

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 24, 2026**

**RATING: S&P: "A+"  
(See "RATING" herein)**

**NEW ISSUE**

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

**\$4,813,000\***

**BOROUGH OF MERCHANTVILLE  
County of Camden, New Jersey  
GENERAL OBLIGATION BONDS, SERIES 2026**

**Consisting of:**

**\$4,680,000\* General Capital Improvement Bonds**

**\$133,000\* Sewer Utility Bonds**

**(Bank-Qualified) (Book-Entry-Only) (Callable)**

**Dated: Date of Delivery**

**Due: May 15, as shown on the inside front cover**

The Borough of Merchantville, County of Camden, New Jersey ("Borough"), is issuing \$4,813,000\* aggregate principal amount of its General Obligation Bonds, Series 2026 ("Bonds"). The Bonds consist of: (i) \$4,680,000\* General Capital Improvement Bonds; and (ii) \$133,000\* Sewer Utility Bonds.

The Bonds shall be issued in fully registered book-entry-only form without coupons. Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The principal of the Bonds shall be paid on the maturity dates thereof upon presentation and surrender of the Bonds at the principal corporate trust office of TD Bank, National Association, Mount Laurel, New Jersey, as bond registrar and paying agent ("Paying Agent"). Interest on the Bonds is payable semi-annually on May 15 and November 15, commencing May 15, 2027, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions contained herein.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2012-14, 2017-07, 2018-08, 2018-15, 2019-08, 2020-08, 2021-08, 2022-12, 2023-11, 2023-12, 2023-13, 2024-08, and 2026-03, each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on May 11, 2026; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July \_\_, 2026.

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

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

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

*The Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Timothy J. Higgins, Esquire, of Law Offices of Timothy J. Higgins, Haddon Heights, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds. The Bonds are expected to be available for delivery in definitive form through DTC in Brooklyn, New York on or about July 20, 2026.*

**ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON JULY 1, 2026. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

\* Preliminary, subject to change.

This is a Preliminary Official Statement, complete with the exception for the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Borough will deliver a final Official Statement within seven business days following such sale.

**\$4,813,000\***  
**BOROUGH OF MERCHANTVILLE,**  
**County of Camden, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES 2026**  
**Consisting of:**  
**\$4,680,000\* General Capital Improvement Bonds**  
**\$133,000\* Sewer Utility Bonds**

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

<u>Year</u> <u>(May 15)</u>	<u>General</u> <u>Improvement*</u>	<u>Sewer</u> <u>Utility*</u>	<u>Combined*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
				%	%	
2027	\$220,000	\$13,000	\$233,000			
2028	285,000	20,000	305,000			
2029	300,000	20,000	320,000			
2030	330,000	20,000	350,000			
2031	345,000	20,000	365,000			
2032	360,000	20,000	380,000			
2033	370,000	20,000	390,000			
2034	380,000	0	380,000			
2035	395,000	0	395,000			
2036	405,000	0	405,000			
2037	420,000	0	420,000			
2038	430,000	0	430,000			
2039	440,000	0	440,000			

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\* Preliminary, subject to change.

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

**BOROUGH OF MERCHANTVILLE  
COUNTY OF CAMDEN, NEW JERSEY**

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**Elected Officials**

<b>Edward "Ted" Brennan</b>	<b>Mayor</b>
<b>Andrew McLoone</b>	<b>Council President</b>
<b>Sean Fitzgerald</b>	<b>Councilperson</b>
<b>Eric Benjamin</b>	<b>Councilperson</b>
<b>Anthony Perno</b>	<b>Councilperson</b>
<b>Daniel Sperrazza</b>	<b>Councilperson</b>
<b>Raymond Woods</b>	<b>Councilperson</b>

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**Elizabeth Pigliacelli  
Chief Financial Officer**

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**Denise Brouse  
Borough Clerk**

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**Solicitor  
Timothy J. Higgins, Esquire  
Law Offices of Timothy J. Higgins  
Haddon Heights, New Jersey**

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**Auditor  
PKF O'Connor Davies, LLP  
(formerly Bowman & Company LLP)  
Voorhees, New Jersey**

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**Bond Counsel  
Parker McCay P.A.  
Mount Laurel, New Jersey**

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

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

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

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

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

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

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

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

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**OFFICIAL STATEMENT**

**Relating to the**

**\$4,813,000\***

**BOROUGH OF MERCHANTVILLE**

**County of Camden, New Jersey**

**GENERAL OBLIGATION BONDS, SERIES 2026**

**Consisting of:**

**\$4,680,000\* General Capital Improvement Bonds**

**\$133,000\* Sewer Utility Bonds**

**(Bank-Qualified) (Book-Entry-Only) (Callable)**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside front cover page and the appendices attached hereto, has been prepared by the Borough of Merchantville, County of Camden, New Jersey ("Borough"), in connection with the issuance and sale of \$4,813,000\* aggregate principal amount of its General Obligation Bonds, Series 2026 ("Bonds"). The Bonds consist of: (i) \$4,680,000\* General Capital Improvement Bonds; and (ii) \$133,000\* Sewer Utility Bonds. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

**AUTHORIZATION AND PURPOSE OF THE BONDS**

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey ("State"), as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2012-14, 2017-07, 2018-08, 2018-15, 2019-08, 2020-08, 2021-08, 2022-12, 2023-11, 2023-12, 2023-13, 2024-08, and 2026-03 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on May 11, 2026; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July \_\_, 2026.

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

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\* Preliminary, subject to change

## Bond Ordinances

### General Capital Improvements

Ordinance Number	Purpose/ Improvement	Bonds or Notes Authorized	Notes Outstanding	Available Amount	Amounts Funded by Bond Proceeds
2017-07	Completion of Pedestrian Street Project; Acquisition of Various Capital Equipment for Police Department and Department of Public Works	\$190,000	\$84,442	\$11	\$84,431
2018-08	Completion of Various Road Improvements in and for the Borough; Acquisition of Various Capital Equipment for Borough, Police Department, Fire Department, and Department of Public Works	180,500	98,214	0	98,214
2018-15	Completion of Various Capital Improvements to Borough Hall	926,250	831,250	0	831,250
2019-08	Completion of Various Road Improvements in and for the Borough; Acquisition of Various Capital Equipment for Borough, Police Department, and Fire Department	259,768	190,434	0	190,434
2020-08	Completion of Various Road Improvements in and for the Borough; Completion of Various Improvements to Borough Building and Property; Acquisition of Various Capital Equipment for Borough, Police Department, Fire Department, and Department of Public Works	427,737	342,531	0	342,531
2021-08	Acquisition of Various Capital Equipment and Completion of Various Capital Equipment in and for the Borough	617,774	617,774	0	617,774
2022-12	Acquisition of Various Capital Equipment and Completion of Various Capital Equipment in and for the Borough	1,130,500	730,500	0	730,500
2023-11	Acquisition of Various Capital Equipment and Completion of Various Capital Equipment in and for the Borough	501,125	501,125	0	501,125
2023-12	Completion of Various Capital Improvements in and for the Borough	392,350	392,350	0	392,350
2023-13	Completion of Various Capital Improvements in and for the Borough	190,000	189,391	0	189,391
2024-08	Completion of Various Improvements to Roadways in and for the Borough; Acquisition of Various Capital Equipment and Completion of Various Capital Equipment in and for the Borough	1,250,900	0	0	422,000
2026-03	Acquisition of Fire Truck for the Fire Department	280,250	0	0	280,000
<b>Total</b>		<b>\$6,347,154</b>	<b>\$3,978,011</b>	<b>\$11</b>	<b>\$4,680,000</b>

