

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 7, 2025

**NEW ISSUE
BOOK-ENTRY ONLY**

NOT RATED

In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the Borough of Point Pleasant (the "Borough") with certain covenants described herein, under current law, interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Notes. Further, in the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**\$7,640,000
BOROUGH OF POINT PLEASANT
IN THE COUNTY OF OCEAN, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2025
(Non-Callable) (Bank Qualified)**

**Consisting of:
\$6,000,000 General Capital Bond Anticipation Notes
\$1,640,000 Water and Sewer Utility Bond Anticipation Notes**

Interest Rate: ____%

Yield: ____%

CUSIP*: _____

DATED: Date of Delivery

DUE: August 28, 2026

The \$7,640,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 consisting of \$6,000,000 General Capital Bond Anticipation Notes (the "General Notes") and \$1,640,000 Water and Sewer Utility Bond Anticipation Notes (the "Water and Sewer Notes" and together with the General Notes, the "Notes"), are general obligations of the Borough of Point Pleasant, in the County of Ocean, New Jersey (the "Borough"), and are secured by a pledge of the full faith and credit of the Borough for payment of the principal thereof and interest thereon. The Notes are payable, if not paid from other sources, from ad valorem taxes which may be assessed upon all the taxable property within the Borough without limitation as to rate or amount.

The Notes shall be issued in the form of one certificate in the aggregate principal amount of each series of the Notes and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry from only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and delivered to the Purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Notes. It is expected that the Notes will be available for delivery to DTC on or about August 28, 2025.

BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE BOROUGH ON AUGUST 14, 2025, ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM OR BY EMAIL (AINVERSO@MUNIADVISORS.COM). FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUD.COM.

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP 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 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 all or a portion of the Notes.

**BOROUGH OF POINT PLEASANT
2233 BRIDGE AVENUE, P.O. BOX 25
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No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Borough. The information contained herein has been obtained from the Borough, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of the Borough. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) 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. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Borough or the Purchaser. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, has not participated in the preparation of the financial statements or statistical information contained in this official statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOROUGH AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
OF THE
BOROUGH OF POINT PLEASANT
IN THE COUNTY OF OCEAN, NEW JERSEY

\$7,640,000
BOND ANTICIPATION NOTES, SERIES 2025
(NON-CALLABLE) (BANK QUALIFIED)
Consisting of:
\$6,000,000 General Capital Bond Anticipation Notes
\$1,640,000 Water and Sewer Utility Bond Anticipation Notes

INTRODUCTION

This Official Statement (the “Official Statement”) which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Point Pleasant (the “Borough”), in the County of Ocean (the “County”), State of New Jersey (the “State”), to provide certain information in connection with the sale and issuance by the Borough of its \$7,640,000 aggregate principal amount of Bond Anticipation Notes, Series 2025 consisting of \$6,000,000 General Capital Bond Anticipation Notes (the “General Notes”) and \$1,640,000 Water and Sewer Utility Bond Anticipation Notes (the “Water and Sewer Notes” and together with the General Notes, the “Notes”), dated the date of delivery thereof.

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

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their date of delivery and shall mature as shown on the cover hereof. The Notes shall bear interest at the rate set forth on the 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 of The Depository Trust Company, New York, New York (“DTC”). DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates 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 a 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.

Prior Redemption

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

BOOK-ENTRY ONLY SYSTEM

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

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered notes 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 each series of the Notes, in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest 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 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 and www.dtc.org.

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 the Note ("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 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.

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

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 Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Borough as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying 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 as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, note certificates will be printed and delivered.

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

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

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED 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.

Discontinuation of Book-Entry Only System

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to

make an investigation to determine the occurrence of any events that would permit it to make such determination) the Borough shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Notes is discontinued upon receipt of the Note certificates from DTC and the Participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the note certificates so provided.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and the various bond ordinances of the Borough, as set forth below. The bond ordinances were published in full or by 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.

The proceeds of the General Notes will be used to: (i) currently refund the Borough's \$6,000,000 Bond Anticipation Notes dated and issued on August 29, 2024 and maturing on August 29, 2025 (the "Prior General Notes"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the General Notes. The ordinances to be funded by the General Notes are included in the table below.

General Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Refunded Notes</u>	<u>Amount of Notes to be Issued</u>
2020-04	Various capital improvements, finally adopted on June 22, 2020.	\$527,000	\$527,000
2021-06	Various capital improvements, finally adopted on March 22, 2021.	178,030	178,030
2021-16	Acquisition of ambulance, finally adopted on July 26, 2021.	213,100	213,100
2022-07	Various capital improvements, finally adopted on April 25, 2022.	1,692,300	1,692,300
2023-08	Various capital improvements, finally adopted on May 15, 2023.	1,689,500	<u>1,689,500</u>
2024-10	Various capital improvements, finally adopted on May 13, 2024.	<u>1,700,070</u>	<u>1,700,070</u>
General Notes Total:		<u>\$6,000,000</u>	<u>\$6,000,000</u>

The proceeds of the Water and Sewer Notes will be used to: (i) currently refund the Borough's \$1,640,000 Water and Sewer Utility Bond Anticipation Notes dated and issued on August 29, 2024 and maturing on August 29, 2025 (the "Prior Water and Sewer Notes", and together with the Prior General Notes, the "Prior Notes"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Water and Sewer Notes. The ordinances to be funded by the Water and Sewer Notes are included in the table below.

Water and Sewer Notes

<u>Ordinance No.</u>	<u>Purpose</u>	Refunded Notes	Amount of Notes to be Issued
2019-17	Various water and sewer improvements, finally adopted on October 28, 2019.	\$69,200	\$69,200
2020-05	Various water and sewer improvements, finally adopted on June 22, 2020.	139,300	139,300
2021-07	Various water and sewer improvements, finally adopted on March 22, 2021.	255,900	255,900
2022-08	Various water and sewer improvements, finally adopted on April 25, 2022.	939,600	939,600
2023-09	Various water and sewer improvements, finally adopted on May 15, 2023.	<u>236,000</u>	<u>236,000</u>
Water and Sewer Notes Total:		\$1,640,000	\$1,640,000

SECURITY AND SOURCE OF PAYMENT

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Notes are direct obligations of the Borough and, to the extent that other monies are not available, the Borough is required by law to levy ad valorem taxes upon all the taxable property within the Borough for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

NO DEFAULT

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a 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. In New Jersey, Governor Murphy declared a state of emergency and a public health emergency on March 9, 2020, due to the outbreak of COVID-19, which had spread throughout the State and to all counties within the State. Governor Murphy also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which altered the behavior of businesses and people, had impacts on regional, state and local economies.

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

The Plan includes various forms of financial relief including up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local

governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough has received a total of \$1,964,838 in two equal payments. The deadline to obligate the funds was December 31, 2024 and to expend the funds is December 31, 2026. Generally, according to the Plan, the allowable use of the funds to be provided to the Borough include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of \$10 million or the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough, as applicable, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Cyber Security

The Borough relies on a complex technology environment to conduct its various operations. As a result, the Borough faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Borough maintains insurance coverage for cyberattacks and related events. Notwithstanding, the Borough was the victim of a cyber security incident in late May and early June of 2023 where a total of approximately \$6,500,000 was fraudulently wired, through six (6) independent wires, to various bank accounts, both domestic and foreign. After successful litigation against the Borough's bank and law enforcement efforts, the Borough has been made whole.

Climate

The State of New Jersey 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.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the Borough are general full faith and credit obligations.

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

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

The annual audit report is filed with the Borough Clerk and is available for review during business hours.

Debt Limits

The authorized bonded indebtedness of a municipality in the State of New Jersey is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions to Debt Limits-Extensions of Credit

The debt limit of the Borough may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Local Finance Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the Borough must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the Borough to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain bonds and notes, 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).

Short-Term Financing

The Borough may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Borough, may be issued for a period not exceeding one year. Generally, bond anticipation notes may not be outstanding longer than 10 years. Additionally, beginning in the third year, the amount of outstanding notes that may be renewed is decreased by not less than the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued.

School Debt Subject to Voter Approval

State Law permits the school district, upon approval of the voters, to authorize school district debt, including, debt in excess of its independent debt limit by using the available borrowing capacity of the Borough. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Borough, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Borough is required to have a balanced budget in which debt service is included in full for each fiscal year.

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

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

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Borough revenues are real estate taxes and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The 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."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

The 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 product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Current Tax Collection (or lesser \%)}} = \text{Total Taxes to be Levied}$$

Miscellaneous Revenues

Section 26 of the Local Budget Law provides: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

Limitations on Municipal Appropriations and Tax Levy

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “cost-of-living adjustment”. The cost-of-living adjustment is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the cost-of-living adjustment subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year’s appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years’ tax levy in years when the cost-of-living adjustment is 2.5% or less.

Additionally, P.L. 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

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

Deferral of Current Expense

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

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations and contractually required severance liabilities, which may be amortized over five years.

Budget Transfers

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

Fiscal Year

The Borough’s fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change

to the State fiscal year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

TAX MATTERS

The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Notes, assuming continuing compliance by the Borough with certain covenants described herein, under current law, interest on the Notes is excludable from gross income for federal income tax purposes under section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Notes.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Notes in order to assure that the interest on the Notes will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Notes be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Borough has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Notes will be and will remain excluded from gross income for federal income tax purposes. The Borough will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Notes, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Borough. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Borough in connection with the Notes, and Bond Counsel has assumed compliance by the Borough with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes.

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

Branch Profits Tax. Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax exempt notes, such as the Notes, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Notes should be aware that the ownership of tax exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax exempt obligations. Owners of the Notes should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Notes involving either the Notes or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Notes.

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

LITIGATION

To the knowledge of the Borough Attorney, Jerry J. Dasti, Esquire, Forked River, New Jersey (the "Borough Attorney"), there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any 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 the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers of the Borough to their respective offices.

Additionally, there is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain lawsuits, none of a kind unusual for a Borough of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its bond or note holders. All of the Borough's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number. The Borough would fund the ultimate liability arising from tax appeals from amounts currently reserved, succeeding years' budgets or, after obtaining the approval of the Local Finance Board, the issuance of tax appeal refunding bonds or notes. Such resolution would not in any way endanger the Borough's ability to pay its bond or note holders.

THE FEDERAL BANKRUPTCY ACT

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, sale, issuance and delivery of the Bonds are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the Borough by the Borough Attorney.

CONTINUING DISCLOSURE

The Borough has covenanted for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The event notices will be provided to the Municipal Securities Rulemaking Board (the "MSRB") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. The specific nature of the information to be contained in the event notices is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate". These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

In the event that the Borough fails to comply with the above-described undertaking and covenants, the Borough shall not be liable for any monetary damages, the remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Borough from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

In accordance with the Rule and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Borough failed to timely file its annual operating data for the year ended December 31, 2020. Additionally, the Borough failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with EMMA. The Borough appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL ADVISOR

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

FINANCIAL STATEMENTS

Appendix “B” to this Official Statement contains certain audited financial data of the Borough for the Borough’s fiscal year ending December 31, 2024 (the “Audited Financial Statements”). The Audited Financial Statements have been prepared by Holman Frenia Allison, P.C., Lakewood, New Jersey, an independent auditor, as stated in its report appearing in Appendix B to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the Audited Financial Statements appearing in Appendix B hereto) and, accordingly, will express no opinion with respect thereto. *See* “APPENDIX B - Financial Statements of the Borough of Point Pleasant, in the County of Ocean, New Jersey”.

