

NEW ISSUE
BOOK-ENTRY ONLY**NOT RATED**

In the opinion of Dilworth Paxson LLP, Freehold, New Jersey ("Bond Counsel"), assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Notes, interest on the Notes and gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$6,850,924

**BOROUGH OF BEACHWOOD
IN THE COUNTY OF OCEAN, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2025**

Consisting of:**\$5,436,184 General Improvement Bond Anticipation Notes**

**\$1,414,740 Water Utility Bond Anticipation Notes
(Bank-Qualified) (Non-Callable)**

Coupon: ___% Yield: ___% CUSIP: _____**Dated:** Date of Delivery**Due:** November 18, 2026

The \$6,850,924 Bond Anticipation Notes, Series 2025 consisting of \$5,436,184 General Improvement Bond Anticipation Notes (the "General Improvement Notes") and \$1,414,740 Water Utility Bond Anticipation Notes (the "Water Utility Notes", and together with the General Improvement Notes, the "Notes") of the Borough of Beachwood, in the County of Ocean, New Jersey (the "Borough") will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as Securities Depository. The certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (or such odd denominations, as necessary) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

Principal of and interest on the Notes is payable on the due date, as shown above. As long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payment of the principal and interest on the Notes will be made by the Borough directly to DTC or its nominee, Cede & Co. The Notes are not subject to redemption prior to maturity.

Proceeds of the Notes will be used to: (i) temporarily finance various capital improvements in and for the Borough; and (ii) pay the costs associated with the issuance of the Notes.

The Notes will constitute general obligations of the Borough for the payment of the principal of and interest on which the full faith, credit and taxing power of the Borough is available, and all the taxable real property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by Dilworth Paxson LLP, Freehold, New Jersey, Bond Counsel, 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, in definitive form, will be available for delivery on or about November 19, 2025.

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE NOTICE OF SALE
WILL BE RECEIVED ON NOVEMBER 5, 2025.**

**BOROUGH OF BEACHWOOD
IN THE COUNTY OF OCEAN, NEW JERSEY
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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 document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation of warranty by the Purchaser or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

This document 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 representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE NOTES	1
General Description	1
Denominations and Place of Payment.....	1
Optional Redemption	1
Book-Entry-Only System.....	2
Discontinuance of Book-Entry Only System	3
AUTHORIZATION AND USE OF PROCEEDS.....	4
MARKET PROTECTION	4
SECURITY FOR THE NOTES	5
The Borough	5
CERTAIN RISK FACTORS.....	5
Recent Healthcare Developments	5
Weather Related Matters.....	5
Cybersecurity	6
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	6
Local Bond Law (N.J.S.A. 40A:2-1 et seq.)	6
Debt Limits	6
Exceptions to Debt Limits - Extensions of Credit.....	6
Short Term Financing	7
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)	7
Tax Appeals	9
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)	9
School Debt Subject to Voter Approval.....	9
TAX MATTERS	10
Federal Income Taxes	10
State Taxes.....	10
Original Issue Premium.....	10
Certain Federal Tax Considerations.....	10
Backup Withholding	11
Changes in Law and Post-Issuance Events	11
Section 265 Qualification.....	11
LEGALITY FOR INVESTMENT	12
CONTINUING DISCLOSURE	12
LITIGATION	12
MUNICIPAL BANKRUPTCY	12
CERTAIN REFERENCES.....	13
PREPARATION OF THE OFFICIAL STATEMENT	13
RATING.....	14
PURCHASER	14
MUNICIPAL ADVISOR	14
APPROVAL OF LEGAL PROCEEDINGS	15
FINANCIAL STATEMENTS.....	15
ADDITIONAL INFORMATION	15
MISCELLANEOUS.....	15
APPENDIX A: GENERAL INFORMATION REGARDING THE BOROUGH	
APPENDIX B: FINANCIAL STATEMENTS OF THE BOROUGH	
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES	
APPENDIX D: FORM OF BOND COUNSEL OPINION FOR THE NOTES	

**OFFICIAL STATEMENT
OF
BOROUGH OF BEACHWOOD
IN THE COUNTY OF OCEAN, NEW JERSEY**

RELATING TO

**\$6,850,924
BOND ANTICIPATION NOTES, SERIES 2025
Consisting of:
\$5,436,184 General Improvement Bond Anticipation
Notes
\$1,414,740 Water Utility Bond Anticipation Notes
(Non-Callable)**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Beachwood (the “Borough”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of the \$6,850,924 Bond Anticipation Notes, Series 2025 consisting of \$5,436,184 General Improvement Bond Anticipation Notes (the “General Improvement Notes”) and \$1,414,740 Water Utility Bond Anticipation Notes (the “Water Utility Notes”, and together with the General Improvement Notes, the “Notes”).

THE NOTES

General Description

The Notes will be dated the date of delivery and will mature on the due date, as shown on the front cover page hereof. The interest on the Notes will be payable on the due date as shown on the front cover page hereof. The Notes will be issued in book-entry form only.

The Notes are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and interest thereon. The Borough is obligated to levy *ad valorem* taxes upon all of the taxable property within the Borough for the payment of principal of and interest on the Notes without limitation as to rate or amount.

Denominations and Place of Payment

The Notes are issuable only as fully registered Notes without coupons, and when issued will be in the form of one certificate for 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 for the Depository Trust Company (“DTC”), Brooklyn, New York. DTC will act as Securities Depository for the Notes. Purchase of the Notes will be made in book entry form, in the denomination of \$5,000 or any integral multiple of \$1,000 in excess thereof (or such odd denominations, as necessary). Purchasers will not receive certificates representing their interest in Notes purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes. See “Book-Entry-Only System” herein.

Optional Redemption

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

Book-Entry-Only System

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

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

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct Participants' 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Notes are to be accomplished by entries made on the books of Direct Participants 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 Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Redemption proceeds, distributions, and dividend 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 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the Paying Agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

The Borough may decide to discontinue use of the system of book-entry 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 only system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry Only System

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

AUTHORIZATION AND USE OF PROCEEDS

The Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and various bond ordinances of the Borough.

Proceeds of the Notes will be issued to: (i) temporarily finance various capital improvements in and for the Borough; and (ii) pay the costs associated with the issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Borough, which bond ordinances are described in the following tables by ordinance number and amount.

General Improvement Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount to be Issued</u>
2021-13	Various capital improvements and acquisition of various capital equipment, finally adopted September 15, 2021.	\$854,115
2022-01	Improvements and repairs to Beachwood Marina, finally adopted March 2, 2022.	500
2024-15/2025-02	Various capital improvements and acquisition of various capital equipment, finally adopted October 2, 2024 and amended March 19, 2025.	1,876,353
2025-21	Various capital improvements and acquisition of various capital equipment, finally adopted July 28, 2025.	2,705,216
Sub-Total:		<u>\$5,436,184</u>

Water Utility Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount to be Issued</u>
2021-14	Various water system improvements and water main replacements, finally adopted October 6, 2021.	\$342,740
2024-16	Various Water Utility improvements and acquisition of various Water Utility equipment, finally adopted October 2, 2024.	855,000
2025-22	Various Water Utility improvements and acquisition of various Water Utility equipment, finally adopted July 28, 2025.	217,000
Sub-Total:		<u>\$1,414,740</u>
Total:		<u>\$6,850,924</u>

MARKET PROTECTION

The Borough does not anticipate issuing any bonds or additional bond anticipation notes during the remainder of calendar year 2025.

SECURITY FOR THE NOTES

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Notes. The Borough is required by law to levy *ad valorem* taxes on all taxable real property in the Borough for the payment of the principal, redemption premium, if any, of and the interest on the Notes, without limitation as to rate or amount.

The Borough

The Borough, primarily a residential community, is located in the central, eastern part of the County, along the Toms River. See Appendix "A" for general information regarding the Borough.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Borough have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the Borough. The Borough cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$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 Borough received \$1,184,010.69 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Weather Related Matters

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Borough as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. The Borough has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to

emergencies, including weather-related emergencies. 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.

Cybersecurity

The Borough relies upon a large and complex technology environment to conduct its various operations. As a result, the Borough faces certain cybersecurity 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 cyberattacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Borough maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Borough could cause material disruption of the Borough's finances and operations.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than one hundred percent (100%) of the smallest amount of any prior year's principal amount. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the Borough has not exceeded its statutory debt limit as of December 31, 2024.

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount

budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within one hundred twenty (120) days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the

preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension

contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of 50%.

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

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within thirty (30) days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, the State Commissioner

of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”) imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Borough has covenanted to comply with the provisions of the Code applicable to the Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Notes to be included in gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Dilworth Paxson LLP, Freehold, New Jersey (“Bond Counsel”), will not independently verify the accuracy of those certifications and representations.

Assuming the Borough observes its covenants with respect to compliance with the Code, Bond Counsel is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Notes is not treated as a preference item for purposes of calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. See “Certain Federal Tax Considerations” below.

State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Notes, interest on the Notes and any gains from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

Original Issue Premium

The initial public offering price of the Notes may be greater than the stated redemption price thereof at maturity (the “Premium Notes”). The difference between the initial public offering price for the Premium Notes and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Notes through reductions in the holder’s tax basis for the Premium Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Notes rather than creating a deductible expense or loss. Purchasers of the Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Notes.

Certain Federal Tax Considerations

Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry

the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Notes.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Backup Withholding

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Notes is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes, and thus on the value or marketability of the Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Notes may occur. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Notes may affect the tax status of interest on the Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other counsel.