### Sewer Utility

Ordinance Number	Purpose/ Improvement	Amounts Authorized	Notes Outstanding	Available Amount	Amounts Funded by Bond Proceeds
2012-14	Repair and/or Replacement of Sanitary Sewer Mains	\$145,000	\$133,989	\$989	\$133,000
<b>Total</b>		<b>\$145,000</b>	<b>\$133,989</b>	<b>\$989</b>	<b>\$133,000</b>

### Combined

	Obligations Authorized	Notes Outstanding	Available Amount	Amounts Funded by Bond Proceeds
<b>TOTAL</b>	<b>\$6,492,154</b>	<b>\$4,112,000</b>	<b>\$1,000</b>	<b>\$4,813,000</b>

### THE BONDS

#### General

The Bonds will be issued in the aggregate principal amounts as shown on the inside front cover page hereof. The Bonds will be dated their date of delivery and bear interest from that date at the rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 15 and November 15 (each an "Interest Payment Date"), commencing May 15, 2027, in each year until maturity or earlier redemption. Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, integral multiples thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "BOOK-ENTRY-ONLY SYSTEM" below. The Bonds will mature on May 15 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the principal corporate trust office of TD Bank, National Association, Mount Laurel, New Jersey, as registrar and paying agent ("Paying Agent"). Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Borough or its hereafter designated Paying Agent, if any, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date (each a "Record Date").

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

Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Borough or its hereafter designated paying agent, if any.

### Redemption Provisions

The Bonds maturing on and after May 15, 2034, are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough shall determine and within any such maturity by lot) on any date on or after May 15, 2033, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

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

## **BOOK-ENTRY-ONLY SYSTEM**

### General

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "Banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also

facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, Banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, Banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough, or its Paying Agent, on the payable date in accordance with their respective holdings shown on

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

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

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

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

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

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

#### Discontinuation of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Borough, or its Paying Agent; (ii) the transfer of the Bonds may be registered on the books maintained by the Borough, or its Paying Agent, for such purposes only upon the surrender thereof to the Borough, or its Paying Agent, together with the duly executed assignment in form satisfactory to the Borough, or its Paying Agent; and (iii) for every exchange or registration of transfer of the Bonds, the Borough, or its 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 for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

### **SECURITY AND SOURCE OF PAYMENT**

The Bonds are valid and legally binding general obligations of the Borough and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. Unless paid from other sources, the Bonds are payable from *ad valorem* taxes to be levied upon all the taxable property within the Borough without limitation as to rate or amount. However, the enforceability of rights

or remedies with respect to such Bonds may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

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

## **MARKET PROTECTION**

The Borough does not anticipate issuing any additional bonds within the next ninety (90) days. The Borough may issue bond anticipation notes, as necessary, during the balance of the calendar year 2026.

## **GENERAL INFORMATION REGARDING THE BOROUGH**

### General

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

### Financial

Appendix "B" to this Official Statement contains compiled financial statements of the Borough for the year ended December 31, 2025 and also contains audited financial statements of the Borough for the years ended December 31, 2024 and 2023. The compiled financial data for the year ended December 31, 2025 is provided by PKF O'Connor Davies, LLP. The audited financial statements for the years ended December 31, 2024 and 2023 were provided by Bowman & Company LLP, Voorhees, New Jersey, and are included herein in reliance upon the authority of such firm. PKF O'Connor Davies, LLP, successor to Bowman & Company LLP, has consented to the inclusion of their report in this Official Statement. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

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

### Local Bond Law

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

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

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

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

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

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

**Refunding Bonds** – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

#### Local Fiscal Affairs Law

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

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

An independent examination of the Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with

all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 is on file with the Chief Financial Officer and is available for review during business hours.

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

### The Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

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

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program,

P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

#### Miscellaneous Revenues

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

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

#### Real Estate Taxes

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

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

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

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

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

### Deferral of Current Expenses

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

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

### Budget Transfers

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

### Capital Budget

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

### Related Constitutional and Statutory Provisions

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school

districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

#### Rights and Remedies of Owners of Bonds

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

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

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

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

#### Limitation of Remedies Under Federal Bankruptcy Code

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

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the

municipality's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

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

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

## **TAXATION**

### Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 55.76%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last complete revaluation of property within the Borough was in 2011 effective for the 2012 tax year.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Solicitor (as hereinafter defined) for "in rem foreclosures" in order to acquire title to these properties.

### Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the State Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State

Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## **CONTINUING DISCLOSURE**

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

The Borough has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Borough has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on MSRB's Electronic Municipal Market Access ("EMMA") website as required under its prior secondary market disclosure undertakings.

## **LITIGATION**

To the knowledge of the Borough Solicitor for the Borough, Timothy J. Higgins, Esquire, of Law Offices of Timothy J. Higgins, Haddon Heights, New Jersey ("Borough Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Solicitor, no litigation is presently pending that, in the opinion of the Borough Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided.

## **TAX MATTERS**

### Federal

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

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

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

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

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

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

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

#### New Jersey

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

#### Changes in Federal and State Tax Law

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

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

## **RATING**

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

An explanation of the significance of such rating (including, but not limited to, any separate outlook accompanying such rating by the Rating Agency) may be obtained from the Rating Agency. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by the Rating Agency may have an adverse effect on the market price of the Bonds.

## **NO DEFAULT**

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

## **CERTAIN RISK FACTORS**

### Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"). 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 ended on February 16, 2026.

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

Pursuant to the funding methodology under the Plan, the Borough received \$387,273.65 in funding ("Plan Funds"). The deadline to obligate the Plan Funds was December 31, 2024 and to spend the Plan Funds is December 31, 2026. Such Plan Funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment.

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

### Cyber Security

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

### Climate Change

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

## **UNDERWRITING**

The Bonds have been purchased from the Borough at a public sale by \_\_\_\_\_, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated July \_\_, 2026 at a purchase price of \$ \_\_\_\_\_. The purchase price of the Bonds reflects the principal amount of the Bonds, plus a bid premium of \$ \_\_\_\_\_. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

## **MUNICIPAL ADVISOR**

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

## **APPROVAL OF LEGAL PROCEEDINGS**

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

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **LEGALITY FOR INVESTMENT**

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

## **PREPARATION OF OFFICIAL STATEMENT**

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

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

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

PKF O'Connor Davies, LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Borough management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. PKF O'Connor Davies, LLP, successor to Bowman & Company LLP, does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Accountants' Compilation Report and Independent Auditor's Report.

