignee shall be endorsed thereon and entered in the books kept in the Office of the Chief Financial Officer of the Borough.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to various bond ordinances of the Borough, each having been in all respects duly adopted by the Borough Council, approved by the Mayor, and published as required by law. The Notes are being issued, together with other available funds of the Borough, to: (i) refund, on a current basis, a portion of prior taxable bond anticipation notes of the Borough issued in the aggregate principal amount of $5,906,100 on December 6, 2024 and maturing December 5, 2025; (ii) refund, on a current basis, prior bond anticipation notes of the Borough issued in the aggregate principal amount of $1,435,000 on August 28, 2025 and maturing December 5, 2025; (iii) temporarily finance various capital improvements in and for the Borough in the amount of $2,787,300; and (iv) pay the costs associated with the issuance of the Notes.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Notes are valid and legally binding obligations of the Borough, and (iii) 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 the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Borough has covenanted in its tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Borough with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. Interest on the Notes 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 Notes 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 Notes 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 Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes 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 the form of the unexecuted Note and, in our opinion, the form is 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 Notes and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Notes) 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

CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES

I, DONNA CONDO, Chief Financial Officer of the Borough of Palmyra, in the County of Burlington, New Jersey (the “Borough”), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY to _________________, the purchaser (the "Purchaser") of $4,747,900 aggregate principal amount of Bond Anticipation Notes of the Borough dated December 2, 2025 and maturing December 1, 2026 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Borough will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system (“EMMA”) as a PDF file to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Note holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Borough; (13) the consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material; (15) incurrence of a Financial Obligation (as defined below) of the Borough, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borough, any of which affect security holders, if material; or (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 term “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 consistent with the Rule.

Whenever the Borough (i) has or obtains knowledge of the occurrence of any of the aforementioned listed events not requiring a materiality determination, or (ii) determines that the occurrence of an aforementioned listed event requiring a materiality determination would be material to the holders of the Notes, the Borough shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis not in excess of ten (10) business days after the occurrence of any of the aforementioned events.

The Borough's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Notes.

In the event the Borough fails to comply with any provision of this Certificate, any Noteholder may take such action 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 Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Borough's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Borough, the Purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

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IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Borough this 2nd day of December, 2025.

BOROUGH OF PALMYRA, NEW JERSEY

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DONNA CONDO,
Chief Financial Officer