Section 265 Qualification

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Borough is designating the Notes as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt Notes under Section 265 of the Code.

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

LEGALITY FOR INVESTMENT

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

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Borough will deliver concurrently with the delivery of the Notes, a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix “C” (the “Continuing Disclosure Certificate”). The Borough has covenanted for the benefit of the Noteholders in accordance with the provisions of the Continuing Disclosure Certificate, to provide or cause to be provided, notices of the occurrence of, certain enumerated events to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Dataport (“EMMA”) or to any other designated nationally recognized municipal securities information repository (the “National Repository”) and to the appropriate State information depository, if any (as defined in the “Continuing Disclosure Certificate”). The Borough has also covenanted in the Continuing Disclosure Certificate to provide notices of occurrence of certain enumerated events.

The Borough has previously entered into secondary market disclosure undertakings in accordance with the Rule. 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.

LITIGATION

Upon delivery of the Notes, the Borough shall furnish a certificate of Michael J. McKenna, Esq., Toms River, New Jersey (the “Borough Attorney”), dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or, to the Borough Attorney’s knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough or adversely affect the power of the Borough to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, 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 Notes, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' 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 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this 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.

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances of the Borough and the Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the Ordinances will be furnished by the Borough on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

PREPARATION OF THE OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein relating to the Borough are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Notes, by certificates signed by an official of the Borough, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, are true and correct in all material respects and do not contain any

untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it 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.

RATING

The Notes are not rated. On February 7, 2024, S&P Global Ratings, acting through Standard & Poor's Financial Services, LLC ("S&P"), assigned a rating of "AA-" to the Borough's \$9,775,000 General Obligation Bonds, Series 2024 dated and issued on February 27, 2024. S&P has no obligation to monitor or review such rating. Such rating does not apply to the Notes and S&P 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 Purchasers 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.

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.

APPROVAL OF LEGAL PROCEEDINGS

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

FINANCIAL STATEMENTS

Appendix “B” contains certain audited financial data of the Borough for the Borough’s fiscal year ending December 31, 2024. The audited financial data was extracted from the report prepared by Suplee, Clooney & Company, Westfield, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”. 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 financial statements appearing in Appendix “B” hereto) and, accordingly, we will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Borough’s Chief Financial Officer, 1600 Pinewald Road, Beachwood, New Jersey 08722-2897, telephone (732) 286-6000, 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

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

**BOROUGH OF BEACHWOOD, IN THE
COUNTY OF OCEAN, NEW JERSEY**

Jennifer Martin,
Chief Financial Officer

Dated: November __, 2025

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APPENDIX A
GENERAL INFORMATION REGARDING THE BOROUGH

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INFORMATION REGARDING THE BOROUGH OF BEACHWOOD¹

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

General Information

The Borough is located in the central, eastern part of the County and was founded in 1914 on the Toms River as a summer resort. The Borough was founded by Mr. Bertram Chapman Mayo who had successfully founded four (4) other communities between California and the State (Browns Mills) before he came upon the Borough. The Borough encompasses a land area of 2.8 square miles and is primarily a residential community.

Form of Government

The Borough was originally governed under the Walsh Act commission form of government, which was maintained until the mid-1970s. The Borough is now governed under the Borough form of State municipal government. The governing body consists of a Mayor and a Borough Council comprising six council members, with all positions elected at-large on a partisan basis as part of the November general election. A Mayor is elected directly by the voters to a four-year term of office. The Borough Council members serve three-year terms on a staggered basis, with two seats coming up for election each year in a three-year cycle.

Pension and Retirement Systems

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

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.

¹ Source: The Borough, unless otherwise indicated.

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

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2024	6,454	6,196	258	4.0%
2023	6,458	6,193	265	4.1%
2022	6,371	6,109	262	4.1%
2021	6,187	5,796	391	6.3%
2020	6,134	5,539	595	9.7%
<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 (as of 2023)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$102,043	\$86,411	\$101,050
Median Family Income	111,627	108,905	123,892
Per Capita Income	47,446	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>Borough</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	11,242	3.53%	666,434	4.58%	9,500,851	2.28%
2020	10,859	-1.68	637,229	10.52	9,288,994	5.65
2010	11,045	6.46	576,567	12.85	8,791,894	4.49
2000	10,375	11.27	510,916	17.94	8,414,350	8.85
1990	9,324	21.30	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>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
CVS HEALTH CORP	\$2,989,900	0.36%
DCTN3 385 BEACHWOOD NJ LLC	2,875,200	0.35%
CLAYTON, LEWIS M	1,767,300	0.21%
TOWN & COUNTRY BAKERY	1,533,500	0.18%
RITE AID CORP	1,380,000	0.17%
SUGAR HOMES LLC	1,326,800	0.16%
JAMES SOBIESKI	1,168,500	0.14%
STONE FIRE GRILLE LLC	1,157,000	0.14%
JERRY MILAS	1,024,100	0.12%
SAMANTHA MILLER	<u>1,234,900</u>	<u>0.15%</u>
Total	<u>\$16,457,200</u>	<u>1.98%</u>

Source: Comprehensive Annual Financial Report of the School District & 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	\$24,152,850	\$23,777,855	98.45%
2023	22,715,524	22,366,224	98.46%
2022	21,809,469	21,367,305	97.97%
2021	21,006,436	20,646,138	98.28%
2020	20,670,685	20,213,486	97.79%

Source: Annual Audit Reports of the Borough

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	\$48,537	\$348,676	\$397,213	1.64%
2023	75,201	334,371	409,572	1.80%
2022	92,840	444,158	536,998	2.46%
2021	121,604	367,521	489,125	2.33%
2020	130,357	437,022	567,379	2.74%

Source: Annual Audit Reports of the Borough

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$285,731
2023	285,731
2022	285,731
2021	285,731
2020	285,731

Source: Annual Audit Reports of the Borough

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

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

<u>Year</u>	<u>Municipal</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2025	\$1.113	\$1.474	\$0.600	\$3.187
2024	1.087	1.267	0.550	2.904
2023	1.087	1.209	0.517	2.813
2022	1.008	1.159	0.474	2.641
2021	0.992	1.118	0.456	2.566

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>
2025	\$831,369,900	\$1,598,173,587	52.02%	\$0	\$1,598,173,587
2024	829,292,300	1,476,397,187	56.17	0	1,476,397,187
2023	826,188,800	1,337,524,365	61.77	0	1,337,524,365
2022	817,782,400	1,176,326,812	69.52	656,546	1,176,983,358
2021	815,358,800	1,032,753,388	78.95	694,351	1,033,447,739

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	\$5,231,200	\$784,373,800	\$0	\$37,762,100	\$212,200	\$1,713,000	\$829,292,300
2023	6,101,900	780,970,800	0	37,190,900	212,200	1,713,000	826,188,800
2022	7,004,400	772,463,500	0	36,389,300	212,200	1,713,000	817,782,400
2021	7,278,100	769,856,200	0	36,299,300	212,200	1,713,000	815,358,800
2020	7,558,500	766,784,100	0	36,095,000	212,200	1,713,000	812,362,800

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	\$1,300,000	\$453,725	\$1,480,656	\$1,542,998	\$1,424,800
Miscellaneous Revenues	1,596,087	2,249,347	1,695,618	2,033,565	1,602,369
Receipts from Delinquent Taxes	400,000	341,000	420,000	360,000	340,000
Amount to be Raised by Taxation	<u>8,094,683</u>	<u>8,250,023</u>	<u>8,980,471</u>	<u>9,014,363</u>	<u>9,250,871</u>
Total Revenue:	<u>\$11,390,770</u>	<u>\$11,294,095</u>	<u>\$12,576,745</u>	<u>\$12,950,927</u>	<u>\$12,618,040</u>
<u>Appropriations</u>					
General Appropriations	\$8,847,056	\$8,836,314	\$9,379,087	\$10,107,326	\$10,201,410
Operations (Excluded from CAPS)	161,406	50,040	566,537	369,035	454,765
Deferred Charges and Statutory Expenditures	0	0	0	0	40,726
Capital Improvement Fund	90,000	90,000	45,000	35,000	100,000
Municipal Debt Service	1,324,454	1,323,429	1,517,014	1,518,358	1,264,744
Reserve for Uncollected Taxes	<u>967,855</u>	<u>994,312</u>	<u>1,069,108</u>	<u>921,208</u>	<u>556,394</u>
Total Appropriations:	<u>\$11,390,770</u>	<u>\$11,294,095</u>	<u>\$12,576,745</u>	<u>\$12,950,927</u>	<u>\$12,618,040</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	\$2,738,593	\$1,424,800
2023	2,627,385	1,477,000
2022	1,633,347	1,480,656
2021	1,552,917	453,725
2020	1,339,716	1,300,000

Source: Annual Audit Reports of the Borough

Water Utility Operating Fund

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

<u>Fund Balance - Water Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$921,157	\$750,000
2023	428,928	300,000
2022	430,107	367,925
2021	653,166	496,350
2020	665,933	300,000

Source: Annual Audit Reports of the Borough

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Borough Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$10,590,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	1,921,485
Other Bonds, Notes and Loans	<u>207,346</u>
Total:	\$12,718,831

Regional School District Debt

Serial Bonds	\$7,405,432
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$7,405,432

Self-Liquidating Debt

Serial Bonds	\$5,185,000
Bond Anticipation Notes	574,667
Bonds and Notes Authorized but Not Issued	8,801,800
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$14,561,467

TOTAL GROSS DEBT

\$34,685,730

Less: Statutory Deductions	
General Purpose Debt	\$216,155
Regional School District Debt	7,405,432
Self-Liquidating Debt	<u>\$14,561,467</u>
Total:	\$22,183,054

TOTAL NET DEBT

\$12,502,676

Source: Draft Annual Debt Statement of the Borough

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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>
Regional School District	\$143,220,000	5.17%	\$7,405,432
County	562,210,826	0.85%	<u>4,754,935</u>
Net Indirect Debt			\$12,160,367
Net Direct Debt			<u>12,502,676</u>
Total Net Direct and Indirect Debt			<u>\$24,663,044</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$1,330,082,788
Permitted Debt Limitation (3 1/2%)	46,552,898
Less: Net Debt	<u>12,502,676</u>
Remaining Borrowing Power	<u>\$34,050,221</u>
Percentage of Net Debt to Average Equalized Valuation	0.940%
Gross Debt Per Capita based on 2020 population of 10,859	\$3,194
Net Debt Per Capita based on 2020 population of 10,859	\$1,151

Source: Annual Debt Statement of the Borough

² Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County. Borough percentage of Regional School District debt is based on Borough's share of total equalized valuation in the Regional School District.