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

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Elizabeth Pigliacelli, Chief Financial Officer, Borough of Merchantville, New Jersey 08109 at (856) 662-2474, 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 of holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

### **BOROUGH OF MERCHANTVILLE, COUNTY OF CAMDEN, NEW JERSEY**

By: \_\_\_\_\_  
**ELIZABETH PIGLIACELLI, Chief Financial Officer**

Dated: July \_\_, 2026

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE  
BOROUGH OF MERCHANTVILLE**

## **GENERAL INFORMATION ON THE BOROUGH**

### **History**

Merchantville, having its European heritage centered around Holland, Sweden and England, was formally established in 1857. Incorporating in 1874, a Mayor and Borough Council form of government was enacted, and is still in effect today.

The Borough encompasses .68 square miles and includes both commercial and residential properties. At present, there are approximately 1,641 housing units with 3,801 residents.

### **Police, Fire Protection and Emergency Services**

The Borough's Police Department ("Department") offers residents 24 hour a day protection from the centrally located Borough Municipal Building. The Department consists of thirteen full-time officers and two full-time support personnel. Emergency 911 calls are routed through Camden County central communications.

The Borough's sole fire company is manned by four full-time salaried professionals. One employee is paid out of the operating budget. The remainder of the force is comprised of approximately twenty-two volunteers. The fire company is equipped with modern equipment. The operation of the fire company is supported, in part, by local budget appropriation.

The Borough has a shared services agreement with the Township of Pennsauken to provide emergency medical transportation and first-aid to the community.

### **Public Works**

The Public Works Department ("Department") is responsible for the maintenance and beautification of Borough recreation areas and other public grounds, repair and upkeep of Borough roads. The Department is also responsible for the collection of brush and lawn debris.

The Borough has a shared services agreement for disposal of garbage, trash, recyclables and other solid waste.

### **Recreation**

The recreation program within the community is administered by the Recreation Committee which was created by a resolution dated March 28, 1955. Activities are held at two different park locations and include programs such as little league baseball and a parks and playgrounds summer program.

### **Sewer Utility**

The Sewer Utility services all of the sewer lines within the Borough. The operation of the utility has been self-liquidating since its inception in 1996. The Pennsauken Sewerage Authority handles routine line maintenance at an annual cost of \$108.00 per unit. Treatment is provided by the Camden County Municipal Utilities Authority and property owners are billed directly by the Authority.

### **Merchantville-Pennsauken Water Commission**

The Merchantville-Pennsauken Water Commission ("Commission") was formed on July 1, 1926. The Commission is comprised of five members each for a term of five years. Three members are appointed by the Pennsauken Township Committee. Two members are appointed by the Mayor of the Borough of Merchantville and confirmed by its Council.

The operation of the Commission has been self-liquidating since its inception.

The Commission services all of the Borough. The following is an analysis of active accounts serviced by the Water Commission as of May, 2026.

Pennsauken Township	11,364
Merchantville Borough	1,206
Cherry Hill Township	2,525
City of Camden	<u>269</u>
Total	<u>15,364</u>

**Borough Employees**

	<u>2025</u>	<u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>2022</u>	<u>2021</u>
Permanent	23	25	24	24	23
Part-time	<u>21</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>21</u>
Total	<u>44</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>44</u>

**Employee Collective Bargaining Unit**

The Fraternal Order of Police, Lodge No. 3, represents all of the Borough law enforcement officers. The current contract expires December 31, 2027.

**Compensated Absences**

Full-time employees are entitled to fifteen paid sick leave days each year for police and twelve paid sick days for all other full-time employees. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon retirement, unused sick days shall be compensated at the rate of \$20.00 per day for Borough employees and \$30.00 per day for police at a maximum of 375 days. For additional information regarding compensated absences, (See Appendix B: Financial Statements of the Borough, Note 9 to Financial Statements).

**Pension Plans**

Those Borough employees who are eligible for pension coverage are enrolled in one of two pension systems established by Acts of the State Legislature. Currently, Borough employees are either enrolled in the Police and Firemen’s Retirement System or the Public Employees’ Retirement System. Benefit contributions, means of funding and the manner of administration are determined by the State of New Jersey. For additional information on pension plans, (See Appendix B: Financial Statements of the Borough, Note 7 to Financial Statements).

**Population (1)**

2020 Federal Census	3,820
2010 Federal Census	3,821
2000 Federal Census	3,801
1990 Federal Census	4,095
1980 Federal Census	3,972

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

**Selected Census 2024 Data for the Borough (1)**

Median household income	\$90,706
Per capita income	\$48,885

**Labor Force(2)**

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Borough</b>					
Labor Force	2,207	2,202	2,141	2,136	2,126
Employment	2,112	2,104	2,069	1,984	1,928
Unemployment	95	98	72	152	198
Unemployment Rate	4.3%	4.5%	3.4%	7.1%	9.3%
<b>County</b>					
Labor Force	274,870	273,180	266,723	263,373	262,597
Employment	261,252	260,285	255,431	244,488	236,927
Unemployment	13,618	12,895	11,292	18,885	25,670
Unemployment Rate	5.0%	4.7%	4.2%	7.2%	9.8%
<b>State</b>					
Labor Force	4,898,008	4,867,113	4,756,002	4,654,243	4,643,700
Employment	4,676,064	4,659,779	4,572,879	4,342,075	4,204,301
Unemployment	221,944	207,334	183,123	312,168	439,399
Unemployment Rate	4.5%	4.3%	3.9%	6.7%	9.5%

**Economic Development and Business and Industry**

The Borough was part of the Main Street Program as well as the State funded Neighborhood Preservation Program. Receiving three grants through the Neighborhood Preservation provided funding and stabilization for businesses and residential properties. The funds were leveraged with the County Home Improvement Program to offer even greater funding to be provided to the business and residential community. The mission of the programs was to retain and attract businesses for the community by providing funding for improvements to businesses and property owners in the surrounding residential areas. Businesses further benefited from the technical support available. This "Towne Centre Project" provided the impetus for economic development. Further aiding in the downtown development was the receipt of a large federal Intermodal Surface Transportation Enhancement Act ("ISTEA") grant which was used for streetscape enhancements such as new brick sidewalks, site furniture, landscaping, bus shelters, street lights and bike racks.

All of these projects are inter-related and encompass the senior citizen housing complex that was completed in the early part of 2000 in the central business district. The ultimate goal of the Towne Centre Project is to provide a vital downtown which supports both quality of life and the historic character of our unique business district.

Although the Main Street Program Grant has expired, the Main Street Program continues through the auspices of the Merchantville Task Force, a private non-profit organization created solely for the purpose of spearheading the revitalization of the business district. Further assisting in the promotion of the downtown business district is our Merchantville Business and Professional Association.

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

(2) Source: New Jersey Department of Labor

Although the Borough is essentially fully-developed, the local government has been innovative in meeting the challenges it faces. Several housing developments have recently been completed or are underway which will ultimately add ratables to the tax base. Community Development Block Grant (CDBG) funds continue to be used for the enhancement of the area around the Towne Centre Project. Wellwood Park, a four acre park located in the west end of the Borough, was revitalized through Green Acres assistance and now sports a multi-purpose soccer field, picnic pavilion, playground equipment and resurfaced tennis courts which has led to increased community use.