RATING

The Notes have not been rated. The Borough’s long-term rating of “Aa2” was most recently affirmed on December 15, 2022 by Moody’s Investors Service (“Moody’s”) in connections with the Borough’s General Obligation Bonds. Such rating does not apply to the Notes and Moody’s has not reviewed such rating in connection with the issuance of the Notes.

PURCHASER

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

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

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Purchaser, by certificate signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Himanshu Shah, Chief Financial Officer, Borough of Point Pleasant, 2233 Bridge Avenue, Point Pleasant, New Jersey, 08742, telephone (732) 892-3434, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, 08691, telephone (609) 291-0130.

MISCELLANEOUS

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

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 herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Borough, the County, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the Borough by the Chief Financial Officer.

**BOROUGH OF POINT PLEASANT,
THE COUNTY OF OCEAN, NEW JERSEY**

By: _____
Himanshu Shah
Chief Financial Officer

Dated: August __, 2025

APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING
TO THE BOROUGH OF POINT PLEASANT, IN THE COUNTY OF OCEAN, NEW JERSEY**

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INFORMATION REGARDING THE BOROUGH¹

The following material presents certain economic and demographic information of the Borough of Point Pleasant (the “Borough”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

General Information

The Borough was created by incorporation in 1920. Until its incorporation, the Borough was part of the Township of Brick. It is located in the northeastern part of the County, along the Atlantic coast of the State, on the Manasquan River. Bordering municipalities include the Boroughs of Point Pleasant Beach and Bay Head in the East, the Township of Brick in the West and Southwest and Beaver Dam Creek and Barnegat Bay in the South.

The Borough is traversed north and south by the Point Pleasant Canal, which connects Barnegat Bay at Bay Head Harbor with the Manasquan River providing a short route from the northern parts of Barnegat Bay to the Atlantic Ocean. New Jersey Route 88 traverses the Borough in an east/west direction and provides access from the Borough to the north and south by New Jersey Route 35 in the east and the Garden State parkway in the west.

The Borough is a fully developed, predominantly residential community. It consists of a total land area of 3.5 square miles with over 50% of the property in the area characterized as residential. The population of the Borough includes a substantial number of shore-oriented retired persons. The working population travels to other communities for employment.

Form of Government

The Borough operates under the Borough form of State municipal government. The governing body consists of a Mayor and a six member Borough Council, all of whom are elected at-large. The Mayor is elected directly by the voters to serve a four-year term. The Borough Council members are elected to serve three-year staggered terms, with two seats open for election each year. The Borough Council acts as the legislative body of the Borough. The Mayor presides over all meetings, retains veto power over ordinances, and is permitted to vote only in the event of a tie.

Education

The Borough’s public school district provides a full range of educational services to students in Pre-Kindergarten through grade twelve at four schools: Nellie F. Bennett Elementary School, Ocean Road Elementary School, Memorial Middle School, and Point Pleasant Borough High School. The school district is a Type II school district, governed by a seven-member board of education. Each of the board members are elected directly by the legal voters in the Borough to serve terms of three years.

¹ Source: The Borough, unless otherwise indicated.

Pension and Retirement Systems

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

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

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

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

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Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2024	11,513	11,133	380	3.3%
2023	11,533	11,128	405	3.5%
2022	11,369	10,989	380	3.3%
2021	10,999	10,421	578	5.3%
2020	10,794	9,961	833	7.7%
<u>County</u>				
2024	293,284	280,025	13,259	4.5%
2023	292,457	279,888	12,569	4.3%
2022	287,161	275,556	11,605	4.0%
2021	279,507	260,912	18,595	6.7%
2020	274,842	248,481	26,361	9.6%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

Income

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$108,713	\$86,411	\$101,050
Median Family Income	134,529	108,905	123,892
Per Capita Income	58,542	43,900	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2023 est.	19,429	2.58%	659,197	3.45%	9,290,841	0.02%
2020	18,941	2.98	637,229	10.52	9,288,994	5.65
2010	18,392	-4.73	576,567	12.85	8,791,894	4.49
2000	19,306	6.21	510,916	17.94	8,414,350	8.85
1990	18,177	2.42	433,203	25.19	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2024</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Point Pleasant 847 Properties, Inc	\$8,235,500	0.24%
Point 88 Realty	8,007,300	0.24%
Johnson Bros Boat Works, LLC	6,126,300	0.18%
Clark's Landing at Delran	5,957,400	0.18%
Crest Pointe Property LLC	5,829,100	0.17%
Taxpayer 1	5,352,800	0.16%
Robelander Realty Inc.	4,703,900	0.14%
Canal Point Marine, Inc.	4,703,800	0.14%
1299 St. George LLC & 197 West Scott	4,043,200	0.12%
Taxpayer 2	<u>3,800,000</u>	<u>0.11%</u>
Total	<u>\$56,759,300</u>	<u>1.67%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024	\$77,840,108	\$77,272,756	99.27%
2023	74,091,183	73,498,885	99.20%
2022	72,069,475	71,476,158	99.18%
2021	70,368,369	69,760,139	99.14%
2020	69,067,721	68,277,514	98.86%

Source: Annual Audit Reports

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024	\$0	\$507,396	\$507,396	0.65%
2023	0	546,392	546,392	0.74%
2022	0	516,203	516,203	0.72%
2021	1,977	490,101	492,078	0.70%
2020	1,598	557,401	558,999	0.81%

Source: Annual Audit Reports

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$488,900
2023	488,900
2022	488,900
2021	488,900
2020	488,900

Source: Annual Audit Reports

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

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

		Local		
<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
2024	\$0.492	\$1.278	\$0.517	\$2.287
2023	0.483	1.214	0.489	2.186
2022	0.470	1.209	0.462	2.141
2021	0.466	1.195	0.447	2.108
2020	0.462	1.180	0.444	2.086

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2024	\$3,391,867,700	\$5,715,025,611	59.35%	\$0	\$5,715,025,611
2023	3,370,442,100	5,126,927,441	65.74	0	5,126,927,441
2022	3,344,789,200	4,548,876,921	73.53	0	4,548,876,921
2021	3,318,550,900	4,037,657,744	82.19	0	4,037,657,744
2020	3,297,615,400	3,723,594,625	88.56	0	3,723,594,625

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2024	\$21,198,100	\$3,103,498,400	\$0	\$240,810,300	\$0	\$26,360,900	\$3,391,867,700
2023	21,099,300	3,081,334,200	0	241,647,700	0	26,360,900	3,370,442,100
2022	22,412,800	3,057,993,700	0	240,539,200	0	23,843,500	3,344,789,200
2021	25,966,600	3,028,185,500	0	240,560,400	0	23,838,400	3,318,550,900
2020	24,076,000	3,008,806,700	0	240,894,300	0	23,838,400	3,297,615,400

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$2,900,000	\$2,770,000	\$3,050,000	\$2,620,000	\$3,375,000
Miscellaneous Revenues	3,067,323	3,970,564	4,230,145	4,770,568	5,286,547
Receipts from Delinquent Taxes	400,000	400,000	400,000	500,000	490,000
Amount to be Raised by Taxation	<u>15,393,253</u>	<u>15,669,142</u>	<u>16,216,184</u>	<u>16,619,888</u>	<u>17,347,853</u>
Total Revenue:	<u>\$21,760,576</u>	<u>\$22,809,706</u>	<u>\$23,896,329</u>	<u>\$24,510,456</u>	<u>\$26,499,400</u>
<u>Appropriations</u>					
General Appropriations	\$17,090,651	\$17,526,491	\$18,532,676	\$18,976,236	\$19,189,711
Operations (Excluded from CAPS)	318,321	476,552	356,900	375,055	2,223,244
Deferred Charges and Statutory Expenditures	26,700	75,000	0	0	290,958
Judgments	100	0	0	0	0
Capital Improvement Fund	58,000	375,000	100,000	150,000	125,000
Municipal Debt Service	2,963,351	2,833,000	3,382,777	3,467,000	3,295,409
Reserve for Uncollected Taxes	<u>1,303,453</u>	<u>1,523,664</u>	<u>1,523,976</u>	<u>1,542,166</u>	<u>1,375,079</u>
Total Appropriations:	<u>\$21,760,576</u>	<u>\$22,809,706</u>	<u>\$23,896,329</u>	<u>\$24,510,456</u>	<u>\$26,499,400</u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$4,707,405	\$3,375,000
2023	4,550,751	2,620,000
2022	4,844,864	3,050,000
2021	5,028,893	2,770,000
2020	5,481,893	2,900,000

Source: Annual Audit Reports

Water/Sewer Utility Operating Fund

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

Fund Balance - Water/Sewer Utility Operating Fund

	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$1,015,829	\$632,099
2023	801,441	493,691
2022	792,066	556,293
2021	959,904	477,959
2020	690,570	471,000

Source: Annual Audit Reports

Borough Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$12,380,000
Bond Anticipation Notes	6,000,000
Bonds and Notes Authorized but Not Issued	4,446,439
Other Bonds, Notes and Loans	<u>39,544</u>
Total:	\$22,865,983

Local School District Debt

Serial Bonds	\$8,520,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$8,520,000

Utility Debt

Serial Bonds	\$6,225,000
Bond Anticipation Notes	1,640,000
Bonds and Notes Authorized but Not Issued	664,866
Other Bonds, Notes and Loans	<u>365,146</u>
Total:	\$8,895,012

TOTAL GROSS DEBT

\$40,280,995

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	8,520,000
Self-Liquidating Utility Debt	<u>8,895,012</u>
Total:	\$17,415,012

TOTAL NET DEBT

\$22,865,983

Source: Annual Audit Reports

Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$8,520,000	100.00%	\$8,520,000
County Utility Authority (2023)	69,933,525	3.28%	2,293,820
County	562,210,826	3.27%	<u>18,406,008</u>
Net Indirect Debt			\$29,219,827
Net Direct Debt			<u>22,827,233</u>
Total Net Direct and Indirect Debt			<u>\$52,047,060</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$5,130,276,658
Permitted Debt Limitation (3 1/2%)	179,559,683
Less: Net Debt	<u>22,827,233</u>
Remaining Borrowing Power	<u>\$156,732,450</u>
Percentage of Net Debt to Average Equalized Valuation	0.445%
Gross Debt Per Capita based on 2020 population of 18,941	\$2,127
Net Debt Per Capita based on 2020 population of 18,941	\$1,205

Source: Annual Audit Reports

² Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County. Borough percentage of County Utilities Authority debt is based upon municipal flow to the County Utilities Authority.

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APPENDIX B

**FINANCIAL STATEMENTS OF THE BOROUGH OF POINT PLEASANT,
IN THE COUNTY OF OCEAN, NEW JERSEY**

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2024**

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Point Pleasant
Point Pleasant, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the various funds and account group of the Borough of Point Pleasant, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the Borough of Point Pleasant, as of December 31, 2024 and 2023, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2024, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Point Pleasant, 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 Division of Local Government Services, Department of Community Affairs, State of

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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(s) relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Point Pleasant's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Point Pleasant's ability to continue as a going concern for a reasonable period of time.

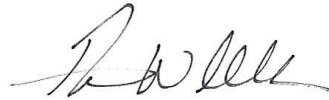
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025, on our consideration of the Borough of Point Pleasant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Point Pleasant's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Point Pleasant's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. W. Allison', written over a faint horizontal line.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
May 28, 2025

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Certified Public Accountants + Advisors

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

Honorable Mayor and Members
Of the Borough Council
Borough of Point Pleasant
Point Pleasant, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Point Pleasant, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 28, 2025. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Point Pleasant's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Point Pleasant's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Point Pleasant's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

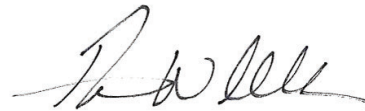
As part of obtaining reasonable assurance about whether the Borough of Point Pleasant's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of This Report

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

Respectfully Submitted,

HOLMAN FRNIA ALLISON, P.C.