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APPENDIX B
FINANCIAL INFORMATION REGARDING THE BOROUGH

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Report of Audit

on the

Financial Statements
and Supplementary Schedules

of the

Borough of Beachwood

in the

County of Ocean
New Jersey

for the

Year Ended
December 31, 2024

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BOROUGH OF BEACHWOOD

PART I

INDEPENDENT AUDITOR'S REPORT

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

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2024

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SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Beachwood
County of Ocean
Beachwood, New Jersey 08722

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account groups of the Borough of Beachwood (the "Borough"), as of and for the years ended December 31, 2024 and 2023, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account groups of the Borough as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2024.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the financial position of the various individual funds and account groups of the Borough as of December 31, 2024 and 2023, the results of its operations and changes in fund balance for the years then ended and the revenues and expenditures for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

SUPLEE, CLOONEY & COMPANY LLC

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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.

SUPLEE, CLOONEY & COMPANY LLC

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's regulatory financial statements. The supplementary information, and data listed in the table of contents as required by the Division are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, and data listed in the table of contents, as required by the Division are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

SUPLEE, CLOONEY & COMPANY LLC

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2025, on our consideration of the Borough'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'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 Borough's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

September 19, 2025



SUPLEE, CLOONEY & COMPANY LLC
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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**

The Honorable Mayor and Members
of the Borough Council
Borough of Beachwood
County of Ocean
Beachwood, New Jersey 08722

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and account groups of the Borough of Beachwood, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated September 19, 2025. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Beachwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Borough's 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's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough's internal control.

SUPLEE, CLOONEY & COMPANY LLC

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 Borough'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 may exist that have not been identified. We noted other matters in the internal control which are discussed in Part III, General Comments and Recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's regulatory 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*. We noted other matters in compliance which are discussed in Part III, General Comments and Recommendations section of this report.

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 Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

September 19, 2025

CURRENT FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - CURRENT FUND****REGULATORY BASIS****DECEMBER 31, 2024 AND 2023**

	<u>REF.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Cash	A-4	\$ 7,414,104.45	\$ 6,810,164.74
Cash - Change Fund		500.00	500.00
		<u>7,414,604.45</u>	<u>6,810,664.74</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	348,676.43	334,371.31
Tax Title Liens Receivable	A-8	48,537.06	75,201.17
Property Acquired for Taxes		285,731.00	285,731.00
Revenue Accounts Receivable	A-9	4,307.23	4,063.04
Interfunds Receivable	A-13	2,777.80	4,738.40
Due for Performance of Ceremony	A-4	300.00	
		<u>690,329.52</u>	<u>704,104.92</u>
		<u>8,104,933.97</u>	<u>7,514,769.66</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-14	202,708.39	243,898.28
Grants Receivable	A-15	290,432.45	26,888.82
		<u>493,140.84</u>	<u>270,787.10</u>
		<u>\$ 8,598,074.81</u>	<u>\$ 7,785,556.76</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - CURRENT FUND****REGULATORY BASIS****DECEMBER 31, 2024 AND 2023**

	<u>REF.</u>	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3:A-10	\$ 584,056.50	\$ 840,081.69
Reserve for Encumbrances	A-3:A-10	187,896.90	220,833.12
Accounts Payable	A-4	53,816.35	63,067.90
Due to Township of Berkeley	A-4	19,389.00	4,687.80
Due for Performance of Ceremony	A-4		150.00
Due State of New Jersey:			
Marriage License Fees	A-4	425.00	1,950.00
Chapter 20, P.L. 1971	A-6	9,099.40	10,724.40
Tax Overpayments	A-4:A-5:A-7	62,094.07	55,032.88
Prepaid Taxes	A-5:A-7	201,062.42	250,295.42
County Taxes Payable	A-11	13,292.39	12,851.47
Regional District School Tax Payable	A-12	2,859,819.17	2,395,726.39
Reserve for:			
Proceeds from Sale of Municipal Assets	A-4		173,980.00
Interfunds Payable	A-13:A-14	694,060.01	243,898.28
		<u>4,676,011.21</u>	<u>4,183,279.35</u>
Reserve for Receivables and Other Assets		690,329.52	704,104.92
Fund Balance	A-1	<u>2,738,593.24</u>	<u>2,627,385.39</u>
		<u>8,104,933.97</u>	<u>7,514,769.66</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-16	482,506.74	233,407.79
Reserve for Encumbrances	A-16	88.54	3,199.55
Unappropriated Reserves	A-17	10,545.56	34,179.76
		<u>493,140.84</u>	<u>270,787.10</u>
		<u>\$ 8,598,074.81</u>	<u>\$ 7,785,556.76</u>

There were deferred school taxes on December 31, 2024 and 2023 of \$2,190,697.00 (Schedule A-12).

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE****REGULATORY BASIS**

	<u>REF.</u>	<u>Year 2024</u>	<u>Year 2023</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,542,998.38	\$ 1,480,656.00
Miscellaneous Revenue Anticipated	A-2	2,214,859.03	1,821,032.63
Receipts from Delinquent Taxes	A-2	350,756.43	447,905.60
Receipts from Current Taxes	A-2	23,777,855.18	22,366,224.24
Non-Budget Revenues	A-2	156,823.19	306,880.92
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	795,939.14	525,969.11
Interfund Loans Returned	A-13	1,960.60	688,087.39
Canceled Tax Overpayments	A	4,293.79	
Statutory Excess in Animal Control Trust Fund			4,738.40
Prior Year Payable Balances Canceled:			
Due to Berkeley Township			29,755.00
Due to PBA			16,720.25
Total Income		<u>28,845,485.74</u>	<u>27,687,969.54</u>
<u>Expenditures</u>			
Budget Appropriations:			
Salaries and Wages		4,792,467.53	4,486,630.00
Other Expenses		4,450,712.01	4,087,483.96
Deferred Charges and Statutory Expenditures		1,343,181.55	1,444,378.18
Capital Improvements		35,000.00	45,000.00
Municipal Debt Service		1,496,234.08	1,473,812.92
	A-3	<u>12,117,595.17</u>	<u>11,537,305.06</u>
County Taxes	A-11	4,568,784.34	4,283,852.93
Regional District School Taxes	A-12	10,504,600.00	9,392,117.00
Reserve for Due for Performance of Ceremony		300.00	
Total Expenditures		<u>\$ 27,191,279.51</u>	<u>\$ 25,213,274.99</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE****REGULATORY BASIS**