The goals of the Mayor and Council are to preserve and enhance the Borough’s unique historic character, revitalize the downtown economy and plan for and support the long-term success of the Borough’s business center. The Borough is committed to taking care of the essentials that make the Borough’s neighborhoods an attractive place to live while building on the Borough’s strengths

**Building, Zoning and Development Codes**

The Borough adopted a Master Plan in 1966 which has been revised as recently as January 16, 2020. The current Master Plan and Zoning Ordinances provide for a broad variety of housing opportunities, as well as side areas for continued commercial development.

The Borough has adopted a comprehensive set of planning regulations for subdivision and site-control as well as zoning standards. The provisions of the International Building Code (IBC) New Jersey Edition (2009) govern building construction only. The Code is managed and enforced locally by the Construction Official. All residential units are subject to code compliance upon resale, which is the responsibility of the local Code Enforcement Officer.

**Building Permits (1)**

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2026 (2)	53	\$540,785
2025	205	2,621,100
2024	165	2,423,818
2023	168	2,478,854
2022	170	2,941,487
2021	216	3,344,941

**EDUCATION (3)**

The public school system in the Borough is operated by the Merchantville Borough Board of Education (the "Board of Education") as a Type II school district. It functions independently through a nine member board, elected by the voters in alternate three year terms.

The Board of Education prepares annually an operating and maintenance, capital outlay and debt service budget. The amounts to be raised by taxation for operating and maintenance expenses and capital outlay projects are submitted to the voters for approval. If the amounts are disapproved, the Council fixes an amount and certifies same to the Board of Education and to the County Board of Taxation. If the Board of Education determines that the amount certified by the Borough is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commission of Education to restore the local funds eliminated.

(1) Source: Borough’s Construction Official  
 (2) Source: As of May 1, 2026  
 (3) Source: School District Officials

The school system provides education programs for students from kindergarten to the eighth grade level. All ninth through twelfth grade students attend the Pennsauken Township Senior High School.

**BOROUGH OF MERCHANTVILLE SCHOOL DISTRICT  
SCHOOL ENROLLMENTS**

<u>Grade</u>	<u>As of October 15,</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Pre-K	17	20	18	17	14
K	33	37	26	25	41
1	42	31	39	42	38
2	28	37	31	37	36
3	37	33	33	34	36
4	34	32	36	35	38
5	33	34	37	36	45
6	36	37	34	44	40
7	37	35	41	38	40
8	37	44	35	42	43
Spec. Ed.	<u>61</u>	<u>56</u>	<u>47</u>	<u>54</u>	<u>59</u>
Total	<u>395</u>	<u>396</u>	<u>377</u>	<u>404</u>	<u>430</u>

**Present School Facilities, Enrollment and Capacity**

<u>Name of School</u>	<u>Date Constructed</u>	<u>Date of Renovation/Addition</u>	<u>Grades</u>	<u>Enrollment 10/15/25</u>	<u>Capacity</u>
Merchantville Elementary School	1908	1941; 1998	Pre-K - 8	406	521

**OTHER EDUCATION FACILITIES**

**Rutgers University-Camden Campus**

Rutgers University-Camden ("Rutgers"), a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2024-2025 school year, there were approximately 3,857 undergraduate students and 1,818 graduate students.

**Camden County College**

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

For the academic year 2024-2025, full time enrollment was 3,358 and part-time enrollment was 4,264 for a total of 7,622.

## Camden County Technical Schools

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

For high school students, there are over 30 career programs from which to choose. For the 2024-2025 school year, 1,403 students are enrolled at the Gloucester Township Campus, and 769 at the Pennsauken Campus. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

### CERTAIN TAX INFORMATION

#### TEN LARGEST TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2025 Valuation</u>
63 Washington Place LLC	Apartments	\$3,763,500
Bell Atlantic - NJ C/O Duff / Phelps	Office Space	1,924,600
Stratagem Merchantville LLC	Office Space	1,900,000
Centre Street Partners/Place LLC	Mixed Use	1,300,800
42 West Maple LLC C/O Entrata Inc.	Apartments	1,199,800
Marvis Group LLC	Restaurant	1,050,400
607 West Maple LLC	Apartments	921,800
200 E Maple LLC	Apartments	900,000
17 E Maple LLC	Apartments	850,000
All I See Is Gold, LLC	Exercise Facility	815,000

#### CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2025 (3)	\$ 13,279,135	\$ 12,975,864	97.72%	\$ 221,815	1.67%
2024	12,914,023	12,707,656	98.40%	150,118	1.16%
2023	12,290,766	12,136,785	98.75%	130,996	1.07%
2022	11,751,985	11,588,514	98.61%	144,003	1.23%
2021	11,639,268	11,433,744	98.23%	177,621	1.53%

(1) Source: Borough Tax Assessor's Office

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

(3) Source: Information from Annual Compiled Financial Statement

**DELINQUENT TAXES(1)**

<u>Year</u>		<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
		<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2025	(2)	\$ 150,124	\$ -	\$ 135,315	90.14%	\$ -	\$ 14,762	\$ 47
2024		131,005	-	130,999	100.00%	-	-	7
2023		144,003	250	144,243	99.99%	-	-	10
2022		177,622	375	177,967	99.98%	-	-	-
2021		202,563	-	202,263	99.85%	-	-	-

**TAX TITLE LIENS(1)**

<u>Year</u>		<u>Balance Jan. 1</u>	<u>Added by</u>			<u>Balance Dec. 31</u>
			<u>Sales and Transfers</u>	<u>Collected</u>	<u>Canceled</u>	
2025	(2)	\$ 78,125	\$ 2,195	\$ -	\$ -	\$ 80,321
2024		67,977	10,148	-	-	78,125
2023		58,896	9,081	-	-	67,977
2022		59,818	10,077	10,984	15	58,896
2021		48,426	11,392	-	-	59,818

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

<u>Year</u>		<u>Balance</u>	
		<u>Jan. 1</u>	<u>Adjustments Dec. 31</u>
2025	(2)	\$ -	\$ -
2024		-	-
2023		-	-
2022		-	-
2021		-	-

**CURRENT SEWER COLLECTIONS(1)**

<u>Year</u>		<u>Beginning</u>		<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Balance</u>	<u>Total Levy</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2025	(2)	\$ 34,723	\$ 502,518	\$ 482,960	89.90%	\$ 54,282	10.10%
2024		51,772	504,023	520,861	93.71%	34,723	6.25%
2023		81,515	500,939	529,237	90.86%	51,772	8.89%
2022		41,793	459,312	419,124	83.64%	81,515	16.27%
2021		47,434	464,697	470,061	91.79%	41,793	8.16%

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

(2) Source: Information from Annual Compiled Financial Statement

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

**NET ASSESSED VALUATIONS AND ANNUAL TAX RATES**

**Tax Rate (1)**

<u>Year</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Total</u> <u>Rate</u>	<u>Local</u>		
			<u>County</u>	<u>School</u>	<u>Municipal</u>
2026	\$ 240,566,664	N/A	N/A	N/A	N/A
2025	241,194,762	\$ 5.502	\$ 0.925	\$ 2.685	\$ 1.892
2024	241,724,600	5.329	0.932	2.585	1.812
2023	242,078,800	5.073	0.919	2.522	1.632
2022	241,291,200	4.858	0.891	2.507	1.460
2021	240,005,900	4.825	0.914	2.498	1.413