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

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
May 28, 2025

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	2024	2023
Current Fund:		
Cash:		
Treasurer	\$ 21,754,472	\$ 18,864,502
Change Fund	550	550
Due from State of New Jersey for Senior Citizen & Veteran Deductions	12,993	13,539
Total Current Fund	21,768,015	18,878,591
Receivables & Other Assets With Full Reserves:		
Taxes Receivable	507,396	546,392
Revenue Accounts Receivable	4,684	6,494
Property Aquired for Taxes Assessed Valuation	488,900	488,900
Due From Interfunds:		
Other Trust	1,001	56
Total Receivables & Other Assets With Full Reserves	1,001,981	1,041,842
Deferred Charges:		
Cyber Attack	290,958	1,888,458
Total Deferred Charges	290,958	1,888,458
Total Current Fund, Receivables, Other Assets With Full Reserves & Deferred Charges	23,060,954	21,808,891
State & Federal Grants:		
Cash	13,710	707,930
Grants Receivable	3,594,877	693,510
Total State & Federal Grants	3,608,587	1,401,440
Total Assets	\$ 26,669,541	\$ 23,210,331

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

LIABILITIES RESERVES & FUND BALANCE	2024	2023
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 727,823	\$ 597,508
Reserve for Encumbrances	618,139	710,968
Accounts Payable	13,740	25,294
Tax Overpayments	104,680	15,723
Prepaid Taxes	546,466	649,883
County Tax Payable	58,337	86,663
Local District School Tax Payable	14,759,357	13,413,852
Miscellaneous Reserves:		
Reserve For Municipal Relief Fund	128,043	128,043
Reserve For Tax Appeal	200,000	200,000
Sale of Municipal Assets	83	298,083
Reserve for COVID-19	-	21,462
Reserve for OPIOID Settlement	177,262	60,228
Due to State of NJ - Marriage License Fees	545	764
Due to State of NJ - DCA Training Fees	15,393	7,827
Due to State of NJ - LEAD	1,700	-
Subtotal	17,351,568	16,216,298
Reserve for Receivables & Other Assets	1,001,981	1,041,842
Fund Balance	4,707,405	4,550,751
Total Current Fund	23,060,954	21,808,891
State & Federal Grants:		
Reserve for Grants Appropriated	3,232,376	397,141
Reserve for Grants Unappropriated	55,195	664,930
Reserve for Encumbrances	321,016	339,369
Total State & Federal Grants	3,608,587	1,401,440
Total Liabilities, Reserves & Fund Balance	\$ 26,669,541	\$ 23,210,331

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

	2024	2023
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 2,620,000	\$ 3,050,000
Miscellaneous Revenue Anticipated	8,713,023	5,500,320
Receipts From Delinquent Taxes & Tax Title Liens	516,572	504,922
Receipts From Current Taxes	77,272,756	73,498,885
Nonbudget Revenue	223,042	239,822
Other Credits to Income:		
Cancellation of Prior Year Voided Checks	-	13,134
Cancellation of Accounts Payable	25,053	27,439
Unexpended Balance of Appropriation Reserves	600,239	481,567
Total	89,970,685	83,316,089
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	9,101,472	8,288,320
Other Expenses	6,988,136	7,566,171
Deferred Charges & Statutory Expenditures	2,886,628	2,678,085
Excluded From "CAPS":		
Operations:		
Other Expenses	3,593,240	1,018,961
Capital Improvements	150,000	100,000
Municipal Debt Service	3,466,440	3,330,576
County Taxes	17,500,023	16,466,901
Due County for Added & Omitted Taxes	58,337	86,663
Prior Year Adjustment to County Taxes Added & Omitted	23,722	-
Local District School Tax	43,351,311	40,925,126
Municipal Open Space Tax	67,837	67,409
Interfunds Advanced	6,885	49
Tax Appeal Refund	-	31,266
Refund of Prior Year Revenues	-	675
Total Expenditures	87,194,031	80,560,202
Excess/Deficit in Revenue	2,776,654	2,755,887
Statutory Excess to Fund Balance	2,776,654	2,755,887
Fund Balance January 1	4,550,751	4,844,864
Total	7,327,405	7,600,751
Decreased by: Utilization as Anticipated Revenue	2,620,000	3,050,000
Fund Balance December 31	\$ 4,707,405	\$ 4,550,751

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

BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 2,620,000	\$ -	\$ 2,620,000	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	20,000	-	15,378	(4,622)
Fees & Permits:				
Uniform Construction Code Fees	595,000	-	791,484	196,484
Other	45,000	-	53,650	8,650
Fines & Costs:				
Municipal Court	68,000	-	89,849	21,849
Interest & Costs on Taxes	120,000	-	126,672	6,672
Interest on Investments & Deposits	416,000	-	902,395	486,395
Energy Receipts Tax	1,242,214	-	1,242,214	-
Interlocal Agreement				
Police Department Patrol of Schools	198,000	-	173,492	(24,508)
Administrator Services with Bayhead	80,000	-	80,000	-
CFO and TC Services with South Toms River	45,000	-	78,350	33,350
Bayhead Municipal Clerk SSA	75,000	-	75,000	-
Sale of Municipal Assets	298,000	-	298,000	-
Reserve for COVID-19	21,461	-	21,461	-
American Rescue Plan - Revenue Loss	639,838	-	639,838	-
Reserve for Debt Service	55,000	-	55,000	-
General Capital Fund Balance	685,000	-	685,000	-
Vehicle Fees - Off Duty Police	100,000	-	100,000	-
Clean Communities Program	-	54,465	54,465	-
Pedestrian Safety Grant	-	1,120	1,120	-
DOT Grants	-	2,737,500	2,737,500	-
CDBG-125-21 for Handicap Access Improvements	-	38,000	38,000	-
Recycling Tonnage Grant	28,013	-	28,013	-
Body Armor	2,612	-	2,612	-
NJ ARP Stabilization Grant	34,990	-	34,990	-
Cops in Shops	1,440	-	1,440	-
O.C. ARPA Allocation	-	387,100	387,100	-
Total Miscellaneous Revenues	4,770,568	3,218,185	8,713,023	724,270
Receipts From Delinquent Taxes	500,000	-	516,572	16,572
Subtotal General Revenues	7,890,568	3,218,185	11,849,595	740,842
Local Tax for Municipal Purposes	16,619,888	-	17,837,413	1,217,525
Budget Totals	24,510,456	3,218,185	29,687,008	1,958,367
Nonbudget Revenues	-	-	223,042	223,042
Total	\$ 24,510,456	\$ 3,218,185	\$ 29,910,050	\$ 2,181,409

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 77,272,756
Less: Allocated for School, County Taxes & Open Space Taxes	<u>60,977,508</u>
 Total Allocation of Current Tax Collections	 16,295,248
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,542,165</u>
 Total Amount for Support of Municipal Budget Appropriation	 <u><u>\$ 17,837,413</u></u>
 Delinquent Property Taxes Receivable	 <u>\$ 516,572</u>
 Total Receipts From Delinquent Taxes	 <u><u>\$ 516,572</u></u>

ANALYSIS OF NONBUDGET REVENUES

Recycling	\$ 40,664
Police Report/Copies	552
Cable TV Fees	86,450
Grading and Drainage	14,300
Park Pavilion	8,630
Taxi License	1,150
Firearms	22,250
Notary	414
Tax Maps, Books, Etc.	450
Tax Information	460
Refund of Prior Year Expenditures	69
Boat Ramps	1,936
Election Reimbursement	1,600
Sale of Assets	6,100
DMV Inspection	5
Beach Tags	30,820
Petty Cash	400
FSA Forfeitures	48
Fire Alarm	3,527
Miscellaneous	<u>3,217</u>
 Nonbudget Revenue	 <u><u>\$ 223,042</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 181,951	\$ 181,951	\$ 181,950	\$ -	\$ 1	\$ -
Other Expenses	55,650	48,650	33,931	2,403	12,316	-
Mayor & Council:						
Salaries and Wages	46,680	46,680	46,680	-	-	-
Municipal Clerk:						
Salaries and Wages	173,634	173,634	172,254	-	1,380	-
Other Expenses	13,450	13,325	10,976	2,099	250	-
Elections	3,000	3,125	3,124	-	1	-
Financial Administration						
(Treasury):						
Salaries and Wages	115,949	108,949	104,741	-	4,208	-
Other Expenses	34,862	41,862	38,889	1,915	1,058	-
Audit Services:						
Annual Audit	31,000	31,000	30,900	100	-	-
Revenue Administration						
(Tax Collector):						
Salaries and Wages	128,492	128,492	125,592	-	2,900	-
Other Expenses	21,075	21,075	16,608	50	4,417	-
Tax Assessor:						
Salaries and Wages	147,280	147,280	146,898	-	382	-
Other Expenses	10,175	10,675	10,645	-	30	-
Cost of Tax Appeals	3,000	3,000	1,593	1,407	-	-
Legal Services:						
Other Expenses	210,000	240,000	180,025	40,848	19,127	-
Engineering Services & Costs:						
Other Expenses	73,000	58,000	40,186	10,645	7,169	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	6,000	6,000	6,000	-	-	-
Other Expenses	29,900	29,900	15,751	7,810	6,339	-
Zoning Board of Adjustment:						
Salaries and Wages	8,500	8,500	8,500	-	-	-
Other Expenses	15,350	15,350	3,275	8,995	3,080	-
Code Enforcement						
Salaries & Wages	133,227	133,227	126,131	-	7,096	-
Other Expenses	14,000	12,000	2,217	2,427	7,356	-
Insurance:						
Health Insurance						
Other Expenses	2,089,350	2,269,350	2,219,817	41,328	8,205	-
Health Insurance Waiver						
Other Expenses	20,000	16,385	16,385	-	-	-
Liability Insurance						
Other Expenses	275,885	278,441	278,441	-	-	-
Workers' Compensation						
Insurance	286,861	284,305	284,305	-	-	-
Public Safety Functions:						
Police:						
Salaries and Wages	5,247,578	5,165,078	5,002,460	-	162,618	-
Salaries and Wages - ARP Rev Loss	639,000	639,000	639,000	-	-	-
Other Expenses	260,232	250,232	205,297	18,693	26,242	-
Emergency Management Services:						
Salaries and Wages	8,000	8,615	8,615	-	-	-
Other Expenses	12,575	12,575	6,814	4,972	789	-
Aid to Volunteer Fire Companies:						
Other Expenses	161,526	161,526	116,778	-	44,748	-
Aid to Volunteer Ambulance Companies:						
Other Expenses	71,400	71,400	71,000	-	400	-