	<u>REF.</u>	<u>Year 2024</u>	<u>Year 2023</u>
Excess in Revenue		\$ 1,654,206.23	\$ 2,474,694.55
Fund Balance January 1	A	2,627,385.39	1,633,346.84
		<u>4,281,591.62</u>	<u>4,108,041.39</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,542,998.38</u>	<u>1,480,656.00</u>
Fund Balance December 31	A	<u>\$ 2,738,593.24</u>	<u>\$ 2,627,385.39</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>REF.</u>	<u>Anticipated Budget</u>	<u>N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,542,998.38	\$	\$ 1,542,998.38	\$
<u>Miscellaneous Revenues</u>					
Licenses:					
Alcoholic Beverages	A-9	3,800.00		3,898.40	98.40
Fees and Permits	A-9	55,000.00		101,493.80	46,493.80
Fines and Costs - Municipal Court	A-9	57,800.00		62,512.11	4,712.11
Interest and Costs on Taxes	A-5	104,000.00		99,443.64	(4,556.36)
Interest on Investments and Deposits	A-9	148,153.06		201,218.34	53,065.28
Beach Revenues	A-9	5,204.00		3,305.00	(1,899.00)
Mercantile Licenses	A-9	7,945.00		5,155.00	(2,790.00)
Energy Receipts Tax	A-9	672,598.37		672,598.38	0.01
Uniform Construction Code Fees	A-9	24,193.20		23,673.40	(519.80)
ARPA: Inclusive Recreation Grant	A-14		100,000.00	100,000.00	
Body Armor Grant	A-14	1,779.76		1,779.76	
Clean Communities Program	A-14	29,415.90		29,415.90	
Drunk Driving Enforcement Fund	A-14	4,799.96		4,799.96	
Local Recreation Improvement Grant - 23	A-14	70,000.00		70,000.00	
Local Recreation Improvement Grant - 24	A-14	72,000.00		72,000.00	
Municipal Alliance	A-14	8,793.00		8,793.00	
National Opioid Settlement	A-14	35,281.95		35,281.95	
Rally for Barnegat Bay	A-14		10,000.00	10,000.00	
Recycling Tonnage Grant	A-14	20,216.33		20,216.33	
Safe and Secure (Unappropriated)	A-14	32,400.00		32,400.00	
Safe and Secure	A-14	45,150.00		45,150.00	
Other Special Items:					
Uniform Fire Safety Act	A-9	5,000.00		6,555.25	1,555.25
Lease for Mobile Telephone Cell Site	A-9	212,000.00		216,644.08	4,644.08
Reserve for Debt Service	A-9	146,313.78		146,313.78	
Reserve for Sale of Municipal Assets	A-9	173,980.00		178,680.00	4,700.00
Cable TV Franchise Fee	A-9	62,286.13		62,286.13	
School Resource Officer Reimbursement	A-9	14,100.00			(14,100.00)
SC/Vets Admin Fee	A-9	1,355.00		1,244.82	(110.18)
Solar Lease Fees	A-9	20,000.00			(20,000.00)
Total Miscellaneous Revenues	A-1	2,033,565.44	110,000.00	2,214,859.03	71,293.59
Receipts from Delinquent Taxes	A-1:A-7	360,000.00		350,756.43	(9,243.57)
Subtotal General Revenues		3,936,563.82	110,000.00	4,108,613.84	62,050.02
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	9,014,362.80		9,625,678.64	611,315.84
Total General Revenues		12,950,926.62	110,000.00	13,734,292.48	673,365.86
Non-Budget Revenues	A-1:A-2			156,823.19	156,823.19
		<u>\$ 12,950,926.62</u>	<u>\$ 110,000.00</u>	<u>\$ 13,891,115.67</u>	<u>\$ 830,189.05</u>
	<u>REF.</u>	A-3	A-3		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>REF.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-7	\$ 23,777,855.18
Allocated to:		
School and County Taxes	A-7	15,073,384.34
Balance for Support of Municipal Budget		
Appropriations		8,704,470.84
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	921,207.80
Amount for Support of Municipal Budget		
Appropriations	A-2	\$ <u>9,625,678.64</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-7	\$ 284,856.77
Overpayments Applied	A-7	32,440.24
Tax Title Lien Collections	A-8	33,459.42
	A-1:A-2	\$ <u>350,756.43</u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Election Polling Place		\$ 800.00
Refund of Prior Expenditure - Current Fund		99,825.17
Refund of Prior Expenditure - General Capital Fund		26,191.53
Impound Yard Proceeds		14,115.00
Police Evidence		14.98
Marriage Performance Fee		550.00
Refuse Containers		5,563.00
Unclassified		6,989.91
	A-4	154,049.59
Statutory Excess in Animal Control Trust Fund	A-13	2,773.60
	A-2	\$ <u>156,823.19</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF EXPENDITURES - REGULATORY BASIS**
YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>						
<u>General Government Functions</u>						
Administrative and Executive						
Salaries and Wages	\$ 15,913.50	\$ 15,913.50	\$	15,913.50	\$	\$
Other Expenses	91,694.00	83,094.00		71,186.62	11,907.38	
Mayor and Council						
Salaries and Wages	139,101.85	134,101.85		132,214.34	1,887.51	
Other Expenses	5,000.00	5,000.00		4,575.32	424.68	
Municipal Clerk						
Salaries and Wages	102,594.60	102,594.60		102,251.32	343.28	
Other Expenses:						
Miscellaneous Other Expenses	23,350.00	23,350.00		17,718.78	5,631.22	
Financial Administration						
Salaries and Wages	119,147.12	119,147.12		117,735.44	1,411.68	
Other Expenses	71,257.46	75,257.46		71,715.76	3,541.70	
Audit Services						
Other Expenses	23,166.67	23,166.67		22,166.67	1,000.00	
Collection of Taxes						
Salaries and Wages	109,461.53	83,905.67		78,405.67	5,500.00	
Other Expenses:						
Miscellaneous Other Expenses	11,833.33	15,333.33		14,259.88	1,073.45	
Assessment of Taxes						
Salaries and Wages	29,771.25	29,771.25		28,855.01	916.24	
Other Expenses	3,800.00	3,800.00		2,439.44	1,360.56	
Legal Services and Costs						
Other Expenses	122,000.00	99,240.52		88,880.72	10,359.80	
Engineering Services and Costs						
Other Expenses	95,000.00	135,000.00		132,179.75	2,820.25	
Planning Board						
Salaries and Wages	39,842.75	39,842.75		39,110.44	732.31	
Other Expenses	8,675.00	8,675.00		2,800.34	5,874.66	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEANCURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Environmental Commission						
Other Expenses	\$	1,150.00	\$	1,150.00	\$	442.53
Insurance						\$
General Liability		173,400.62		196,255.50		
Workers Compensation		174,675.86		198,202.50		
Employee Group Insurance		1,111,171.10		1,199,182.22		11,667.64
Health Benefit Waivers		57,284.50		30,000.00		
<u>Public Safety Functions</u>						
Police						
Salaries and Wages:						
Chiefs and Officers		2,645,032.80		2,451,834.06		48,082.67
Other Expenses:						
Miscellaneous		139,900.00		139,900.00		9,072.44
Office of Emergency Management						
Salaries and Wages		8,100.00		8,100.00		986.37
Other Expenses		2,000.00		2,000.00		1,599.52
Aid to Volunteer Fire Companies						
Other Expenses		75,870.00		75,870.00		10.66
Aid to Volunteer Ambulance Companies						
Other Expenses		22,250.00		22,250.00		89.00
Municipal Court						
Salaries and Wages		155,691.69		155,691.69		4,448.08
Other Expenses		8,330.00		8,330.00		2,663.16
Uniform Fire Safety Act						
Fire Official						
Salaries and Wages		24,117.08		24,117.08		2,550.52
Other Expenses		20,550.00		10,550.00		1,077.45
Fire Services Program						
Fire Hydrant Services		12,600.00		12,600.00		
Municipal Prosecutor						
Other Expenses		17,500.00		17,500.00		2,890.00