**RATIO OF ASSESSED VALUATION TO TRUE VALUE  
AND TRUE VALUE PER CAPITA (2)**

<u>Year</u>	<u>Real Property</u> <u>Assessed</u> <u>Valuation</u>	<u>Percentage</u> <u>of True</u> <u>Value</u>	<u>True</u> <u>Value</u>	<u>True Value</u> <u>per Capita (3)</u>
2025	241,194,700	64.85%	371,927,062	97,363
2024	241,724,600	70.99%	340,505,142	89,137
2023	242,078,800	78.47%	308,498,534	80,759
2022	241,291,200	88.13%	273,790,083	71,673

**REAL PROPERTY CLASSIFICATION (4)**

<u>Year</u>	<u>Assessed Value</u> <u>of Land and</u>				
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartments</u>
2026	\$ 240,566,600	\$ 568,800	\$ 205,640,100	\$ 22,792,600	\$ 11,565,100
2025	241,194,700	568,800	205,655,500	23,405,300	11,565,100
2024	241,724,600	646,000	205,729,700	23,783,800	11,565,100
2023	242,078,800	646,000	205,900,600	23,967,100	11,565,100
2022	241,291,200	646,000	205,126,700	23,953,400	11,565,100

(1) Per \$100 of assessed valuation

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

(3) Based on 2020 Federal Census of 3,820

(4) Source: Borough Assessor

**BOROUGH OF MERCHANTVILLE  
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Borough as of December 31, 2025 in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Sewer Utility, and Debt of the Local School District. Deductions from gross debt to arrive at net debt include local school district debt, and debt considered to be self-liquidating. The resulting net debt of \$6,380,803 represents 1.670% of the average of equalized valuations for the Borough for the last three years, of \$382,102,303 which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Debt Auth. But Not Issued	Gross Debt	Deductions		Net Debt
	Bonds/Loans	Notes			School District	Self Liquidating / Other	
General	\$ 700,000	\$ 3,978,011	\$ 1,702,792	\$ 6,380,803			\$ 6,380,803
Sewer Utility	492,421	133,989		626,410		\$ 626,410	-
Local School	520,000			520,000	\$ 520,000		-
	<u>\$ 1,712,421</u>	<u>\$ 4,112,000</u>	<u>\$ 1,702,792</u>	<u>\$ 7,527,212</u>	<u>\$ 520,000</u>	<u>\$ 626,410</u>	<u>\$ 6,380,803</u>

(1) As of December 31, 2025

## DEBT RATIOS AND VALUATIONS

Average of Equalized Valuations of Real Property with Improvements for 2023, 2024 and 2025	\$	382,102,303
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2023, 2024 and 2025		1.670%
2026 Net Valuation Taxable	\$	240,566,664
2026 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	431,432,273
Gross Debt (2)		
As a Percentage of 2026 Net Valuation Taxable		3.129%
As a Percentage of 2026 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.745%
Net Debt (2)		
As a Percentage of 2026 Net Valuation Taxable		2.652%
As a Percentage of 2026 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.479%
Gross Debt per Capita (3)	\$	1,970
Net Debt per Capita (3)	\$	1,670

### BOROUGH BORROWING CAPACITY(1)

3.5% of Average (2023-25) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$382,102,303)	\$	13,373,581
Net Debt		<u>(6,380,803)</u>
Remaining Borrowing Capacity	\$	<u><u>6,992,778</u></u>

### LOCAL SCHOOL BORROWING CAPACITY(1)

4.0% of Average (2023-25) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$382,102,303)	\$	15,284,092
School District Debt		<u>(520,000)</u>
Remaining Borrowing Capacity	\$	<u><u>14,764,092</u></u>

- (1) As of December 31, 2025  
(2) Excluding overlapping debt  
(3) Based on 2020 Federal Census of 3,820

**BOROUGH OF MERCHANTVILLE  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2025**

	<b>DEBT ISSUED</b>				Debt Auth. but not <u>Issued</u>
	<u>Debt Outstanding</u>	<u>Deductions</u>	Net Debt <u>Outstanding</u>	Net Debt Outstanding Allocated to <u>the Issuer</u>	
County of Camden(1):					
General:					
Bonds	\$ 58,967,466	\$ 51,909,486 (2)	\$ 7,057,980	\$ 43,734 (4)	\$ 60,765,099
Notes	-		-	- (4)	
Loan Agreements	279,385,000		279,385,000	1,731,197 (4)	
Bonds Issued by Other Public Bodies Guaranteed by the County	191,674,387	191,674,387 (3)			
	<u>\$ 530,026,853</u>	<u>\$ 243,583,873</u>	<u>\$ 286,442,980</u>	<u>\$ 1,774,931</u>	<u>\$ 60,765,099</u>

(1) Source: County of Camden

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2025 Net Valuation on which County taxes are apportioned, which is .620%.

## Camden County Municipal Utilities Authority

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

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

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

The gross debt as of December 31, 2025 (unaudited) for the CCMUA was \$227,499,329. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

## Camden County Improvement Authority

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

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2025 (unaudited) was \$252,673,415.

**BOROUGH OF MERCHANTVILLE  
SCHEDULE OF DEBT SERVICE(1)  
(BONDED DEBT AND LOANS ONLY)**

<u>Year</u>	<u>General</u>			<u>Sewer Utility</u>			<u>Grand Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2026	\$ 400,000	\$ 24,875	\$ 424,875	\$ 135,878	\$ 6,660	\$ 142,538	\$ 567,413
2027	100,000	13,000	113,000	129,542	5,000	134,542	247,542
2028	100,000	8,750	108,750	113,500	3,440	116,940	225,690
2029	100,000	4,375	104,375	113,500	1,720	115,220	219,595
	<u>\$ 700,000</u>	<u>\$ 51,000</u>	<u>\$ 751,000</u>	<u>\$ 492,421</u>	<u>\$ 16,820</u>	<u>\$ 509,241</u>	<u>\$ 1,260,241</u>

(1) As of December 31, 2025

**BOROUGH OF MERCHANTVILLE  
2026 MUNICIPAL BUDGET (1)**

**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 200,000
Miscellaneous Revenues:	
Local Revenues	163,500
State Aid without Offsetting Appropriations	564,599
Dedicated Uniform Construction Code Fees	65,000
Public and Private Programs Offset with Appropriations	3,077
Other Special Items of Revenue	395,000
Receipts from Delinquent Taxes	190,000
Amount to be Raised by Taxation for Municipal Purposes	<u>4,695,349</u>

Total Anticipated Revenues	<u><u>\$ 6,276,525</u></u>
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Appropriations:	
Within CAPS:	
Operations	\$ 4,661,507
Deferred Charges and Statutory Expenditures	625,473
Excluded from CAPS:	
Other Operations	26,400
Shared Service Agreements	25,000
Public and Private Programs	3,077
Capital Improvements	10,000
Debt Service	564,912
Deferred Charges	7,000
Transferred to Board of Education	73,157
Reserve for Uncollected Taxes	<u>280,000</u>

Total Appropriations	<u><u>\$ 6,276,525</u></u>
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**SEWER UTILITY FUND**

Anticipated Revenues:	
Fund Balance	\$ 45,000
Sewer Service Charges	480,000
Miscellaneous	<u>4,500</u>