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
Public Works Functions:						
Road Repairs & Maintenance:						
Salaries and Wages	1,588,900	1,557,400	1,555,788	-	1,612	-
Other Expenses	201,800	191,800	140,148	23,124	28,528	-
Other Public Works Functions:						
Recycling:						
Salaries and Wages	82,100	85,100	84,973	-	127	-
Other Expenses	400,000	400,000	324,160	66,581	9,259	-
Snow Removal:						
Salaries and Wages	20,000	10,000	3,967	-	6,033	-
Other Expenses	30,000	30,000	27,067	1,135	1,798	-
Solid Waste Collection:						
Contractual	890,000	890,000	734,240	150,760	5,000	-
Building & Grounds:						
Other Expenses	59,800	74,800	54,916	6,378	13,506	-
Condominium Reimbursement						
Other Expenses	34,000	34,000	-	-	34,000	-
Health & Human Services:						
Board of Health:						
Salaries and Wages	20,000	20,000	20,000	-	-	-
Other Expenses	600	600	18	82	500	-
Environmental Commission:						
Salaries and Wages	1,200	1,200	1,100	-	100	-
Other Expenses	1,800	1,800	400	500	900	-
Animal Control Program:						
Other Expenses	24,000	12,000	12,000	-	-	-
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	198,768	200,268	199,328	-	940	-
Other Expenses	49,475	49,475	43,456	5,394	625	-
Utility Expense & Bulk Purchases:						
Electricity	70,000	80,000	80,000	-	-	-
Street Lighting	110,000	110,000	110,000	-	-	-
Telephone	45,000	65,000	58,095	3,478	3,427	-
Natural Gas	25,000	28,000	21,754	4,935	1,311	-
Gasoline	85,000	80,000	52,325	12,725	14,950	-
Landfill/Solid Waste Disposal Costs:						
Landfill Dumping Fees	760,000	760,000	575,102	159,898	25,000	-
Municipal Court:						
Salaries and Wages	131,658	133,658	132,878	-	780	-
Other Expenses	13,475	10,475	8,573	207	1,695	-
Public Defender:						
Other Expenses	500	500	-	-	500	-
State Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	361,440	346,440	335,399	-	11,041	-
Other Expenses	151,510	126,510	88,637	14,350	23,523	-
Other Common Operating Functions:						
Sick Pay Payouts	200,000	170,000	170,000	-	-	-
Contingent	1,000	1,000	242	-	758	-
Total Operations Within "CAPS"						
Including Contingent	16,085,608	16,089,608	14,990,344	593,239	506,025	-
Detail:						
Salaries and Wages	9,240,357	9,101,472	8,902,254	-	199,218	-
Other Expenses	6,845,251	6,988,136	6,088,090	593,239	306,807	-

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
Deferred Charges & Statutory Expenditures						
Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I.)	708,000	708,000	600,625	24,272	83,103	-
Public Employees' Retirement System	585,450.00	585,450	585,450	-	-	-
Police & Firemen's Retirement System	1,542,078	1,542,078	1,542,078	-	-	-
Unemployment Insurance	45,000	45,000	45,000	-	-	-
Defined Contribution Retirement Program	10,000	6,000	4,491	-	1,509	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	2,890,528	2,886,528	2,777,644	24,272	84,612	-
Judgements	100	100	-	-	100	-
Total General Appropriations for Municipal Purposes Within "CAPS"	18,976,236	18,976,236	17,767,988	617,511	590,737	-
Operations Excluded From "CAPS":						
LOSAP	100,000	100,000	-	-	100,000	-
Shared Services Agreement:						
Police Department Patrol of Schools	198,000	198,000	170,286	628	27,086	-
Public & Private Programs Offset by Revenues:						
Matching Fund for Grants	10,000	10,000	-	-	10,000	-
Clean Communities Program	-	54,465	54,465	-	-	-
Recycling Tonnage Grant	28,013	28,013	28,013	-	-	-
Pedestrian Safety Grant	-	1,120	1,120	-	-	-
DOT Grants	-	2,737,500	2,737,500	-	-	-
CDBG- Handicap Access Improvements	-	38,000	38,000	-	-	-
Cops In Shops	1,440	1,440	1,440	-	-	-
Body Armor Replacement Fund	2,612	2,612	2,612	-	-	-
Senior Services County Grant	34,990	34,990	34,990	-	-	-
O.C. ARPA Allocation	-	387,100	387,100	-	-	-
Total Operations Excluded from "CAPS"	375,055	3,593,240	3,455,526	628	137,086	-
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	150,000	150,000	150,000	-	-	-

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	2,775,000	2,775,000	2,775,000	-	-	-
Interest on Bonds	532,000	532,000	531,440	-	-	560
Interest on Notes	160,000	160,000	160,000	-	-	-
Total Municipal Debt Service Excluded From "CAPS"	3,467,000	3,467,000	3,466,440	-	-	560
Total General Appropriations for Municipal Purposes Excluded from CAPS	3,992,055	7,210,240	7,071,966	628	137,086	560
Subtotal General Appropriations	22,968,291	26,186,476	24,839,954	618,139	727,823	560
Reserve For Uncollected Taxes	1,542,165	1,542,165	1,542,165	-	-	-
Total General Appropriations	<u>\$ 24,510,456</u>	<u>\$ 27,728,641</u>	<u>\$ 26,382,119</u>	<u>\$ 618,139</u>	<u>\$ 727,823</u>	<u>\$ 560</u>
Adopted Budget		\$ 24,510,456				
Chapter 159		<u>3,218,185</u>				
Total		<u><u>\$ 27,728,641</u></u>				
Interfunds:						
Federal & State Grant Fund			\$ 3,285,240			
Reserve for Uncollected Taxes			1,542,165			
Cash Disbursements			<u>21,554,714</u>			
Total			<u><u>\$ 26,382,119</u></u>			

**BOROUGH OF POINT PLEASANT
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	REFERENCE	2024	2023
Animal Control Trust Fund:			
Cash	B-1	\$ 10,099	\$ 25,546
Due from the State of NJ	B-2	500	472
Change Fund	B	25	25
Total Animal Control Fund		10,624	26,043
Open Space Trust Fund:			
Cash	B-1	293,002	266,936
Total Open Space Trust		293,002	266,936
Other Trust Fund:			
Cash	B-1	1,839,554	1,760,973
Total Other Trust		1,839,554	1,760,973
Length of Service Awards Program Fund: (LOSAP) ("LOSAP")			
Funds Held by Trustee	B-8	1,453,531	1,285,487
Total LOSAP		1,453,531	1,285,487
Total - All Funds		<u>\$ 3,596,711</u>	<u>\$ 3,339,439</u>
LIABILITIES & RESERVES			
Animal Control Trust Fund:			
Licenses Collected in Advance	B-4	\$ 6,311	\$ -
Reserve for Expenditures	B-3	4,313	26,043
Total Dog License Fund		10,624	26,043
Open Space Trust Fund:			
Reserve for Open Space	B-5	293,002	266,936
Total Open Space Trust		293,002	266,936
Other Trust Fund:			
Due to Board of Education	B-7	2,321	2,321
Due to Current Fund	A	1,001	56
Various Reserves	B-7	1,836,232	1,758,596
Total Other Trust		1,839,554	1,760,973
Length of Service Awards Program Fund: (LOSAP) ("LOSAP")			
Reserve for Length of Service Awards Program	B-8	1,453,531	1,285,487
Total LOSAP		1,453,531	1,285,487
Total - All Funds		<u>\$ 3,596,711</u>	<u>\$ 3,339,439</u>

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

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	2024	2023
Cash	\$ 1,595,523	\$ 1,421,327
Deferred Charges to Future Taxation:		
Unfunded	10,446,439	6,829,739
Funded	12,419,543	15,200,688
Total	<u>\$ 24,461,505</u>	<u>\$ 23,451,754</u>
LIABILITIES, RESERVES & FUND BALANCE		
Serial Bonds	\$ 12,380,000	\$ 15,155,000
Green Acres Loan Payable	39,543	45,688
Bond Anticipation Notes Payable	6,000,000	3,500,000
Capital Improvement Fund	32,006	72,906
Improvement Authorizations:		
Unfunded	4,215,037	2,402,453
Funded	523,641	681,297
Reserve for Encumbrances	1,219,057	840,105
Reserve for Debt Service	38,749	55,833
Fund Balance	13,472	698,472
Total	<u>\$ 24,461,505</u>	<u>\$ 23,451,754</u>

There were bonds and notes authorized but not issued on December 31, 2024 in the amount of \$4,446,439 and on December 31, 2023 was \$3,329,739

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2024**

Balance December 31, 2023	\$ 698,472
Less:	
Anticipated as Current Fund Revenue	<u>685,000</u>
Balance December 31, 2024	<u><u>\$ 13,472</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	2024	2023
Operating Fund:		
Cash	\$ 1,584,991	\$ 1,315,710
Cash - Change Fund	300	300
Total	1,585,291	1,316,010
Receivables & Other Assets With Full Reserves:		
Consumer Accounts Receivable	817,405	765,929
Total Receivable & Other Assets With Full Reserves	817,405	765,929
Deferred Charges:		
Emergency Appropriation	-	17,350
Total Deferred Charges	-	17,350
Total Operating Fund	2,402,696	2,099,289
Capital Fund:		
Cash	382,095	511,333
Fixed Capital Authorized & Uncompleted	8,865,560	15,844,877
Fixed Capital	37,475,301	30,197,184
Total Capital Fund	46,722,956	46,553,394
Total Operating & Capital Fund	\$ 49,125,652	\$ 48,652,683

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

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

LIABILITIES RESERVES & FUND BALANCE	2024	2023
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 185,742	\$ 177,511
Accounts Payable	-	2,307
Reserve for Encumbrances	240,957	204,869
Consumer Overpayments	20,764	14,656
Accrued Interest on Bonds & Notes	121,999	132,576
Subtotal	569,462	531,919
Reserve for Receivables	817,405	765,929
Fund Balance	1,015,829	801,441
Total Operating Fund	2,402,696	2,099,289
Capital Fund:		
Serial Bonds	6,225,000	6,945,000
NJEIT Loan Payable:		
Trust Loan	230,000	250,000
Fund Loan	135,149	156,055
Bond Anticipation Notes	1,640,000	1,404,000
Improvement Authorizations:		
Funded	141,742	157,206
Unfunded	541,396	473,041
Reserves for:		
Amortization	35,644,877	35,374,589
Deferred Amortization	1,800,069	1,294,251
Encumbrances	122,622	125,313
Debt Service	11,097	15,735
Capital Improvement Fund	216,407	216,607
Down Payment on Improvements	13,600	13,600
Fund Balance	997	127,997
Total Capital Fund	46,722,956	46,553,394
Total Liabilities, Reserves & Fund Balance	\$ 49,125,652	\$ 48,652,683

Bonds and Notes authorized but not issued as of December 31, 2024 was \$665,766 and as of December 31, 2023 was \$618,166

EXHIBIT D-1

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENT OF OPERATIONS AND CHANGE
IN OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$ 493,691	\$ 556,293
Consumer Accounts Receivable	7,270,590	7,008,316
Interest on Delinquents	28,026	29,844
Miscellaneous	283,106	103,895
Miscellaneous Revenue Not Anticipated	76,524	48,090
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	97,949	187,709
Cancellation of Accounts Payable	2,307	7,623
Cancellation of Unexpended Appropriations	10,577	
	<u>8,262,770</u>	<u>7,941,770</u>
Total Income		
Expenditures:		
Operating	5,389,661	5,225,610
Capital Improvement Fund	15,000	15,000
Debt Service	1,079,161	1,012,874
Deferred Charges & Statutory Expenditures	1,070,869	1,127,793
Accrued Interest Adjustment	-	12,175
	<u>7,554,691</u>	<u>7,393,452</u>
Total Expenditures		
Excess/(Deficit) in Revenue	<u>708,079</u>	<u>548,318</u>
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	17,350
	<u>708,079</u>	<u>565,668</u>
Subtotal		
Fund Balance January 1	801,441	792,066
Less: Balance Appropriated	<u>493,691</u>	<u>556,293</u>
Fund Balance December 31	<u>\$ 1,015,829</u>	<u>\$ 801,441</u>