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF EXPENDITURES - REGULATORY BASIS**
YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>			<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Public Works Functions</u>						
Streets and Roads Maintenance	\$ 117,023.24	\$	54,702.32	\$ 54,702.32	\$	\$
Salaries and Wages	37,100.00		37,100.00	23,923.00	13,177.00	
Other Expenses						
Snow Removal	20,000.00		20,000.00	20,000.00		
Other Expenses						
Other Public Works Functions						
Salaries and Wages	268,975.10		535,939.65	534,883.49	1,056.16	
Other Expenses	27,250.00		27,250.00	24,829.17	2,420.83	
Solid Waste Collection						
Salaries and Wages	258,195.23		277,684.37	277,684.37		
Other Expenses	35,500.00		35,500.00	11,874.10	23,625.90	
Solid Waste Disposal Costs	600,000.00		515,076.14	513,490.64	1,585.50	
Recycling Program						
Salaries and Wages	185,874.38		149,527.89	118,275.61	31,252.28	
Other Expenses	76,200.00		76,200.00	27,621.14	48,578.86	
Buildings and Grounds						
Salaries and Wages	191,042.29		191,042.29	155,505.18	35,537.11	
Other Expenses	105,500.00		105,500.00	84,072.37	21,427.63	
Equipment Maintenance						
Salaries and Wages	178,654.64		178,654.64	126,921.80	51,732.84	
Other Expenses	230,250.00		230,250.00	145,592.68	84,657.32	
<u>Health and Human Services</u>						
Animal Control Services						
Other Expenses	10,000.00		13,159.22	13,159.22		
<u>Park and Recreation Functions</u>						
Board of Recreation Commissioners						
Other Expenses	11,000.00		11,000.00	10,783.07	216.93	
Maintenance of Parks and Playgrounds						
Other Expenses	12,500.00		12,500.00	4,058.15	8,441.85	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF EXPENDITURES - REGULATORY BASIS**
YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>			<u>Paid or Charged</u>	<u>Reserved</u>	
Lifeguards and Special Officers						
Salaries and Wages	\$	20,482.00	\$	17,366.00	\$	3,116.00
Beach Maintenance						
Salaries and Wages		7,161.00				7,161.00
Other Expenses		3,300.00		5,308.05		91.95
<u>Other Common Operating Functions</u>						
Celebration of Public Events						
Other Expenses		3,000.00		939.94		2,060.06
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>						
Construction Official						
Salaries and Wages		65,900.00		53,429.44		12,470.56
Other Expenses		5,500.00		4,957.73		542.27
Code Enforcement and Zoning Officer						
Salaries and Wages		68,803.80		63,439.96		5,363.84
Other Expenses		11,900.00		13,860.59		539.41
<u>Unclassified</u>						
Utilities:						
Electricity		83,700.00		91,730.68		8,063.75
Street Lighting		65,000.00		64,830.62		169.38
Telephone and Telegraph		41,400.00		64,799.00		9,151.81
Natural Gas		26,700.00		19,517.64		7,182.36
Gasoline, Diesel Fuel and Oil		240,000.00		176,571.42		3,000.00
Sick Leave Trust		95,000.00		95,000.00		
Total Operations within Caps		<u>8,764,144.39</u>		<u>8,241,157.03</u>		<u>522,987.36</u>
Detail:						
Salaries and Wages		4,750,885.85		4,500,369.08		214,548.45
Other Expenses		<u>4,013,258.54</u>		<u>3,740,787.95</u>		<u>308,438.91</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Public Employees Retirement System	\$ 211,967.30	\$ 211,967.30	\$ 211,967.30		\$
Social Security System	373,800.00	373,800.00	346,872.52	26,927.48	
Police and Fireman's Retirement System	754,414.25	754,414.25	754,414.25		
Defined Contribution Retirement System	3,000.00	3,000.00	330.00	2,670.00	
Total Statutory Expenditures within Caps	1,343,181.55	1,343,181.55	1,313,584.07	29,597.48	
Total Appropriations within Caps	10,107,325.94	10,107,325.94	9,554,741.10	552,584.84	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
LOSAP					
Other Expenses	30,000.00	30,000.00		30,000.00	
Disposal Costs (P.L. 2007, Ch 311)					
Other Expenses	16,000.00	16,000.00	15,528.34	471.66	
<u>Public and Private Programs Offset by Revenues</u>					
Matching Funds for Grants	1,000.00	1,000.00		1,000.00	
ARPA: Inclusive Recreation Grant		100,000.00	100,000.00		
Body Armor Grant	1,779.76	1,779.76	1,779.76		
Clean Communities Program	29,415.90	29,415.90	29,415.90		
Drunk Driving Enforcement Fund	4,799.96	4,799.96	4,799.96		
Local Recreation Improvement Grant - 2023	70,000.00	70,000.00	70,000.00		
Local Recreation Improvement Grant - 2024	72,000.00	72,000.00	72,000.00		
Municipal Alliance:					
State Share	8,793.00	8,793.00	8,793.00		
Local Share	2,198.25	2,198.25	2,198.25		
National Opioid Settlement	35,281.95	35,281.95	35,281.95		
Rally for Barnegat Bay		10,000.00	10,000.00		
Recycling Tonnage Grant	20,216.33	20,216.33	20,216.33		
Safe and Secure	45,150.00	45,150.00	45,150.00		
Safe and Secure (Unappropriated)	32,400.00	32,400.00	32,400.00		
Total Operations excluded from Caps	369,035.15	479,035.15	447,563.49	31,471.66	
Detail:					
Salaries and Wages	77,550.00	77,550.00	77,550.00		
Other Expenses	291,485.15	401,485.15	370,013.49	31,471.66	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****STATEMENT OF EXPENDITURES - REGULATORY BASIS**
YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>			<u>Paid or Charged</u>	<u>Reserved</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>						
Capital Improvement Fund	\$ 35,000.00	\$ 35,000.00		\$ 35,000.00		\$
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>						
Payment of Bond Principal	945,000.00	945,000.00		945,000.00		
Interest on Bonds	160,994.00	160,994.00		140,243.76		20,750.24
Interest on Notes	385,350.00	385,350.00		384,276.59		1,073.41
Municipal Infrastructure Fund Loan						
Principal	21,013.73	21,013.73		21,013.73		
Interest	6,000.00	6,000.00		5,700.00		300.00
Total Municipal Debt Service excluded from Caps	1,518,357.73	1,518,357.73		1,496,234.08		22,123.65
Total General Appropriations excluded from Caps	1,922,392.88	2,032,392.88		1,978,797.57	31,471.66	22,123.65
Subtotal General Appropriations	\$ 12,029,718.82	\$ 12,139,718.82		\$ 11,533,538.67	\$ 584,056.50	\$ 22,123.65
Reserve for Uncollected Taxes	921,207.80	921,207.80		921,207.80		
Total General Appropriations	\$ 12,950,926.62	\$ 13,060,926.62		\$ 12,454,746.47	\$ 584,056.50	\$ 22,123.65
REF.	A-2			A-1	A:A-1	
Budget			\$ 12,950,926.62			
Appropriation by 40A:4-87			110,000.00			
			\$ 13,060,926.62			
Disbursements				\$ 10,915,804.87		
Reserve for:						
Uncollected Taxes				921,207.80		
Encumbrances				187,896.90		
Interfund:						
Grant Fund				429,836.90		
A-3				\$ 12,454,746.47		

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

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TRUST FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - TRUST FUNDS

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>REF.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 13,592.80	\$ 14,042.60
<u>Other Trust</u>			
Cash	B-1	1,879,598.05	2,020,768.56
Grants Receivable	B-4	8,683.57	8,683.57
Interfunds Receivable	B-6	86.56	
		<u>1,888,368.18</u>	<u>2,029,452.13</u>
		<u>\$ 1,901,960.98</u>	<u>\$ 2,043,494.73</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Due State of New Jersey	B-2	\$ 12.60	\$
Reserve for Encumbrances	B-3	808.00	
Reserve for Expenditures	B-3	9,530.00	9,304.20
Interfunds Payable	B-6	3,242.20	4,738.40
		<u>13,592.80</u>	<u>14,042.60</u>
<u>Other Trust</u>			
Miscellaneous Reserves	B-5	1,863,229.01	2,029,452.13
Reserve for Encumbrances	B-5	25,139.17	
		<u>1,888,368.18</u>	<u>2,029,452.13</u>
		<u>\$ 1,901,960.98</u>	<u>\$ 2,043,494.73</u>

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

GENERAL CAPITAL FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - GENERAL CAPITAL FUND****REGULATORY BASIS****DECEMBER 31, 2024 AND 2023**

<u>Assets</u>	<u>REF.</u>	<u>2024</u>	<u>2023</u>
Cash	C-2	\$ 1,247,108.46	\$ 1,509,456.14
NJDOT Grant Receivable	C-3	450,675.15	78,750.00
NJEIT Loan Receivable	C-3		101,905.00
Deferred Charges to Future Taxation:			
Funded	C-4	10,797,346.43	3,998,360.16
Unfunded	C-5	2,776,100.15	9,592,831.15
Interfunds:			
Current Fund	C-7	491,265.06	
Water Utility Operating Fund	C-7	82,974.03	
		<u>15,845,469.28</u>	<u>15,281,302.45</u>
Deferred Charge:			
Cost of Improvements Authorized			
Ordinance 2024-03	C-3	40,726.25	
		<u>40,726.25</u>	
		<u>\$ 15,886,195.53</u>	<u>\$ 15,281,302.45</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-6	\$ 80,639.75	\$ 146,769.75
Improvement Authorizations:			
Funded	C-8	1,245,169.95	284,255.93
Unfunded	C-8	2,730,968.92	2,897,471.33
Reserve for Encumbrances	C-8	627,873.87	101,118.57
Serial Bonds	C-9	10,590,000.00	3,770,000.00
NJEIT Loan Payable:			
Trust Loan	C-10	125,000.00	135,000.00
Fund Loan	C-11	82,346.43	93,360.16
Bond Anticipation Notes	C-12		7,707,000.00
Reserve for Retirement of Debt	C-3	404,196.61	146,313.78
Fund Balance	C-1		12.93
		<u>\$ 15,886,195.53</u>	<u>\$ 15,281,302.45</u>

There were bonds and notes authorized but not issued on December 31, 2024 of \$2,776,100.15 for general improvements (Schedule C-13) and on December 31, 2023 of \$1,885,831.15 for general improvements.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEANGENERAL CAPITAL FUNDSTATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2023	<u>REF.</u> C		\$ 12.93
Increased by:			
Premium on Serial Bonds Issued	C-2	\$ 7,621.51	
Deferred Charge:			
Cost of Improvements Authorized Ord. 2024-03	C-3	40,726.25	
Permanently Funded Improvement Authorizations Canceled	C-8	<u>301,639.31</u>	
			<u>349,987.07</u>
			350,000.00
Decreased by:			
Appropriation to Finance Improvement			
Authorizations	C-8		<u>\$ 350,000.00</u>

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

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WATER UTILITY FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - WATER UTILITY FUND****REGULATORY BASIS****DECEMBER 31, 2024 AND 2023**

	<u>REF.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 1,306,697.10	\$ 837,765.27
Cash - Change Fund		200.00	200.00
		<u>1,306,897.10</u>	<u>837,965.27</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>150,179.05</u>	<u>232,557.24</u>
Interfund Receivables	D-5	<u>195,197.89</u>	<u>169,733.49</u>
Total Operating Fund		<u>1,652,274.04</u>	<u>1,240,256.00</u>
Capital Fund:			
Cash	D-5	2,024.54	76,746.63
Fixed Capital	D-8	17,193,701.86	13,410,998.87
Fixed Capital Authorized and Uncompleted	D-9	<u>8,564,097.01</u>	<u>11,446,800.00</u>
		<u>25,759,823.41</u>	<u>24,934,545.50</u>
Deferred Charges:			
Cost of Improvements Authorized			
Ordinance 2024-16	D-12	<u>8,650.00</u>	
Total Capital Fund		<u>25,768,473.41</u>	<u>24,934,545.50</u>
		<u>\$ 27,420,747.45</u>	<u>\$ 26,174,801.50</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4:D-10	\$ 260,173.87	\$ 265,229.48
Reserve for Encumbrances	D-4:D-10	70,384.88	65,683.37
Accounts Payable	D-10	30,664.20	20,886.70
Accrued Interest on Bonds, Loans and Notes	D-11	156,593.60	156,593.60
Overpayments/Prepaid Rents	D-5:D-7	<u>63,121.64</u>	<u>70,377.31</u>
		<u>580,938.19</u>	<u>578,770.46</u>
Reserve for Receivables		150,179.05	232,557.24
Fund Balance	D-1	<u>921,156.80</u>	<u>428,928.30</u>
Total Operating Fund		<u>\$ 1,652,274.04</u>	<u>\$ 1,240,256.00</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - WATER UTILITY FUND****REGULATORY BASIS****DECEMBER 31, 2024 AND 2023**