Total Anticipated Revenues	<u><u>\$ 529,500</u></u>
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Appropriations:	
Operating	\$ 370,000
Debt Service	148,500
Pension, Social Security, Unemployment Compensation	<u>11,000</u>

Total Appropriations	<u><u>\$ 529,500</u></u>
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(1) 2026 Adopted Budget

**BOROUGH OF MERCHANTVILLE  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2026-2028**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>	
			<u>General</u>	<u>Self Liquidating</u>
<b>General Improvements:</b>				
Acquisition of Capital Equipment (Trash Truck)	\$ 295,000	\$ 14,750	\$ 280,250	
Total General Improvements	<u>\$ 295,000</u>	<u>\$ 14,750</u>	<u>\$ 280,250</u>	<u>\$ -</u>

(1) 2026 Adopted Budget

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE BOROUGH OF MERCHANTVILLE**

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**FOR THE YEAR ENDED 2025**  
**COMPILED FINANCIAL STATEMENTS**

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Borough of Merchantville (“Borough”), as of December 31, 2025 and the related statements of operations and changes in fund balance – regulatory basis, the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements - regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the Borough’s assets, liabilities, fund balances, revenues and expenditures and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*PKF O'Connor Davies, LLP*

Voorhees, New Jersey  
February 26, 2026

*Scott P. Barron*

Scott P. Barron, CPA  
Registered Municipal Accountant, No. 20CR00054000

PKF O'CONNOR DAVIES LLP  
601 White Horse Road, Voorhees, NJ 08043 | Tel: 856.435.6200 | Fax: 856.435.0440 | [www.pkfod.com](http://www.pkfod.com)

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**BOROUGH OF MERCHANTVILLE**  
CURRENT FUND  
Balance Sheet -- Regulatory Basis  
As of December 31, 2025

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ASSETS AND DEFERRED CHARGES:

Regular Fund:

Cash	\$ 771,331.42
Cash -- Change Fund	350.00
Due from State of New Jersey	<u>4,532.79</u>
	<u>776,214.21</u>

Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	221,862.26
Tax Title Liens	80,320.54
Revenue Accounts Receivable	4,573.60
Due from CCMUA	1,025.31
Due from Animal Control Fund	<u>0.39</u>
	<u>307,782.10</u>

Deferred Charges:

Emergency Appropriations N.J.S.A. 40A:4-46	5,000.00
Special Emergency Authorizations N.J.S.A. 40A:4-55	<u>10,000.00</u>
	<u>15,000.00</u>
	<u>1,098,996.31</u>

Federal and State Grant Fund:

Cash	103,127.84
Grants Receivable	<u>297,292.14</u>
	<u>400,419.98</u>
	<u>\$ 1,499,416.29</u>

(Continued)

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**  
Balance Sheet -- Regulatory Basis  
As of December 31, 2025

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LIABILITIES, RESERVES  
AND FUND BALANCE:

Regular Fund:

Liabilities:

Appropriation Reserves	\$ 159,546.40
Reserve for Encumbrances	115,146.10
Prepaid Taxes	79,668.74
Tax Overpayments	51,409.92
Due County for Added and Omitted Taxes	1,446.36
Reserve for COAH	10,952.54
Due State - Marriage Licenses	200.00
Due State - DCA Fees	2,064.00
Outside Tax Title Lien Redemptions Payable	1,037.16
Reserve for Codification of Ordinances	1,705.19
Reserve for Security Deposits	18,310.00
Due to Trust Other Funds	4,412.77
Due to General Capital Fund	57.36

445,956.54

Reserves for Receivables and Other Assets	307,782.10
Fund Balance	345,257.67

1,098,996.31

Federal and State Grant Fund:

Reserve for:

Appropriated Reserves	248,453.98
Encumbrances	151,966.00

400,419.98

\$ 1,499,416.29

See Independent Accountants' Compilation Report

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**  
Statement of Operations and Changes in Fund Balance -- Regulatory Basis  
For the Year Ended December 31, 2025

REVENUE AND OTHER INCOME REALIZED:

Fund Balance Utilized	\$	500,000.00
Miscellaneous Revenues Anticipated		1,457,092.85
Receipts from Delinquent Taxes and Tax Title Liens		135,315.03
Receipts from Current Taxes		12,975,864.49
Non-Budget Revenue		45,791.92
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		125,944.47
Cancellation of Accounts Payable		1,910.00
Cancellation of Reserves for:		
JIF Safety Award		6.88
Revaluation		6,064.13
Updating Master Plan		1,000.00
Liquidation of Interfunds and other Assets:		
Due from Animal Control Fund		0.98
Due from Trust Other Fund		9,175.98
Due General Capital Fund		2,807.31
		15,260,974.04
Total Income		15,260,974.04

EXPENDITURES:

Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages		2,133,969.00
Other Expenses		2,214,151.23
Deferred Charges and Statutory Expenditures		643,937.53
Excluded from "CAPS":		
Operations:		
Other Expenses		270,188.34
Capital Improvements		10,000.00
Municipal Debt Service		909,924.54
Deferred Charges		7,283.08
Transferred to Board of Education		72,729.00
County Taxes		2,230,363.52
Due County for Added and Omitted Taxes		1,446.36
Local District School Tax		6,476,100.00
		14,970,092.60
Total Expenditures		14,970,092.60

Excess in Revenue 290,881.44

Adjustment to Income Before Fund Balance:		
Special Emergency Appropriation		10,000.00
Emergency Appropriation		5,000.00
		15,000.00

Statutory Excess to Fund Balance 305,881.44

FUND BALANCE:

Balance January 1,		539,376.23
		845,257.67
Decreased by:		
Utilized as Revenue		500,000.00
Balance December 31,		\$ 345,257.67