EXHIBIT D-2

**STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Balance December 31, 2023	\$ 127,997
Decreased by:	
Appropriation to 2024 Budget	<u>127,000</u>
Balance December 31, 2024	<u>\$ 997</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 493,691	\$ 493,691	\$ -
Rents	6,800,000	7,270,590	470,590
Interest on Water & Sewer Charges	29,000	28,026	(974)
Miscellaneous	90,000	141,106	51,106
Capital Fund Surplus	127,000	127,000	-
Reserve to Pay Debt Service	15,000	15,000	-
Miscellaneous Revenue Not Anticipated	-	76,524	76,524
Total	\$ 7,554,691	\$ 8,151,937	\$ 597,246

Miscellaneous

Meter Tap	\$ 30,100
Meter Repairs	200
Meter Sales	54,875
Turn On/Off	2,482
Reading and Testing	9,731
Return Check Charge	260
Connection Fees	7,940
Road Openings	23,100
Leak Check	768
Demolitions/Call Outs	11,650

\$ 141,106

Miscellaneous not Anticipated

Cost of Tax Sale	\$ 8,238
Interest on Investments	68,286

\$ 76,524

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELED
Operating:						
Salaries and Wages	\$ 460,293	\$ 460,293	\$ 434,905	\$ -	\$ 25,388	\$ -
Other Expenses	1,224,957	1,224,957	1,012,285	205,961	6,711	-
Ocean County Utilities Authority	2,387,600	2,387,600	2,387,600	-	-	-
Public Works:						
Salaries and Wages	1,041,211	1,041,211	958,586	-	82,625	-
Other Expenses	275,600	275,600	236,820	31,053	7,727	-
Debt Service:						
Payment of Bond Principal	720,000	720,000	720,000	-	-	-
Interest on Bonds	250,000	248,960	248,960	-	-	-
Interest on Notes	57,391	60,067	49,490	-	-	10,577
NJEIT Loan	50,500	50,134	50,134	-	-	-
Deferred Charges						
Emergency Authorizations	17,350	17,350	17,350	-	-	-
Capital Improvements:						
Capital Improvement Fund	15,000	15,000	15,000	-	-	-
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	255,950	255,950	255,950	-	-	-
Social Security System (O.A.S.I)	108,675	108,675	99,633	-	9,042	-
Unemployment Compensation Insurance	15,000	15,000	15,000	-	-	-
Group Health Insurance	300,000	298,730	240,538	3,943	54,249	-
Liability and Workers Compensation	375,164	375,164	375,164	-	-	-
Total Expenditures	<u>\$ 7,554,691</u>	<u>\$ 7,554,691</u>	<u>\$ 7,117,415</u>	<u>\$ 240,957</u>	<u>\$ 185,742</u>	<u>\$ 10,577</u>
Adopted Budget		<u>\$ 7,554,691</u>				
Cash Disbursements			\$ 6,780,831			
Interfund - Utility Capital			15,000			
Emergency Authorization			17,350			
Accrued Interest			304,234			
Total			<u>\$ 7,117,415</u>			

**BOROUGH OF POINT PLEASANT
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF GENERAL FIXED ASSETS
DECEMBER 31, 2024 AND 2023**

ASSETS	<u>2024</u>	<u>2023</u>
Land & Improvements	\$ 23,333,000	\$ 23,333,000
Buildings	5,780,100	5,780,100
Equipment & Machinery	4,871,166	4,707,276
Vehicles	<u>8,657,018</u>	<u>8,413,633</u>
Total	<u>\$ 42,641,284</u>	<u>\$ 42,234,009</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 42,641,284</u>	<u>\$ 42,234,009</u>

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

**BOROUGH OF POINT PLEASANT
PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	<u>2024</u>	<u>2023</u>
Cash - Treasurer	\$ 160,737	\$ 257,252
Total	<u>\$ 160,737</u>	<u>\$ 257,252</u>
LIABILITIES		
Payroll Taxes Payable	\$ 109,110	\$ 205,624
Payroll Reserve	<u>51,627</u>	<u>51,628</u>
Total	<u>\$ 160,737</u>	<u>\$ 257,252</u>

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

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**BOROUGH OF POINT PLEASANT
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 Point Pleasant, County of Ocean, New Jersey (hereafter referred to as the "Borough") is governed by the Mayor-Council Plan, a form of government under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the Business Administrator. Department Heads are appointed by the Mayor, with the consent of the Council. The six (6) member Borough Council exercises legislative responsibilities.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, 80, 90, and 97, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, 90, and 97.

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

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

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

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

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

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

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1. Summary of Significant Accounting Policies (continued)

Payroll Fund – This fund accounts for the payroll activity of all the funds and the disbursements of payroll with holdings to various cognizant agencies.

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

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

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1. Summary of Significant Accounting Policies (continued)

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

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

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America.

In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$1,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

Water/Sewer Utility Fixed Assets – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1. Summary of Significant Accounting Policies (continued)

foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally 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.

Fund Balance – Fund Balance included in the Current Water/Sewer Utility Operating Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

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

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

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

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Point Pleasant School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district January 1st to December 31st.

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1. Summary of Significant Accounting Policies (continued)

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

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed 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 cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

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

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements (Statements) to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Adopted in Current Year

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. Management has determined that the implementation of this Statement did not have a significant impact on the Borough's financial statements.
- Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Implementation of this Statement resulted in additional footnote disclosures on the Borough's financial statements. See Note 16 for further detail.

Accounting Pronouncements Effective in Future Reporting Periods

- Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.
- Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Management has not yet determined the potential impact these Statements will have on the Borough's financial statements.

Note 2. Deposits and Investments

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

Deposits

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued)

As of December 31, 2024, the Borough's bank balance of \$27,890,981 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 24,954,473
Uninsured and Uncollateralized	<u>2,936,508</u>
	<u><u>\$ 27,890,981</u></u>

Investments

Under the regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Investments at Fair Value – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2024, the Borough had no investments held at Level 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value.

Money Market Funds: Valued at the quoted NAV of shares held by the Borough at year-end.

Mutual Funds: Valued at quoted market prices which represent the net asset value ("NAV") shares held by the Borough at year-end.

The Borough's fair value, hierarchy level and maturities of its investments at December 31, 2024 was as followed:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued)

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2024</u>		<u>Investment Maturities (in Years) Less Than 1 Year</u>
		<u>Level 1</u>	<u>Total</u>	
Money Markets	\$ 79,751	\$ 79,751	\$ 79,751	\$ 79,751
Mutual Funds	889,889	889,889	889,889	889,889
	<u>\$ 969,640</u>	<u>\$ 969,640</u>	<u>\$ 969,640</u>	<u>\$ 969,640</u>
 <u>Fund</u>				
Trust Fund - LOSAP (Fair Value)	\$ 969,640	\$ 969,640	\$ 969,640	\$ 969,640
	<u>\$ 969,640</u>	<u>\$ 969,640</u>	<u>\$ 969,640</u>	<u>\$ 969,640</u>

Investments at Contract Value - The Borough held a fully benefit-responsive investment contract with the Corebridge Financial totaling \$483,891 as of December 31, 2024. Corebridge maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Borough is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Borough's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Corebridge or the LOSAP Plan and do not define a maturity date.

No events are probable of occurring that might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. The total Trust Fund LOSAP value held by the Borough at December 31, 2024 was as follows:

	<u>12/31/2024</u>
Trust Fund - LOSAP (Fair Value)	\$ 969,640
Trust Fund - LOSAP (Contract Value)	<u>483,891</u>
	<u>\$ 1,453,531</u>

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued)

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Borough’s investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough’s investments are in _money markets, fixed account investments, and mutual funds. These investments represent 100% of the Borough’s total investments.

Note 3. Property Taxes

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

Comparison Schedule of Tax Rates

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax Rate	<u>\$ 2.287</u>	<u>\$ 2.186</u>	<u>\$ 2.141</u>
Apportionment of Tax Rate:			
Municipal	0.490	0.481	0.468
Municipal Open Space	0.002	0.002	0.002
County General	0.517	0.489	0.462
Local School	1.278	1.214	1.209

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2024	\$ 3,391,867,700
2023	3,370,442,100
2022	3,344,789,200

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 3. Property Taxes (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2024	\$ 77,840,108	\$ 77,272,756	99.27%
2023	74,091,183	73,498,885	99.20%
2022	72,069,475	71,476,158	99.17%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2024	\$ -	\$ 507,396	\$ 507,396	0.65%
2023	-	546,392	546,392	0.74%
2022	-	516,203	516,203	0.72%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2024	0
2023	0
2022	1

The last tax sale was held on June 10th, 2024.

Note: 4: Property Acquired By Tax Title Lien Liquidation

The Borough had \$488,900 of properties acquired by liquidation of tax title liens as of December 31, 2024 and 2023.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 5: Water/Sewer Utility Service Charges

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

<u>Beginning Balance</u>	<u>Rents</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
\$ 765,929	\$ 7,326,859	\$ 8,092,788	\$ 7,275,383	89.89%
784,685	7,067,777	7,852,462	7,086,533	90.24%
743,807	6,929,424	7,673,231	6,888,546	89.77%

Note 6. Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2024	\$ 4,707,405	\$ 3,375,000	71.70%
2023	4,550,751	2,620,000	57.57%
2022	4,844,864	3,050,000	62.95%
Water/Sewer Utility Operating Fund:			
2024	\$ 1,015,829	\$ 632,099	62.22%
2023	801,441	493,691	61.60%
2022	792,066	556,293	70.23%

Note 7. Disaggregated Receivable and Payable Balances

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

Note 8. Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,001	\$ -
Trust Other Fund	-	1,001
	<u>\$ 1,001</u>	<u>\$ 1,001</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Interfund Receivables and Payables (continued)

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

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 590,056	\$ 1,001
Trust Other Fund	1,001	56
General Capital Fund	-	590,000
Water Sewer Operating	127,000	-
Water Sewer Capital	-	127,000
	<u>\$ 718,057</u>	<u>\$ 718,057</u>

Transfer could be used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earnings), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable bases (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 9. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2024.

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2024</u>
General Fixed Asset Account Group:				
Land & Improvements	\$ 23,333,000	\$ -	\$ -	\$ 23,333,000
Buildings	5,780,100	-	-	5,780,100
Equipment & Machinery	4,707,276	300,997	137,107	4,871,166
Vehicles	8,413,633	417,385	174,000	8,657,018
	<u>\$ 42,234,009</u>	<u>\$ 718,382</u>	<u>\$ 311,107</u>	<u>\$ 42,641,284</u>

Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the Public Employees' Retirement System (PERS) for the year ended June 30, 2024. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2023.

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

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

The following represents the membership tiers for PERS:

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

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

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2023, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the Borough's contractually required contribution to PERS plan was \$860,452.