<u>Liabilities, Reserves and Fund Balance (Continued)</u>	<u>REF.</u>	<u>2024</u>	<u>2023</u>
Capital Fund:			
Capital Improvement Fund	D-12	\$	\$ 36,350.00
Interfunds Payable	D-13	277,707.52	169,733.49
Improvement Authorizations:			
Funded	D-14	110,647.52	7,587.12
Unfunded	D-14	8,453,449.49	7,745,166.07
Reserve for Encumbrances	D-14	52,830.00	63,895.91
Reserve for Amortization	D-15	11,000,684.64	10,298,348.40
Deferred Reserve for Amortization	D-16	110,647.52	229,587.12
Serial Bonds	D-17	5,185,000.00	3,370,000.00
N.J. Environmental Infrastructure:			
Trust Loan	D-18	459,000.00	584,720.64
Fund Loan	D-19	115,666.71	200,342.71
Bond Anticipation Notes	D-20		2,228,000.00
Fund Balance	D-2	2,840.01	814.04
Total Capital Fund		<u>25,768,473.41</u>	<u>24,934,545.50</u>
		<u>\$ 27,420,747.45</u>	<u>\$ 26,174,801.50</u>

There were bonds and notes authorized but not issued on December 31, 2024 of \$8,886,800.00 for utility improvements (Schedule D-21) and on December 31, 2023 of \$7,946,800.00 for utility improvements.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**WATER UTILITY OPERATING FUND****STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE****REGULATORY BASIS**

	<u>REF.</u>	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 300,000.00	\$ 367,925.46
Water Rents	D-3	2,462,183.38	1,963,614.61
Fire Hydrant Services	D-3	12,600.00	12,600.00
Capital Fund - Fund Balance	D-3		210,000.00
Miscellaneous Revenue Anticipated	D-3	79,694.05	122,009.49
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	239,561.81	130,659.76
Total Income		<u>3,094,039.24</u>	<u>2,806,809.32</u>
<u>Expenditures</u>			
Operating	D-4	1,466,804.33	1,553,725.00
Capital Improvements	D-4		7,900.00
Debt Service	D-4	681,039.02	733,802.79
Deferred Charges and Statutory Expenditures	D-4	153,757.39	144,634.42
Refund of Prior Year Revenue	D-5	210.00	
Total Expenditures		<u>2,301,810.74</u>	<u>2,440,062.21</u>
Excess in Revenue		792,228.50	366,747.11
Fund Balance January 1	D	428,928.30	430,106.65
		<u>1,221,156.80</u>	<u>796,853.76</u>
Decreased by:			
Utilization by Water Operating Budget	D-1	<u>300,000.00</u>	<u>367,925.46</u>
Fund Balance December 31	D	<u>\$ 921,156.80</u>	<u>\$ 428,928.30</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance December 31, 2023	D	\$ 814.04
Increased by:		
Premium on Sale of Bonds	D-5	<u>2,025.97</u>
Balance December 31, 2024	D	\$ <u><u>2,840.01</u></u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>REF.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 300,000.00	\$ 300,000.00	\$
Miscellaneous	D-1:D-3	29,910.00	79,694.05	49,784.05
Fire Hydrant Service	D-1:D-5	12,600.00	12,600.00	
Rents	D-1:D-7	1,960,000.00	2,462,183.38	502,183.38
		<u>2,002,510.00</u>	<u>2,554,477.43</u>	<u>551,967.43</u>
		\$ 2,302,510.00	\$ 2,854,477.43	\$ 551,967.43

REF. D-4

Analysis of Miscellaneous Revenue

Connection Fees	\$ 17,000.00
Miscellaneous	8,953.74
Interest on Deposits	25,403.74
Interest on Delinquent Accounts	26,870.57
Fire Protection Services	<u>1,466.00</u>
	\$ 79,694.05

D-3:D-5

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating					
Salaries and Wages	\$ 637,243.34	\$ 637,243.34	\$ 544,182.05	\$ 93,061.29	\$
Other Expenses	829,560.99	829,560.99	675,396.13	154,164.86	
Debt Service					
Payment of Bond Principal	195,000.00	195,000.00	195,000.00		
Interest on Bonds	137,902.80	137,902.80	137,300.00		602.80
Interest on Notes	111,400.00	111,400.00	111,093.54		306.46
Infrastructure Loans:					
Principal	210,396.64	210,396.64	210,396.64		
Interest	26,273.46	27,248.84	27,248.84		
Deferred Charges and Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	105,983.65	105,983.65	105,983.65		
Social Security System	48,749.12	47,773.74	34,826.02	12,947.72	
	<u>\$ 2,302,510.00</u>	<u>\$ 2,302,510.00</u>	<u>\$ 2,041,426.87</u>	<u>\$ 260,173.87</u>	<u>\$ 909.26</u>
	REF.	D-3	D-1	D-1	
Reserve for Encumbrances			\$ 70,384.88		
Disbursements			1,695,399.61		
Accrued Interest on Bonds, Loans and Notes			<u>275,642.38</u>		
			<u>\$ 2,041,426.87</u>		

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

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PAYROLL FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - PAYROLL FUND

REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash	\$ <u>75,200.78</u>	\$ <u>63,767.89</u>
	\$ <u>75,200.78</u>	\$ <u>63,767.89</u>
<u>Liabilities</u>		
Payroll Deductions Payable	\$ <u>75,200.78</u>	\$ <u>63,767.89</u>
	\$ <u>75,200.78</u>	\$ <u>63,767.89</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN
BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP
REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 21,264,000.00	\$ 20,288,400.00
Buildings	6,507,900.00	5,207,160.41
Equipment, Machinery and Vehicles	5,943,164.00	8,248,989.93
	<u>\$ 33,715,064.00</u>	<u>\$ 33,744,550.34</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 33,715,064.00</u>	<u>\$ 33,744,550.34</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Beachwood, County of Ocean, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the regional board of education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The financial statements of the Beachwood Sewerage Authority are reported separately.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices 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. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Trust Fund - animal control license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Water Utility Operating Fund - revenues and expenditures necessary to operate a municipally owned water supply system from user fees.

Water Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water capital facilities, other than those acquired through the Water Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2024 is set forth in Note 4.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets - In accordance with the New Jersey Administrative Code, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Utility Fixed Assets - Accounting for utility fund "fixed capital" remains unchanged.

Property and equipment purchased by the Water Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water Utility Fund are not depreciated. Principal payments for Water Utility debt are recorded as expenditures in the Water Utility Statement of Operations.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

During 2024 and 2023 the following changes occurred in the fixed assets of the Borough:

	<u>Balance</u> <u>Jan. 1, 2024</u>	<u>Increase/</u> <u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
General Fixed Assets Account Group:			
Land	\$ 20,288,400	\$ 975,600	\$ 21,264,000
Buildings	5,207,160	1,300,740	6,507,900
Machinery and Equipment	8,248,990	(2,305,826)	5,943,164
	<u>33,744,550</u>	<u>(29,486)</u>	<u>33,715,064</u>
Water-Sewer Utility Fund:			
Fixed Capital	13,410,999	3,782,703	17,193,702
Fixed Capital Authorized and Uncompleted	11,446,800	(2,882,703)	8,564,097
	<u>24,857,799</u>	<u>900,000</u>	<u>25,757,799</u>
	<u>\$ 58,602,349</u>	<u>\$ 870,514</u>	<u>\$ 59,472,863</u>

	<u>Balance</u> <u>Jan. 1, 2023</u>	<u>Expended from</u> <u>Current or</u> <u>Capital Fund</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
General Fixed Assets Account Group:			
Land	\$ 20,288,400	\$	\$ 20,288,400
Buildings	3,438,608		3,438,608
Improvements - Other than Buildings	1,768,553		1,768,553
Machinery and Equipment	8,140,492	108,498	8,248,990
	<u>33,636,053</u>	<u>108,498</u>	<u>33,744,550</u>
Water-Sewer Utility Fund:			
Fixed Capital	13,410,999		13,410,999
Fixed Capital Authorized and Uncompleted	4,000,000	7,446,800	11,446,800
	<u>17,410,999</u>	<u>7,446,800</u>	<u>24,857,799</u>
	<u>\$ 51,047,052</u>	<u>\$ 7,555,298</u>	<u>\$ 58,602,349</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

Under GAAP, municipalities are required to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total pension related expense in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

Under GAAP, municipalities are required to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total pension related expense in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets.

However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75, however local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. . As of the date of this report the information for the period ended June 30, 2024 was not available, therefore the information dated June 30, 2023 is disclosed.

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The Borough may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Leases (Continued)

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the lease receivable as an asset on their balance sheets or the Statement of Revenues. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 87 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 87.

D. Impact of Recently Issued Accounting Principles

Recent Accounting Pronouncements

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. 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. There are no recent GASB pronouncements that would have a significant impact on the Borough's financial statements.

E. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

F. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Borough's deposits was \$11,939,026 and the bank balance amount was \$12,069,710. Of this amount \$250,000 was covered by federal depository insurance, a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$11,755,371. An amount of \$64,339 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third-party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at December 31, 2024.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

	Bank Balance	
	<u>2024</u>	<u>2023</u>
<u>Depository Account</u>		
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	11,755,371	11,296,926
Uninsured	<u>64,339</u>	<u>53,361</u>
	<u>\$ 12,069,710</u>	<u>\$ 11,600,287</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. The Borough has no foreign currency risk exposure.