See Independent Accountants' Compilation Report

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2025

	Anticipated		Realized	Excess or (Deficit)
	Budget	Special N.J.S.A 40A: 4-87		
Fund Balance Anticipated	\$ 500,000.00	---	\$ 500,000.00	---
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4,500.00		4,500.00	
Fees and Permits	35,000.00		35,097.20	\$ 97.20
Fines and Costs:				
Municipal Court	61,000.00		62,554.19	1,554.19
Interest and Costs on Taxes	38,500.00		44,360.77	5,860.77
Parking Meters	5,000.00		7,305.33	2,305.33
Interest on Investments and Deposits	24,000.00		13,501.79	(10,498.21)
Energy Receipts Tax	564,599.00		564,599.45	0.45
Dedicated Uniform Construction Code Fees Offset				
With Appropriations (N.J.S. A. 40A:4-36 and N.J.A.C.5:23-4.17):				
Uniform Construction Code Fees	54,000.00		67,623.75	13,623.75
Public and Private Revenues - Offset With Appropriations:				
1st Colonial Bank Recreation Grant		\$ 2,500.00	2,500.00	
Body Armor Replacement Grant	1,372.58		1,372.58	
Camden County Open Space - Historic Preservation Grant		50,000.00	50,000.00	
JIF Safety Award Grant		1,500.00	1,500.00	
Camden County Open Space - Recreation Facility Enhancement		25,000.00	25,000.00	
Community Forestry Management Plan-CFMP		5,000.00	5,000.00	
Municipal Alliance on Alcohol and Drug Abuse	5,000.00		5,000.00	
New Jersey Department of Transportation:				
2025 Municipal Aid Program		146,946.00	146,946.00	
NJDEP - Clean Communities Program		9,424.95	9,424.95	
NJDEP - Recycling Tonnage Grant		4,344.81	4,344.81	
Donations - Merchantville Maple Project		190.00	190.00	
Incredible Edible Seed Money Grant	1,660.00		1,660.00	
Other Special Items of Revenues:				
Senior Citizens Housing - PILOT Agreement	27,000.00		30,963.64	3,963.64
Merchantville Pennsauken Water Commission - PILOT Agreement	43,264.00		43,264.00	
606 West Maple Ave - PILOT Agreement	42,845.57		42,845.47	(0.10)
Cable Franchise Fees	51,617.55		46,151.86	(5,465.69)
Rental of Building	85,000.00		107,255.00	22,255.00
Dwelling Registration	32,000.00		31,560.00	(440.00)
Cannabis Municipal Transfer Tax	55,690.44		102,572.06	46,881.62
	<u>1,132,049.14</u>	<u>244,905.76</u>	<u>1,457,092.85</u>	<u>80,137.95</u>
Receipts from Delinquent Taxes	<u>140,000.00</u>		<u>135,315.03</u>	<u>(4,684.97)</u>
Amount to be Raised by Taxes for				
Support of Municipal Budget:				
Local Tax for Municipal Purposes				
including Reserve for Uncollected Taxes	<u>4,563,859.92</u>		<u>4,534,435.33</u>	<u>(29,424.59)</u>
Budget Totals	<u>6,335,909.06</u>	<u>244,905.76</u>	<u>6,626,843.21</u>	<u>46,028.39</u>
Non-Budget Revenue			<u>45,791.92</u>	<u>45,791.92</u>
	<u>\$ 6,335,909.06</u>	<u>\$ 244,905.76</u>	<u>\$ 6,672,635.13</u>	<u>\$ 91,820.31</u>

(Continued)

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2025

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Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$ 12,975,864.49
Allocated to:	
County and School Taxes	8,707,909.88

Amount for Support of Municipal Budget Appropriations	4,267,954.61
Add: Appropriation "Reserve for Uncollected Taxes"	266,480.72

Amount for Support of Municipal Budget Appropriations	\$ 4,534,435.33
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 135,315.03
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	\$ 135,315.03
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Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:

Receipts:

Miscellaneous	\$ 20,401.54
PILOT Agreements - Miscellaneous	2,970.38
NJHIF Dividends	2,590.00
Police Outside Employment Trust Administration Fees	19,580.00
Senior and Veterans Administration Fee	250.00

	\$ 45,791.92
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See Independent Accountants' Compilation Report

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2025

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS -- WITHIN "CAPS"</b>						
<b>GOVERNMENTAL GOVERNMENT:</b>						
General Administration						
Salaries and Wages	\$ 107,083.00	\$ 107,083.00	\$ 106,754.39		\$ 328.61	
Other Expenses (NJS 40A: 4-55 \$10,000.00)	69,600.00	79,600.00	61,206.64	\$ 8,179.53	10,213.83	
Mayor and Council						
Salaries and Wages	9,200.00	9,200.00	9,200.00			
Other Expenses	2,000.00	2,000.00	1,005.25		994.75	
Financial Administration						
Other Expenses	56,466.00	56,466.00	52,415.94		1,350.06	\$ 2,700.00
Audit Services	31,000.00	31,000.00	31,000.00			
Collection of Taxes						
Salaries and Wages	11,506.00	11,506.00	8,219.07		3,286.93	
Other Expenses	15,432.23	15,432.23	15,018.48		413.75	
Assessment of Taxes						
Salaries and Wages	10,900.00	10,900.00	10,900.00			
Other Expenses	3,155.00	3,155.00	2,794.04		360.96	
Legal Services and Costs						
Other Expenses	41,000.00	41,000.00	37,724.98		3,275.02	
Engineering Services and Costs						
Other Expenses	10,000.00	10,000.00	5,002.50		4,997.50	
Economic Development Agencies						
Other Expenses	1,500.00	1,500.00	237.76	357.43	904.81	
Historical Sites Office						
Other Expenses	850.00	850.00	675.00		175.00	
Code Enforcement						
Salaries and Wages	60,500.00	60,500.00	56,035.15		4,464.85	
Other Expenses	4,400.00	4,400.00	186.08		4,213.92	
Municipal Court						
Salaries and Wages	105,692.00	101,692.00	101,090.22		601.78	
Other Expenses	11,000.00	11,000.00	4,459.74	1,355.70	5,184.56	
Planning Board						
Salaries and Wages	64,751.00	64,751.00	63,975.05		775.95	
Other Expenses	8,460.00	8,460.00	5,365.97		3,094.03	
Insurance						
Liability Insurance	146,563.00	146,563.00	146,563.00			
Workers Compensation Insurance	79,245.00	79,245.00	79,245.00			
Employee Group Insurance	676,000.00	676,000.00	602,756.05	185.00	23,058.95	50,000.00
Health Benefit Waivers	40,000.00	42,500.00	42,360.82		139.18	
<b>PUBLIC SAFETY:</b>						
Police						
Salaries and Wages	1,483,998.00	1,478,998.00	1,473,368.03		5,629.97	
Other Expenses	56,300.00	56,300.00	42,354.20	8,288.04	5,657.76	
Office of Emergency Management						
Salaries and Wages	3,500.00	3,500.00	3,500.00			
Other Expenses	5,825.00	5,825.00	50.00		1,775.00	4,000.00
Fire						
Salaries and Wages	83,176.00	83,176.00	83,071.94		104.06	
Other Expenses	31,400.00	31,400.00	23,599.24	7,397.52	403.24	

(Continued)