Components of Net Pension Liability - At December 31, 2023, the Borough's proportionate share of the PERS net pension liability was \$9,324,994. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Borough's proportion measured as of June 30, 2023, was 0.0643796821% which was an increase of 0.0009322173% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/30/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 437,688	\$ 937,152
Deferred Inflows of Resources	783,837	1,735,110
Net Pension Liability	9,324,994	9,575,096
 Borough's portion of the Plan's total Net Pension Liability	 0.06438%	 0.06345%

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources - At December 31, 2023, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2023 measurement date is \$173,112. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$860,452 to the plan in 2023.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 89,159	\$ 38,118
Changes of Assumptions	20,485	565,135
Net Difference between Projected and Actual Earnings on Pension Plan Investments	42,943	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>285,101</u>	<u>180,584</u>
	<u>\$ 437,688</u>	<u>\$ 783,837</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (471,422)
2025	(253,894)
2026	404,913
2027	(47,820)
2028	<u>22,074</u>
	<u>\$ (346,149)</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. At December 31, 2023, the State's proportionate share of the PERS expense, associated with the Borough, calculated by the plan as of the June 30, 2023 measurement date was \$29,081.

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

Inflation:

Price	2.75%
Wage	3.25%

Salary Increases:

2.75 - 6.55%
Based on Years of Service

Investment Rate of Return	7.00%
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**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

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.

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

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

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 12,241,501</u>	<u>\$ 9,324,994</u>	<u>\$ 6,988,192</u>

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

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for the PFRS pension obligations for the year ended June 30, 2024. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2023.

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

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

The following represents the membership tiers for PFRS:

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

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2023, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the Borough's contractually required contributions to the PFRS plan was \$1,542,078.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

Net Pension Liability and Pension Expense - At December 31, 2023 the Borough's proportionate share of the PFRS net pension liability was \$12,799,032. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Borough's proportion measured as of June 30, 2023, was 0.1158411%, which was an increase of .00563731% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 2,078,675	\$ 2,260,839
Deferred Inflows of Resources	1,837,069	2,855,073
Net Pension Liability	12,799,032	12,614,318
Borough's portion of the Plan's total net pension Liability	0.11584%	0.11020%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources – At December 31, 2023, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2023 measurement date was \$891,127. This expense/(credit) is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$1,542,078 to the plan in 2023.

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 548,029	\$ 610,400
Changes of Assumptions	27,625	864,241
Net Difference between Projected and Actual Earnings on Pension Plan Investments	651,830	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>851,191</u>	<u>362,428</u>
	<u><u>\$ 2,078,675</u></u>	<u><u>\$ 1,837,069</u></u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (400,341)
2025	(380,256)
2026	866,821
2027	31,607
2028	121,362
Thereafter	<u>2,413</u>
	<u><u>\$ 241,606</u></u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Borough is \$2,358,370 as of December 31, 2023. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2023 was 0.11584122%, which was an increase of 0.00563743% from its proportion measured as of June 30, 2022, which is the same proportion as the Borough's. At December 31, 2023, the Borough's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 12,799,032
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>2,358,370</u>
	<u>\$ 15,157,402</u>

At December 31, 2023, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2023 measurement date was \$268,260.

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All future years
	3.25 - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 17,833,210	\$ 12,799,032	\$ 8,606,765
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>3,285,977</u>	<u>2,358,370</u>	<u>1,585,896</u>
	<u>\$ 21,119,187</u>	<u>\$ 15,157,402</u>	<u>\$ 10,192,661</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 10. Pension Obligations (continued):

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

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

Note 11. Postemployment Benefits Other Than Pensions

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the year ended June 30, 2024. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2023.

A. State Plan

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) 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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

A. State Plan (continued):

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.

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,461,898,890 and \$11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers 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. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

A. State Plan (continued):

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Borough is \$1,063,301 as of December 31, 2023. The OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The State's proportion of the OPEB liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2023 was 0.0304749956%, which was a decrease of 0.0121039931% from its proportion measured as of June 30, 2022, which is the same proportion as the Borough's. At December 31, 2023, the Borough's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's		
Proportionate Share of OPEB Liability		
Associated with the Borough	\$	1,063,301

At December 31, 2023, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the plan as of the June 30, 2023 measurement date was (\$192,797).

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

A. State Plan (continued):

Net OPEB Liability

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

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years

Mortality:

PERS

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

PERS

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.

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2023 was \$20,398,539. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2023, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.1359309988%, which was an increase of 0.0201709971% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$291,424 for the State's proportionate share of the OPEB (benefit) expense attributable to the Borough. This OPEB (benefit) expense was based on the OPEB plans June 30, 2023 measurement date.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

A. State Plan (continued):

Actuarial assumptions used in the July 1, 2022 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

Health Care Trend Assumptions

For Pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 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.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 23,628,010	\$ 20,398,539	\$ 17,800,928
State of New Jersey's Total Nonemployer OPEB Liability	17,382,355,978	15,006,539,477	13,095,561,553

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

A. State Plan (continued):

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

The following presents the net OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Borough	\$ 17,336,358	\$ 20,398,539	\$ 24,319,067
State of New Jersey's Total Nonemployer OPEB Liability	12,753,792,805	15,006,539,477	17,890,743,651

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2023:

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

	12/31/2023	12/31/2022
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Collective Deferred Outflows of Resources	\$ 2,635,934,069	\$ 2,989,212,825
Collective Deferred Inflows of Resources	8,319,630,129	8,500,742,616
Collective Net OPEB Liability	15,006,539,477	16,149,595,478
Borough's Portion	0.135931%	0.115760%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

A. State Plan (continued):

Year Ending June 30:	
2024	\$ (1,702,483,126)
2025	(1,394,440,795)
2026	(754,368,466)
2027	(353,621,247)
2028	(713,799,887)
Thereafter	<u>(764,982,539)</u>
	<u><u>\$ (5,683,696,060)</u></u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

Service Cost	\$ 597,135,801
Interest on the Total OPEB Liability	581,375,849
Change of Benefit Terms	23,039,435
Differences Between Expected and Actual Experience	(2,123,324,630)
Changes of Assumptions	255,103,873
Contributions From the Employer	(431,386,179)
Contributions From Non-Employer Contributing Entity	(55,614,980)
Net Investment Income	(2,001,914)
Administrative Expense	<u>12,616,744</u>
Net Change in Total OPEB Liability	(1,143,056,001)
Total OPEB Liability (Beginning)	<u>16,149,595,478</u>
Total OPEB Liability (Ending)	<u><u>\$ 15,006,539,477</u></u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan

General Information about the OPEB Plan

The financial statements of the Borough are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement and has been implemented prospectively.

Employees who retire from the Borough may be eligible for pre-65 and post-65 postemployment medical, pharmacy, and dental benefits. Medical, including prescription drugs, are fully insured through the New Jersey State Health Benefits Program for Local Government Employer Groups. Individuals participate in a variety of different PPO and HMO type plans. Dental benefits are also fully insured through Horizon Blue Cross/Blue Shield of New Jersey.

Base plan costs are based on premium rates for the New Jersey State Health Benefits Program for Local Government Employer Groups. Fully insured premium rates effective January 1, 2024 and January 1, 2025 for pre-65 and post-65 retirees are outlined in the valuation report. These premium rates are based on 100% before retiree contributions and assumed to include all administrative expenses and required PPACA fees due at this time.

Sensitivity Analysis

The valuation report includes a sensitivity analysis as of fiscal year-end December 31, 2024 based on varying the discount interest rate and the healthcare cost inflation rate (trend) for GASB 74/75. We illustrate two scenarios for each variable of discount rate and trend rate as prescribed under GASB 74/75.

The discount rate used was 4.22%, which is based on an end of year measurement date of 12/31/24 and is consistent with the prescribed discount rate methodology under GASB 74/75. The prior valuation discount rate was 4.18%. Details of the discount rate assumptions are described below:

Section D: Discount (Interest) Rate Sensitivity as of Year End December 31, 2024

	Current Valuation Discount Rate <u>4.22%</u>	Discount Rate Less 1% <u>3.22%</u>	Discount Rate Plus 1% <u>5.22%</u>
1 Total OPEB Liability as of Year End December 31, 2024			
a. OPEB Liability	\$ 16,559,200	\$ 19,278,209	\$ 14,408,904
b. Ratio to Current Valuation Assumptions	n/a	116.42%	87.01%
2 Plan Fiduciary Net Position as of Year End December 31, 2024			
a. Plan Fiduciary Net Position	\$ -	\$ -	\$ -
b. Ratio to Current Valuation Assumptions	n/a	n/a	n/a
3 Net OPEB Liability as of Year End December 31, 2024			
a. OPEB Liability: (1a) - (2a)	\$ 16,559,200	\$ 19,278,209	\$ 14,408,904
b. Ratio to Current Valuation Assumptions	n/a	116.42%	87.01%

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan (continued)

Section E: Healthcare Cost Inflation (Trend) Rate Sensitivity as of Year End December 31, 2024

	Current Valuation Discount Rate	Trend Rate Less 1%	Trend Rate Plus 1%
1 OPEB Liability as of Year End December 31, 2024			
a. OPEB Liability	\$ 16,559,200	\$ 14,234,073	\$ 19,548,068
b. Ratio to Current Valuation Assumptions	n/a	85.96%	118.05%
2 Plan Fiduciary Net Position as of Year End December 31, 2024			
a. Plan Fiduciary Net Position	\$ -	\$ -	\$ -
b. Ratio to Current Valuation Assumptions	n/a	n/a	n/a
3 Net OPEB Liability as of Year End December 31, 2024			
a. OPEB Liability: (1a) - (2a)	\$ 16,559,200	\$ 14,234,073	\$ 19,548,068
b. Ratio to Current Valuation Assumptions	n/a	85.96%	118.05%

Overview of Deferred Inflows and Deferred Outflows

Fiscal year January 1, 2024 to December 31, 2024 is the fourth year under GASB 75 reporting for the Borough. As such, deferred inflows and outflows are calculated along with the amortization of those inflows/outflows and are illustrated below:

Section H: Breakdown of Deferred Inflows & Outflows for All Years as of Year End December 31, 2024

Amortized Item	Initial Year	Amortization Period	Initial Balance	Beginning of Year Unamortized Balance	Amortization Amount for FY End 12/31/24	End of Year Unamortized Balance
Deferred Outflows						
1 Change in Assumptions - FY End 12/31/19 Note 1		n/a	\$ -	\$ -	\$ -	\$ -
Deferred Outflows						
2 Change in Assumptions - FY End 12/31/20 Note 2		n/a	\$ -	\$ -	\$ -	\$ -
Deferred Outflows						
3 Change in Assumptions - FY End 12/31/21 Note 3		9.320	\$ 5,050,889	\$ 3,967,007	\$ 1,083,882	\$ 2,883,125
Deferred Inflows						
4 Change in Assumptions - FY End 12/31/22 Note 4		9.320	\$ (3,654,797)	\$ (3,262,651)	\$ (784,292)	\$ (2,478,359)
Deferred Outflows						
5 Change in Assumptions - FY End 12/31/23 Note 5		n/a	\$ -	\$ -	\$ -	\$ -
Deferred Outflows						
6 Change in Assumptions - FY End 12/31/24 Note 6		8.760	\$ 6,706,261	\$ 6,706,261	\$ 765,555	\$ 5,940,706
7 Totals			\$ 8,102,353	\$ 7,410,617	\$ 1,065,145	\$ 6,345,472
8 Subsequent Benefit Payments - Illustrated as Projected for Period January 1, 2025 to December 31, 2025						\$ 762,147

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan (continued)

Note 1	No deferred inflows or outflows of resources were reported for FY 1/1/19 to 12/31/19.
Note 2	No deferred inflows or outflows of resources were reported for FY 1/1/20 to 12/31/20.
Note 3	Change in assumptions deferred outflows (actuarial loss) as reported in FY 1/1/21 to 12/31/21 valuation report, driven by increases in cost and trend assumptions plus a change in discount rate assumption from 3.50% to 2.05%. Includes an additional year of amortization expense for fiscal year 2023 that was not recognized to make current with 12/31/24 balance.
Note 4	Change in assumptions deferred inflows (actuarial gain) as reported in FY 1/1/22 to 12/31/22 roll forward report, driven by a change in discount rate assumption from 2.05% to 4.18%. Includes an additional year of amortization expense for fiscal year 2023 that was not recognized to make current with 12/31/24 balance.
Note 5	No deferred inflows or outflows of resources were reported for FY 1/1/23 to 12/31/23. Valuation was not completed for the 2023 fiscal year. See notes 3 and 4 above for additional recognized amortization expense.
Note 6	Change in assumptions deferred outflows (actuarial loss) as reported in FY 1/1/24 to 12/31/24 valuation report, driven by increases in cost and trend assumptions.