State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

The Borough's long-term debt is summarized as follows:

General Capital Fund

3.00% to 5.00% General Improvement Bonds Series 2022A issued August 30, 2022, installment maturities to August 15, 2037	\$ 2,825,000
3.00% to 4.00% General Improvement Bonds Series 2024A issued February 27, 2024, installment maturities to February 15, 2036	<u>7,765,000</u>
	<u>\$ 10,590,000</u>

The bonds mature serially to 2037. Aggregate debt service requirements are as follows:

	<u>General Capital</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 690,000	\$ 548,230
2026	755,000	375,894
2027	780,000	342,994
2028	805,000	309,094
2029	830,000	274,194
2030-2034	4,515,000	843,469
2035-2037	<u>2,215,000</u>	<u>101,612</u>
Total	<u>\$ 10,590,000</u>	<u>\$ 2,795,487</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

New Jersey Environmental Infrastructure Program

The Borough has two loans with the New Jersey Environmental Infrastructure Program to fund stormwater outflows. The first loan from the New Jersey Environmental Infrastructure Fund amounting to \$209,261 is payable semi-annually until 2034 with no interest. The second loan from the New Jersey Environmental Infrastructure Trust amounting to \$200,000 is payable semi-annually until 2034 with interest from 4% to 5%. A portion of the fund loan of \$27,791 was cancelled in 2017.

<u>Year</u>	<u>Infrastructure Fund</u>		<u>Infrastructure Trust</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 11,014	\$ -0-	\$ 10,000	\$ 5,500
2026	11,014	-0-	10,000	5,000
2027	11,014	-0-	10,000	4,500
2028	11,014	-0-	10,000	4,000
2029	11,014	-0-	10,000	3,500
2030-2034	27,276	-0-	75,000	9,000
Total	\$ <u>82,346</u>	\$ <u>-0-</u>	\$ <u>125,000</u>	\$ <u>31,500</u>

* The amounts reflected above may be offset by income credits.

Water-Sewer Utility Capital Fund

3.50% to 5.00% Water Utility Improvement Refunding Bonds issued February 6, 2020, installment maturities to April 1, 2029	\$ 760,000
3.00% to 5.00% Water Utility Improvement Bonds Series 2022B issued August 30, 2022, installment maturities to August 15, 2044	2,415,000
3.00% to 4.00% Water Utility Improvement Bonds Series 2024B issued February 27, 2024, installment maturities to February 15, 2039	<u>2,010,000</u>
	\$ <u>5,185,000</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water Utility Capital Fund (Continued)

The bonds mature serially to the year 2044. Aggregate debt service requirements are as follows:

	<u>General Capital</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 285,000	\$ 244,847
2026	325,000	194,000
2027	340,000	178,650
2028	410,000	162,850
2029	415,000	143,550
2030-2034	1,320,000	518,700
2035-2039	1,440,000	271,550
2040-2044	<u>650,000</u>	<u>75,887</u>
Total	\$ <u>5,185,000</u>	\$ <u>1,790,034</u>

New Jersey Environmental Infrastructure Program

The Borough has four loans with the New Jersey Environmental Infrastructure Program to fund water system improvements. The first loan from the New Jersey Environmental Infrastructure Fund amounting to \$292,644 is payable semi-annually until 2024 with no interest. The second loan from the New Jersey Environmental Infrastructure Trust amounting to \$290,000 is payable semi-annually until 2024 with interest from 4% to 5%. The third and fourth loans were issued during 2008. The Trust and Fund Loans are payable semi-annually until 2028 with interest from 5% to 5.5% for the Trust Loan and no interest for the Fund Loan. The aggregate debt service requirements are as follows:

<u>Year</u>	<u>Infrastructure Fund</u>		<u>Infrastructure Trust</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 84,243	\$ -0-	\$ 107,000	\$ 22,950
2026	31,424	-0-	112,000	17,600
2027	-0-	-0-	120,000	12,000
2028	<u>-0-</u>	<u>-0-</u>	<u>120,000</u>	<u>6,000</u>
Total	\$ <u>115,667</u>	\$ <u>-0-</u>	\$ <u>459,000</u>	\$ <u>58,550</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 3. DEBT (CONTINUED)

B. Bonds and Notes Authorized but not Issued

At December 31 the Borough had authorized but not issued bonds and notes as follows:

	<u>2024</u>	<u>2023</u>
General Capital Fund	\$ 2,776,100	\$ 1,885,831
Water Utility Capital Fund	8,886,800	7,946,800

C. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2024 was 0.990%. The Borough's remaining borrowing power is 2.510%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 3. DEBT (CONTINUED)

D. Summary of Debt Service

During 2024 and 2023 the following changes occurred in the outstanding debt of the Borough:

	<u>Balance</u> <u>Jan. 1, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Due within</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ 3,770,000	\$ 8,301,000	\$ 1,481,000	\$ 10,590,000	\$ 690,000
Bond Anticipation Notes	7,707,000		7,707,000		
Loans Payable	228,360		21,014	207,346	21,014
Water Utility Fund Debt:					
Serial Bonds	3,370,000	2,143,000	328,000	5,185,000	285,000
Bond Anticipation Notes	2,228,000		2,228,000		
Loans Payable	785,064		210,397	574,667	191,243
	<u>\$ 18,088,424</u>	<u>\$ 9,775,000</u>	<u>\$ 11,306,411</u>	<u>\$ 16,557,013</u>	<u>\$ 1,187,257</u>
	<u>Balance</u> <u>Jan. 1, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Due within</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ 4,677,000	\$	\$ 907,000	\$ 3,770,000	\$ 945,000
Bond Anticipation Notes	7,912,000		205,000	7,707,000	7,707,000
Loans Payable	249,374		21,014	228,360	21,014
Water Utility Fund Debt:					
Serial Bonds	3,562,000		192,000	3,370,000	195,000
Bond Anticipation Notes	2,286,000		58,000	2,228,000	2,228,000
Loans Payable	996,041		210,977	785,064	210,397
	<u>\$ 19,682,415</u>	<u>\$ -0-</u>	<u>\$ 1,593,990</u>	<u>\$ 18,088,424</u>	<u>\$ 11,306,411</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 4. COMPENSATED ABSENCES

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 and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$1,000,777 and \$939,246 at December 31, 2024 and 2023, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Borough had in reserve, in its' Sick Leave Trust, \$71,942 and \$45,058 at December 31, 2024 and 2023 respectively, to partially fund this liability and budgeted \$0 in 2025 to provide for these liabilities as they arise.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the introduced municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	\$ 1,424,800	\$ 1,542,998
Water Utility Fund	750,000	300,000

NOTE 6. TAXES AND WATER RENTS COLLECTED IN ADVANCE

Taxes and water rents collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2024</u>	<u>2023</u>
Prepaid Taxes	\$ 201,062	\$ 250,295
Prepaid Water Rents	63,122	70,377

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (the "Collector") on or before May 13th.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. SCHOOL TAXES

Regional District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Regional District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance of Tax	\$ 5,041,516	\$ 4,496,423
Deferred	<u>2,190,697</u>	<u>2,190,697</u>
Tax Payable	\$ <u>2,850,819</u>	\$ <u>2,305,726</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 9. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

	Borough			
<u>Year</u>	<u>Contributions</u> <u>and Interest</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	\$7,287.51	\$20,745.57	\$4,296.11	\$306,754.22
2023		8,250.14	5,225.76	283,017.25
2022		1,523.00	3,576.10	279,992.87

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2024:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 2,778	\$ 694,060
Grant Fund	202,708	
Animal Control Trust Fund		3,242
Other Trust Fund	87	
General Capital Fund	574,239	
Water-Sewer Utility Operating Fund	195,198	
Water-Sewer Utility Capital Fund	<u> </u>	<u>277,708</u>
	<u>\$ 975,010</u>	<u>\$ 975,010</u>

All balances resulted from the time lag between the dates that payments between the funds are made.

NOTE 11. CONTINGENT LIABILITIES

State and Federal Financial Assistance

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 financial assistance 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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 11. CONTINGENT LIABILITIES (CONTINUED)

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 12. SERVICE CONTRACT - SEWERAGE AUTHORITY

The Borough adopted an ordinance dated September 6, 1972, providing for a service contract between the Borough and the Beachwood Sewerage Authority (the "Authority"), which, among other things, obligates the Borough to pay to the Authority such sums of money as may be necessary to provide for deficits which result from failure of the Authority to provide adequate revenues from the operations of the Authority.

The Authority has been self-sustaining since its inception resulting in no payments having ever been made by the Borough to the Authority to cover operating deficits.

NOTE 13. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$750 per year of active fire department service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2003.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 13. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED
(CONTINUED)

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the fire department organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each fire department organization shall provide to the Borough Administrator or Borough Clerk, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the fire department organization as an active volunteer member. Any active volunteer member who terminates service with the fire department organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 14. DEFERRED COMPENSATION

The Borough has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Borough has engaged a private contractor to administer the Plan.

NOTE 15. PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund. These reports 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/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) 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. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey 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.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) 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.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy - 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 life insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2024, PERS provides for employee contributions of 7.50% of employees' base salary.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

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. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2024, the State contributed an amount more than the actuarially determined amount. During 2024, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$1,067,201.00 for 2023, \$1,093,653.00 for 2022 and \$899,854.00 for 2021. Certain Borough employees are also covered by the Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions - GASB 68

The Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2024. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2024.