Total deferred outflows for the 2024 measurement period of \$6.706 million reflects an increase in the total OPEB liability as of January 1, 2025, from the prior implemented liability through yearend December 31, 2023, and is primarily driven by increases in cost and trend assumptions.

For yearend reporting, the deferred outflows (actuarial loss) of \$6.706 million for the 2024 measurement period has projected amortization expense of \$0.765 million during the 2024 fiscal year and a deferred outflow balance of \$5.941 million as of yearend December 31, 2024. Please see the chart below for the Summary of Deferred Inflows & Outflows for the 2024 Plan Year:

Section F. Summary of Deferred Inflows & Outflows for 2024 Plan Year Valuation Only

	Deferred Outflows		Deferred Inflows
1 Difference Between Actual and Expected Experience (Page 2, Line 2d)	\$ -	\$	-
2 Net Difference Between Expected and Actual Earnings on OPEB Investments (Page 2, Line 2d)	\$ -	\$	-
3 Impact due to Changes in Assumptions (Page 2, Line 2e)	\$ 6,706,261	\$	-
4 Total for 2024 Plan Year Valuation: (1) + (2) + (3)	\$ 6,706,261	\$	-

Note: The deferred outflow (actuarial loss) of \$6.706 million in line 3 above is driven by reductions in cost and trend assumptions, plus a change in discount rate assumption from 3.88% to 4.22%.

Section G. Amortization of Deferred Inflows & Outflows for 2024 Plan Year Valuation Only

1 Amortization of Difference Between Actual and Expected Experience			
a. Difference Between Actual and Expected Experience: (Section F, Line 1)	\$ -		
b. Amortization Period in Years: Average Expected Future Working Lifetime		8.760	Years
c. Annual Amortization Payment for Current Period: (1a) / (1b)	\$ -		
d. Remaining 2024 Balance as of the end of the Fiscal Year: (1a) - (1c)	\$ -		
2 Amortization of Net Difference Between Expected and Actual Earnings on OPEB Investments			
a. Difference Between Actual and Expected Experience: (Section F, Line 2)	\$ -		
b. Amortization Period in Years (Five Years)		5.000	Years
c. Annual Amortization Payment: (2a) / (2b)	\$ -		
d. Remaining 2024 Balance as of the end of the Fiscal Year: (2a) - (2c)	\$ -		

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan (continued)

3 Amortization of Impact due to Changes in Assumptions

a. Impact due to Changes in Assumptions: (Section F, Line 3)	\$	6,706,261
b. Amortization Period in Years: Average Expected Future Working Lifetime		8.760 Years
c. Annual Amortization Payment: (3a) / (3b)	\$	765,555
d. Remaining 2024 Balance as of the end of the Fiscal Year: (3a) - (3c)	\$	5,940,706

An amortization schedule that includes the current year and prior years amortization amounts is included above. Also included above are initial and remaining balances of all current and prior amortization amounts reflecting a total recognized amortization expense of \$1.065 million for fiscal year 1/1/24 to 12/31/24 and total yearend December 31, 2024, remaining unamortized balance of \$6.345 million (net deferred inflow balance). The chart below includes a projection schedule of the recognized amortization expense and unamortized balances by fiscal year end:

Fiscal Year Ending December 31,	Consolidated Deferred Inflows/Outflows of Resources		
	Beginning of Year Unamortized Balance	Recognition of OPEB Amortization Expense	End of Year Unamortized Balance
2024	\$ 7,260,822	\$ 915,350	\$ 6,345,472
2025	\$ 6,345,472	\$ 915,350	\$ 5,430,122
2026	\$ 5,430,122	\$ 915,350	\$ 4,514,772
2027	\$ 4,514,772	\$ 915,350	\$ 3,599,422
2028	\$ 3,599,422	\$ 915,350	\$ 2,684,072
2029	\$ 2,684,072	\$ 915,350	\$ 1,768,722
2030	\$ 1,768,722	\$ 546,829	\$ 1,221,893
2031	\$ 1,221,893	\$ 640,072	\$ 581,821
2032	\$ 581,821	\$ 581,821	\$ -

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan (continued)

Demographic Information

The valuation report illustrates additional information pertaining to the underlying census information including age and sex analysis for active and retired employees along with summaries of the active population by age and years of service. Census analysis is illustrated separately for actives and retirees. As part of the report, we also included a comparison of census demographic information to the prior valuation report of January 1, 2021. Please see below for additional information:

Some highlights of census demographic information as of the January 1, 2022 valuation date are as follows:

- For retirees, the overall average age is 66.3 years, which reflects an average age of 58.6 for pre-65 retirees and 73.9 for post-65 retirees.
- For actives, the average age is 44.8 years and average years of service of 12.3.
- Of the active population, 7% of the population (5 employees) is eligible to retire.
- 28.2% actives and 32.4% retirees valued were female.
- 39.4% actives and 41.2% retirees elect single coverage.

Assumptions & Definitions

As part of this report, we included supporting documentation such as a summary of assumptions and key definitions. This includes assumptions for health care costs, contribution rates, healthcare inflation, decrement tables (e.g., probability of death, turnover, disability, and retirement) and other provisions.

The GASB 74/75 results are based on the assumptions and cost methods as prescribed under GASB 74/75 (e.g., discount rate, aging requirements, actuarial cost method under Entry Age Normal, etc.)

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The valuation is based on the decrement tables from the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables are based on the July 1, 2020 Annual Report of the Actuary for both PERS and PFRS.

Healthcare Reform

The Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 (Healthcare Reform) includes several fees and/or taxes levied on employer groups either directly (e.g., self-funded employer groups which calculates and pays the fees directly) or indirectly (e.g., fully insured groups in which the health insurer pays and passes on to the group in their premium rates). Fees associated with PPACA are reflected as appropriate in the valuation.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan (continued)

COVID-19 Pandemic

There have been no special adjustments or considerations made to valuation results due to the COVID-19 pandemic. Since the Borough is not funding this benefit in a separate OPEB trust, no special considerations were made for the impact on assets. Similarly, no special adjustments were made to the OPEB liability calculations. The impact of COVID-19 will be reviewed in future years including the potential impact on selected assumptions (e.g., mortality, morbidity, etc.).

Section A: Reported OPEB Liability as of Year End December 31, 2024

1 Discount Rate	4.22%
2 Present Value of Future Benefits as of Year End December 31, 2024	\$ 19,971,821
3 Total OPEB Liability as of Year End December 31, 2024	\$ 16,559,200
4 Plan Fiduciary Net Position as of Year End December 31, 2024	\$ -
5 Net OPEB Liability as of Year End December 31, 2024: (3) - (4)	\$ 16,559,200
6 Plan Fiduciary Net Position as a Percentage of OPEB Liability: (4) / (3)	0.00%
7 Total Annual Salary (Compensation) based on Valuation Census Information	\$ 6,978,721
8 Net OPEB Liability as a Percentage of Annual Salary: (5) / (7)	237.28%
9 Total Employee Census Counts for Valuation	
a. Active Employees	71
b. Retirees	34
c. Subtotal: (9a) + (9b)	105

Section B: Projected Expense Calculation as of Year End December 31, 2024

1 Service Cost with Interest to Year End - Period January 1, 2024 to December 31, 2024	\$ 295,672
2 Interest Cost - Period January 1, 2024 to December 31, 2024	
a. Discount Rate	4.22%
b. Total OPEB Liability as of January 1, 2024	\$ 9,823,483
c. Actual Benefit Payments - Illustrated as Project for Period January 1, 2024 to December 31, 2024	\$ 666,700
d. Interest Cost: (2a) x [(2b) - (2c) / 2]	\$ 400,484
3 Investment Return - Illustrated as Expected for Period January 1, 2024 to December 31, 2024 (Illustrated results based on expected return)	\$ -
4 Employee Contributions - Period January 1, 2024 to December 31, 2024 (Amount is illustrated as zero since employer contributions are illustrated net of employee contributions)	\$ -
5 Administrative Expenses	\$ -
6 Plan Changes	\$ -
7 Amortization of Unrecognized Amounts	
a. Liability (Gain)/Loss (Page 5, Section H, Line 7)	\$ 1,065,145
b. Asset (Gain)/Loss	\$ -
c. Net (Gain)/Loss: (7a) + (7b)	\$ 1,065,145
8 Total Expense - Period January 1, 2024 to December 31, 2024 (1) + (2d) + (3) + (4) + (5) + (6) + (7c)	\$ 1,761,301

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan (continued)

Section C: Reconciliation of Net OPEB Liability as of Year End December 31, 2024

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
1 Balance Recognized as of Beginning of Year (End of Prior Year)	\$ 9,823,483	\$ -	\$ 9,823,483
2 Changes Recognized for Fiscal Year			
a. Service Cost: Section B, Line 1	\$ 295,672	\$ -	\$ 295,672
b. Interest on Total OPEB Liability: Section B, Line 2d	\$ 400,484	\$ -	\$ 400,484
c. Change in Benefit Terms: Section B, Line 6	\$ -	\$ -	\$ -
d. Change in Expected to Actual	\$ -	\$ -	\$ -
e. Changes in Assumptions	\$ 6,706,261	\$ -	\$ 6,706,261
f. Benefit Payments: Section B, Line 2c	\$ (666,700)	\$ (666,700)	\$ -
g. Contributions from Employer	\$ -	\$ 666,700	\$ (666,700)
h. Contributions from Employees	\$ -	\$ -	\$ -
i. Net Investment Income: Section B, Line 3	\$ -	\$ -	\$ -
j. Administrative Expenses: Section B, Line 5	\$ -	\$ -	\$ -
k. Net Changes: (a) + ... + (j)	\$ 6,735,717	\$ -	\$ 6,735,717
3 Balance Recognized as of End Year - December 31, 2024 (1) + (2k)	\$ 16,559,200	\$ -	\$ 16,559,200

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 18,419,543	\$ 18,700,688	\$ 17,921,710
Utility:			
Bonds, Notes and Loans	8,230,149	8,755,055	8,081,961
	<hr/>	<hr/>	<hr/>
Total Debt Issued	26,649,692	27,455,743	26,003,671
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	4,446,439	3,329,739	3,240,979
Utility:			
Bonds, Notes and Loans	665,766	618,166	1,785,266
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	5,112,205	3,947,905	5,026,245
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u><u>\$ 31,761,897</u></u>	<u><u>\$ 31,403,648</u></u>	<u><u>\$ 31,029,916</u></u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	38,749	55,833	83,228
Water/Sewer Utility:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	-	-	6,669
Self Liquidating Debt	8,895,915	9,373,221	9,860,558
	<hr/>	<hr/>	<hr/>
Total Deductions	8,934,664	9,429,054	9,950,455
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u><u>\$ 22,827,233</u></u>	<u><u>\$ 21,974,594</u></u>	<u><u>\$ 21,079,461</u></u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>		<u>Deductions</u>		<u>Net Debt</u>
Local School Debt	\$ 8,520,000	\$	8,520,000	\$	-
General Debt	22,865,982		38,749		22,827,233
Utility Debt	8,895,915		8,895,915		-
	<u>\$ 40,281,897</u>	\$	<u>17,454,664</u>	\$	<u>22,827,233</u>

Net Debt \$22,827,233 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$5,130,276,658, equals 0.445. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2024 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 179,559,683
Net Debt	<u>22,827,233</u>
Remaining Borrowing Power	<u>\$ 156,732,450</u>

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

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 7,658,246
Deductions:	
Operating and Maintenance Costs	\$ 5,389,661
Debt Service	<u>1,079,161</u>
Total Deductions	<u>6,468,822</u>
Excess/(Deficit) in Revenue	<u>\$ 1,189,424</u>

*If Excess in Revenues all Utility Debt is Deducted

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

General Debt

A. Serial Bonds Payable

In November 2015, the Borough issued \$7,300,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2025.

In July 2019, the Borough issued \$5,395,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.5 % to 5.00 % and mature in 2031.

In March 2022, the Borough issued \$7,360,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2032.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,630,000	\$ 425,409	\$ 3,055,409
2026	1,505,000	341,125	1,846,125
2027	1,505,000	274,125	1,779,125
2028	1,480,000	213,825	1,693,825
2029	1,480,000	154,625	1,634,625
2030-2032	3,780,000	161,350	3,941,350
	<u>\$ 12,380,000</u>	<u>\$ 1,570,459</u>	<u>\$ 13,950,459</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2024.

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2024</u>
Various Capital Improvements	8/31/24	8/31/25	4.000%	\$ 527,000
Various Capital Improvements	8/31/24	8/31/25	4.000%	178,030
Acquisition of an Ambulance	8/31/24	8/30/24	4.000%	213,100
Various Capital Improvements	8/31/24	8/30/24	4.000%	1,692,300
Various Capital Improvements	8/31/24	3/15/22	4.000%	1,689,500
Various Capital Improvements	8/31/24	3/15/22	4.000%	1,700,070
				<u>\$ 6,000,000</u>

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2024, the Borough had \$4,446,439 in various General Capital bonds and notes authorized but not issued.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

General Debt

D. Loans Payable

Green Acres Loan

In 2000 & 2010 the Borough finalized two loan agreements.

The first loan was in 2000, of \$148,836 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for the restoration of River and Maxxon Avenue Beach Development.

The second loan was in 2010, of \$113,000 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for the restoration of Riverfront Park.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,267	760	\$ 7,027
2026	6,393	634	7,027
2027	6,521	505	7,026
2028	6,653	374	7,027
2029	6,786	240	7,026
2030	6,923	104	7,027
	<u>\$ 39,543</u>	<u>\$ 2,617</u>	<u>\$ 42,160</u>

Water/Sewer Utility Debt

A. Serial Bonds Payable

In July 2010, the Borough issued \$4,980,000 of General Obligation Bonds. The General Obligation Bonds were issued at an interest rate of 4.00 % and mature in 2029.

In November 2015, the Borough issued \$1,360,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2025.

In July 2019, the Borough issued \$4,340,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 5.00 % and mature in 2031.

In March 2022, the Borough issued \$1,000,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2032.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 820,000	\$ 30,175	\$ 850,175
2026	870,000	39,150	909,150
2027	920,000	36,800	956,800
2028	945,000	37,800	982,800
2029	940,000	37,600	977,600
2030-2031	1,730,000	42,300	1,772,300
	\$ 6,225,000	\$ 223,825	\$ 6,448,825

B. Loans Payable

New Jersey Environmental Infrastructure Trust

In 2014 the Borough finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the New Jersey Environmental Infrastructure Trust Financing Program.

The loan consists of two agreements, a Trust Loan Agreement for \$405,000 to be repaid over a 19-year period at interest rates ranging from 3.00%-5.00% and a no interest Fund Loan Agreement of \$411,161 to be repaid over a 19-year period. The proceeds of the loans are to provide for replacement of the Borough's pumping station.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 40,906	\$ 7,013	\$ 47,919
2026	45,906	6,413	52,319
2027	45,906	5,663	51,569
2028	45,906	4,913	50,819
2029	45,906	4,163	50,069
2030-2033	140,619	8,963	149,582
	\$ 365,149	\$ 37,125	\$ 402,274

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Municipal Debt (continued)

C. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the Utility Capital Fund at December 31, 2024.

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2024</u>
Various Improvements	8/31/2024	8/31/2025	4.000%	\$ 69,200
Various Improvements	8/31/2024	8/31/2025	4.000%	139,300
Various Improvements	8/31/2024	8/31/2025	4.000%	255,900
Various Improvements	8/31/2024	8/31/2025	4.000%	939,600
Various Improvements	8/31/2024	8/31/2025	4.000%	<u>236,000</u>
				<u><u>\$ 1,640,000</u></u>

D. Bonds and Notes Authorized But Not Issued

As of December 31, 2024 the Borough had \$665,766 in various Utility bonds and notes authorized but not issued.

Summary of Principal Debt

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

	<u>Balance December 31, 2023</u>	<u>Accrued/ Increases</u>	<u>Retired/ Decreases</u>	<u>Balance December 31, 2024</u>	<u>Balance Due Within One Year</u>
General Capital:					
General Bonds	\$ 15,155,000	\$ -	\$ 2,775,000	\$ 12,380,000	\$ 2,630,000
Bond Anticipation Notes	3,500,000	6,000,000	3,500,000	6,000,000	6,000,000
Green Acres Loan Payable	45,688	-	6,145	39,543	6,267
	<u>\$ 18,700,688</u>	<u>\$ 6,000,000</u>	<u>\$ 6,281,145</u>	<u>\$ 18,419,543</u>	<u>\$ 8,636,267</u>
Utility Capital:					
Utility Bonds	\$ 6,945,000	\$ -	\$ 720,000	\$ 6,225,000	\$ 820,000
Bond Anticipation Notes	1,404,000	1,640,000	1,404,000	1,640,000	1,640,000
NJEIT Loan Payable	406,055	-	40,906	365,149	40,906
	<u>\$ 8,755,055</u>	<u>\$ 1,640,000</u>	<u>\$ 2,164,906</u>	<u>\$ 8,230,149</u>	<u>\$ 2,500,906</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 13. 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 balances of the following funds:

<u>Description</u>	<u>Balance December 31, 2024</u>	<u>2025 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Cyber Attack	\$ 290,958	\$ 290,958	\$ -

Note 14. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2024 and 2023, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2024</u>	<u>2023</u>
Total Balance of Local Tax	\$ 21,808,064	\$ 20,462,559
Deferred Taxes	<u>7,048,707</u>	<u>7,048,707</u>
Local Tax Payable	<u>\$ 14,759,357</u>	<u>\$ 13,413,852</u>

Note 15. Deferred Compensation Salary Account

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 16. Accrued Sick, Vacation and Compensation Time

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees, within limits, to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absence amount is not reported as a liability in the accompanying financial statements.

Under current policies and in accordance with N.J.S.A. 40A:9-10.2, unused sick leave is paid at an agreed upon rate upon separation of employment. Excess unused sick leave above the statutory cap is not paid out upon separation and lapses unless used. However, a liability is recognized under GASB 101 to the extent such leave is expected to be used as time off. It is estimated that accrued benefits for compensated absences, in accordance with GASB Statement No. 101, are valued at \$3,591,509 at December 31, 2024.

This estimate includes leave that is expected to be paid upon separation from service, and sick leave and compensation time to the extent that such leave is more likely than not to be used by employees as paid time off, based on historical usage patterns.

The Borough adopted GASB Statement No. 101 during the year ended December 31, 2024. As a result, the compensated absences liability disclosed above reflects the revised recognition criteria under this standard.

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.

Joint Insurance Pool

The Borough is a member of the Ocean County Municipal Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance for property.

New Jersey Unemployment Compensation Insurance

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 18. Contingencies

State for benefits paid and the ending balance of the Borough's unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 67,489	\$ 134,515	\$ 138,514
2023	48,957	39,205	205,540
2022	60,911	25,385	195,788

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2024 the Borough estimates that no material liabilities will result from such audits.

Litigation

The Borough is not a defendant in any legal proceedings.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2024.

Note 19. Length of Service Awards Program

The Borough's length of service awards program ("LOSAP") is reported in the Borough's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

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 and a maximum contribution of \$1,150 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 \$2,023 for the year ended December 31, 2024 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2024, the Borough contributed a total of \$93,058 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 19. Length of Service Awards Program (continued)

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.

Participant Accounts - 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 a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Corebridge Financial ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. 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.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, 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. During the year ended December 31, 2024 payouts of \$146,587 were made to vested participants.

Forfeited Accounts – During the year ended December 31, 2024, no accounts were forfeited.

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

Note 20. Subsequent Events

As discussed in Note 1, the Borough has evaluated subsequent events through May 28, 2025, the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. The following was noted:

On March 10th 2025, The Borough adopted Ordinance 2025-05 which provided for the Revaluation of Real Property and authorized a Special Emergency Appropriation of \$821,020. Special Emergency Notes were issued.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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

_____, 2025

Mayor and Borough Council of the
Borough of Point Pleasant, in the
County of Ocean, New Jersey

Re: Borough of Point Pleasant, in the County of Ocean, New Jersey
\$7,640,000 Bond Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Point Pleasant, in the County of Ocean, New Jersey (the “Borough” or the “Issuer”), of its \$7,640,000 aggregate principal amount of Bond Anticipation Notes, Series 2025, consisting of \$6,000,000 General Capital Bond Anticipation Notes and \$1,640,000 Water and Sewer Utility Bond Anticipation Notes (collectively, the “Notes”). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated _____, 2025, mature on August 28, 2026, bear interest at a rate of ____% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the “Act”), and bond ordinances of the Issuer numbered 2019-17, 2020-04, 2020-05, 2021-06, 2021-07, 2021-16, 2022-07, 2022-08, 2023-08, 2023-09 and 2024-10 (the “Ordinances”). The Notes are issued for the purposes of financing and refinancing previously authorized capital improvement projects as described in the Ordinances (collectively, the “Projects”). The Projects were authorized by the Ordinances. The Issuer has designated the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a) copies of the Ordinances; (b) such matters of law, including inter alia, the Act and the Code; and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes, as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied on the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations enforceable in accordance with their respective terms.

2. Interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

3. Under current law, interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Borough of Point Pleasant for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Borough of Point Pleasant, in the County of Ocean, New Jersey (the “Issuer”), in connection with the issuance by the Issuer of \$7,640,000 principal amount of the Issuer’s Bond Anticipation Notes, (the “Notes”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

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

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

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

“EMMA” means the MSRB’s Electronic Municipal Markets Access System.

“Financial Obligation” means 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); provided, however that the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

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

Section 3. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;

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

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file or cause to be filed a notice of such occurrence with the MSRB through EMMA in a timely manner not in excess of ten (10) business days after the occurrence of such event. The notice shall be filed in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes.

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

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

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

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

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

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

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation

under this Certificate to update such information or include it in any future or notice of occurrence of a Listed Event.

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

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

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

Dated: _____, 2025

BOROUGH OF POINT PLEASANT, IN THE COUNTY
OF OCEAN, NEW JERSEY

By: _____
Himanshu Shah, Chief Financial Officer