Public Employees Retirement System (PERS)

At June 30, 2024, the State reported a net pension liability of \$2,922,030.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Borough's proportion was 0.0215044167 percent, which was a decrease of 0.0021615428 percent from its proportion measured as of June 30, 2023.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2024, the State recognized an actuarially determined pension benefit of \$78,729.00 for the Borough's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statements based on the April 1, 2024 billing was \$316,302.00.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 58,534.00	\$ 7,779.00
Changes of assumptions	3,639.99	33,246.99
Net difference between projected and actual earnings on pension plan investments		135,487.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>228,676.00</u>	<u>677,544.00</u>
	<u>\$ 290,840.00</u>	<u>\$ 854,056.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	(\$213,835.60)
2026	6,222.40
2027	(145,001.60)
2028	(121,656.60)
2029	<u>(88,944.60)</u>
	<u>(\$563,216.00)</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. These actuarial valuations used the following 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%

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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 assets class included in PERS's target assets allocation as of June 30, 2024 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasury's	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Borough's proportionate share of net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2024 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the collective net pension 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:

	June 30, 2024		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$3,882,659.00	\$2,922,030.00	\$2,104,540.00

Special Funding Situation

In accordance with 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. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Borough 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 Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Borough as of June 30, 2024 was 0.0216037686% which was a decrease of 0.0021520435 percent from its proportion measured as of June 30, 2023. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2024 and June 30, 2023 was \$9,421.00 and 10,690.00, respectively.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2024, the State reported a net pension liability of \$5,642,663.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the Borough's proportion was 0.0546420200 percent, which was a decrease of 0.0017656100 percent from its proportion measured as of June 30, 2023.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of \$366,021.00. The pension expense recognized in the Borough's financial statements based on the April 1, 2024, billing was \$750,899.00.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 355,483.00	\$ 193,173.00
Changes of assumptions	8,920.00	165,716.00
Net difference between projected and actual earnings on pension plan investments		44,164.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>469,356.00</u>	<u>570,135.00</u>
	\$ <u>833,759.00</u>	\$ <u>973,188.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2025	\$ (293,473.80)
2026	294,770.20
2027	(99,198.80)
2028	(56,860.80)
2029	12,498.20
Thereafter	<u>2,836.00</u>
	\$ <u>(139,429.00)</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions:

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

Employee mortality rates were based on the Pubs-2010 Safety Employee amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pubs-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount weighted mortality table for males and 100% for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2024 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2024. 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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of 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 of the participating employers as of June 30, 2024, 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 was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the PFRS pension liability	\$8,062,109.00	\$5,642,663.00	\$3,627,794.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 15. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with 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.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of December 31, 2024 and 2023 is 0.0546419900% and 0.0564076700% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2024 and 2023 was \$127,977.00 and \$131,331.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2024 and 2023 was \$127,977.00 and \$131,331.00, respectively.

At June 30, 2024 and 2023, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,112,439.00 and \$1,148,384.00, respectively.

At June 30, 2024, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$5,642,663.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,112,439.00</u>
	<u>\$6,755,102.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 16. ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - GASB 75

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2024, for OPEB was not available, therefore the information dated June 30, 2023 is disclosed.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Borough is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided - 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. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the 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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 16. ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Contributions - The Borough's contribution to SHBP for the year ended December 31, 2023 was \$82,435.00 which equaled the required contribution for 2023. Contributions for 2022 were \$65,853.00.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024 AND 2023

**NOTE 16. ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

Total Net OPEB Liability - At June 30, 2023, the Plan reported a Liability of \$10,199,345.00 for the Borough's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

The Borough's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023.

At June 30, 2023, the Borough's proportion was 0.067966 percent, which was an increase of 0.003969 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State reported OPEB expense of \$1,576,048.00. This OPEB expense was based on the OPEB plans June 30, 2023 measurement date.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$470,341.00	\$2,769,809.00
Changes of assumptions	1,321,198.00	2,883,028.00
Net difference between projected and actual earnings on OPEB plan investments		1,683.00
Changes in proportion	<u>11,203,270.00</u>	
	<u>\$12,994,809.00</u>	<u>\$5,654,520.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 16. ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Net OPEB Liability (Continued)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated OPEB (benefit)/expense as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2024	\$1,083,544.00
2025	1,292,908.00
2026	1,727,940.00
2027	2,000,312.00
2028	1,755,513.00
Thereafter	<u>(519,928.00)</u>
	<u><u>\$7,340,289.00</u></u>

Actuarial Assumptions and Other Inputs - 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):

Initial fiscal year applied

Rate for all future years 2.75% to 6.55%

Police and Firemen's Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

Mortality

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

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

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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 16. ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

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

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Net OPEB Liability associated with the Borough's as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the 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:

	June 30, 2023		
	<u>1.00%</u> <u>Decrease (2.65%)</u>	<u>At Discount</u> <u>Rate (3.65%)</u>	<u>1.00%</u> <u>Increase (4.65%)</u>
Borough's proportionate share of the Net OPEB Liability	\$11,814,090.00	\$10,199,345.00	\$8,900,530.00

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends - The following presents the total Net OPEB Liability associated with the Borough's 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:

	June 30, 2023		
	<u>1.00%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
Borough's proportionate share of the Net OPEB Liability	\$8,668,240.00	\$10,199,345.00	\$12,159,620.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 16. ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Special Funding Situation - The Borough, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

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 non-employer 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.

At June 30, 2023 and 2022, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation was \$1,417,758.00 and \$1,641,763.00.

At June 30, 2023, the Borough's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Borough's proportionate share	
of the Net OPEB Liability	\$10,199,345.00
State of New Jersey's proportionate	
share of Net OPEB Liability associated	
with the Borough	<u>1,417,758.99</u>
	<u><u>\$11,617,103.00</u></u>

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 17. LEASES

The Borough has entered into three (3) cell tower leases with Verizon, T-Mobile and Dish Wireless which commenced in 2004, 2011 and 2022 respectively. The agreements all have five (5) year lease terms with the option to renew for four (4) additional lease terms. Payments received by the Borough during 2024 totaled \$216,644.08.

NOTE 18. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through September 19, 2025 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that except for the items set forth below, there are no other subsequent events that need to be disclosed.

Debt Authorized:

	<u>Amount Authorized</u>
<u>General Capital Fund:</u>	
Ordinance #2025-21, Various Capital Improvements and the Acquisition of Various Capital Equipment	\$2,705,216.00
<u>Water Capital Fund:</u>	
Ordinance #2025-22, Various Water Utility Improvements and the Acquisition of Various Water Utility Equipment	3,501,000.00

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Beachwood, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its Bond Anticipation Notes, Series 2025, in the aggregate principal amount of \$_____ (the "Notes"). The Notes are being issued pursuant to various bond ordinances duly adopted by the Issuer. 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 the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

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.

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"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.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the 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 established pursuant to Section 15B(b)(1) of the Exchange Act.

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

"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.

"State" shall mean the State of New Jersey.

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, if material:

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-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
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 events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 Noteholders, 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 described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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(c).

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.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

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 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 attorney's 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 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.

Date: November __, 2025

BOROUGH OF BEACHWOOD, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
JENNIFER MARTIN,
Chief Financial Officer

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APPENDIX D
FORM OF BOND COUNSEL'S OPINION FOR THE NOTES

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

November __, 2025

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

RE: Borough of Beachwood, County of Ocean, New Jersey
\$_____ Bond Anticipation Notes, Series 2025

Dear Mayor and Members of the Borough Council:

We have examined a record of the proceedings relating to the issuance of \$_____ Bond Anticipation Notes, Series 2025 (the "Notes") of the Borough of Beachwood, in the County of Ocean, a municipal corporation of the State of New Jersey (the "Borough"). The Notes are dated November __, 2025, mature November __, 2026, and bear interest at the rate of ____% per annum payable at maturity. The Notes [are initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York, in book-entry-only form] and are not subject to redemption prior to maturity.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), and in anticipation of the issuance of bonds and are authorized by virtue of the bond ordinances described in the Certificate of Determination and Award dated the date hereof (the "Bond Ordinances"). The Notes are being issued to (i) temporarily finance the cost of various general and water capital improvements to be undertaken in and by the Borough; and (ii) pay costs associated with the issuance of the Notes.

In forming our opinion, we have examined certified copies of the Bond Ordinances and the unexecuted notes. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Borough dated the date of the Notes (the "Non-Arbitrage Certificate") for the purpose of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to

the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Notes, on a certificate of the Borough executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Borough which may have been provided to any purchaser or prospective purchaser of the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Borough has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Borough has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is not includable in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Borough with the covenants contained in the Notes and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Borough in respect of the Notes after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Notes. These covenants and statements relate to, *inter alia*, the use of proceeds of the Notes and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Borough will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Borough therewith.

The Borough has taken the actions necessary for the Notes to be designated or deemed designated as "qualified tax-exempt obligations," as defined in and for purposes of Section 265(b)(3) of the Code, and has made certain representations and covenants necessary to cause the Notes to continue to be obligations described in such Section of the Code during the period in which the Notes are outstanding.

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

1. The Notes are valid and legally binding obligations of the Borough and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or

similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

2. Interest on the Notes and any gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

3. Assuming the Borough observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

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

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Borough furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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.

DILWORTH PAXSON LLP

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