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2025

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>OPERATIONS -- WITHIN "CAPS" (CONT'D)</u>						
PUBLIC SAFETY (CONT'D):						
Aid to Volunteer Ambulance Company						
Other Expenses	\$ 63,000.00	\$ 63,000.00	\$ 63,000.00			
Municipal Prosecutor						
Salaries and Wages	11,000.00	11,000.00	8,249.62		\$ 2,750.38	
PUBLIC WORKS FUNCTIONS:						
Streets and Roads Maintenance						
Salaries and Wages	132,963.00	132,963.00	114,126.82		8,836.18	\$ 10,000.00
Other Expenses	45,235.00	45,235.00	35,495.78	\$ 5,991.09	3,748.13	
Vehicle Maintenance						
Other Expenses	38,000.00	38,000.00	34,842.81	2,925.58	231.61	
Solid Waste Collection						
Other Expenses	255,000.00	262,000.00	218,859.34	21,401.83	21,738.83	
Public Buildings and Grounds						
Salaries and Wages	35,500.00	24,900.00	24,058.39		841.61	
Other Expenses	55,697.00	55,697.00	44,320.90	9,963.51	1,412.59	
Other Public Works Functions						
Other Expenses	22,000.00	22,000.00	21,678.70		321.30	
Landfill/Solid Waste Disposal						
Other Expenses	198,000.00	193,000.00	167,115.10	20,798.64	5,086.26	
HEALTH AND HUMAN SERVICES:						
Animal Control Services						
Other Expenses	8,750.00	9,850.00	8,937.50	693.60	218.90	
PARKS AND RECREATION FUNCTIONS:						
Celebration of Public Events						
Salaries and Wages (N.J.S. 40A:4-46 \$5,000.00+)		5,000.00	5,000.00			
Other Expenses	8,000.00	8,000.00	7,358.22	174.15	467.63	
Historical Preservation Commission						
Other Expenses	400.00	400.00			400.00	
Senior Housing - PILOT Agreement						
Due to Local School District	11,500.00	11,500.00	11,500.00			
606 West Maple PILOT Agreement						
Due to Local School District	28,143.00	28,143.00	28,143.00			
STATE UNIFORM CONSTRUCTION CODE:						
Construction Code Official						
Salaries and Wages	38,800.00	38,800.00	38,060.79		739.21	
Other Expenses	9,330.00	9,330.00	3,283.16	387.54	5,659.30	
UNCLASSIFIED:						
Utilities						
Telephone	35,000.00	35,000.00	33,081.89	1,909.71	8.40	
Gasoline and Diesel Fuel	40,000.00	40,000.00	13,638.61	18,000.00	8,361.39	
Utilities	140,000.00	147,000.00	128,180.77	7,137.23	11,682.00	
<b>Total Operations -- Within "CAPS"</b>	<b>4,406,820.23</b>	<b>4,414,820.23</b>	<b>4,079,065.94</b>	<b>115,146.10</b>	<b>153,908.19</b>	<b>66,700.00</b>
Detail:						
Salaries and Wages	2,158,569.00	2,143,969.00	2,105,609.47		28,359.53	10,000.00
Other Expenses (Including Contingent)	2,248,251.23	2,270,851.23	1,973,456.47	115,146.10	125,548.66	56,700.00

(Continued)

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2025

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</b>						
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System	\$ 74,886.94	\$ 74,886.94	\$ 74,886.94			
Social Security System (O.A.S.I.)	80,000.00	87,000.00	83,786.57		\$ 3,213.43	
Police and Firemen's Retirement System	476,550.59	476,550.59	476,550.59			
Defined Contribution Retirement Plan	5,500.00	5,500.00	3,075.22		2,424.78	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>	<b>636,937.53</b>	<b>643,937.53</b>	<b>638,299.32</b>		<b>5,638.21</b>	
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>5,043,757.76</b>	<b>5,058,757.76</b>	<b>4,717,365.26</b>	<b>\$ 115,146.10</b>	<b>159,546.40</b>	<b>\$ 66,700.00</b>
<b>OPERATIONS -- EXCLUDED FROM "CAPS"</b>						
Landfill Fees - Recycling Tax	2,000.00	2,000.00	2,000.00			
Employee Group Health	14,000.00	14,000.00	14,000.00			
Public and Private Programs Offset by Revenue:						
1st Colonial Bank Recreation Grant (NJSA 40A:4-87, \$2,500.00)		2,500.00	2,500.00			
Body Armor Replacement Grant	1,372.58	1,372.58	1,372.58			
Clean Communities Grant (NJSA 40A:4-87, \$9,424.95)		9,424.95	9,424.95			
CC Open Space - Historic Preservation Grant (NJSA 40A:4-87, \$50,000.00)		50,000.00	50,000.00			
CC Open Space - Recreation Facility Enhancement (NJSA 40A:4-87, \$25,000.00)		25,000.00	25,000.00			
JIF Safety Award Grant (NJSA 40A:4-87, \$1,500.00)		1,500.00	1,500.00			
Community Forestry Management Plan (NJSA 40A:4-87, \$5,000.00)		5,000.00	5,000.00			
Municipal Alliance on Alcohol and Drug Abuse - Matching Funds For Grant	1,250.00	1,250.00	1,250.00			
Municipal Alliance on Alcohol and Drug Abuse	5,000.00	5,000.00	5,000.00			
New Jersey Department of Transportation - Municipal Aid						
2025 Municipal Aid Program (NJSA 40A:4-87, \$146,946.00)		146,946.00	146,946.00			
Recycling Tonnage Grant (NJSA 40A:4-87, \$4,344.81)		4,344.81	4,344.81			
Donations - Merchantville Maple Project (NJSA 40A:4-87, \$190.00)		190.00	190.00			
Incredible Edible Seed Money Grant	1,660.00	1,660.00	1,660.00			
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>25,282.58</b>	<b>270,188.34</b>	<b>270,188.34</b>			
Detail:						
Salaries and Wages						
Other Expenses	25,282.58	270,188.34	270,188.34			
<b>CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
<b>TOTAL CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"</b>	<b>10,000.00</b>	<b>10,000.00</b>	<b>10,000.00</b>			

(Continued)

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2025

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
<b><u>MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"</u></b>					
Payment of Bond Principal	\$ 390,000.00	\$ 390,000.00	\$ 390,000.00		
Payment of Bond Anticipation Notes	317,361.00	317,361.00	317,361.00		
Interest on Bonds	35,975.00	35,975.00	35,975.00		
Interest on Notes	167,039.92	167,039.92	166,588.54		
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	<b>910,375.92</b>	<b>910,375.92</b>	<b>909,924.54</b>		<b>451.38</b>
<b><u>DEFERRED CHARGES -- EXCLUDED FROM "CAPS"</u></b>					
Emergency Authorizations	5,283.08	5,283.08	5,283.08		
Special Emergency Authorizations - 5 Years	2,000.00	2,000.00	2,000.00		
<b>TOTAL DEFERRED CHARGES - EXCLUDED FROM "CAPS"</b>	<b>7,283.08</b>	<b>7,283.08</b>	<b>7,283.08</b>		
Transferred to Board of Education for use of Local Schools	72,729.00	72,729.00	72,729.00		
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<b>1,025,670.58</b>	<b>1,270,576.34</b>	<b>1,270,124.96</b>		<b>451.38</b>
SUBTOTAL GENERAL APPROPRIATIONS	6,069,428.34	6,329,334.10	5,987,490.22	\$ 115,146.10	\$ 159,546.40
RESERVE FOR UNCOLLECTED TAXES	266,480.72	266,480.72	266,480.72		
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 6,335,909.06</b>	<b>\$ 6,595,814.82</b>	<b>\$ 6,253,970.94</b>	<b>\$ 115,146.10</b>	<b>\$ 159,546.40</b>
Original Budget		\$ 6,335,909.06			
Appropriation by 40A:4-46 - Emergency Appropriation		5,000.00			
Appropriation by 40A:4-55 - Special Emergency Appropriation		10,000.00			
Appropriation by NJSA 40A:4-87 - Chapter 159's		244,905.76			
		<b>\$ 6,595,814.82</b>			
Federal, State and Other Grants Appropriated			\$ 254,188.34		
Reserve for Codification of Ordinances			10,000.00		
Deferred Charges - Emergency Appropriation			5,283.08		
Deferred Charges - Special Emergency Appropriation			2,000.00		
Reserve for Uncollected Taxes			266,480.72		
Reimbursements			(135,409.69)		
Disbursed			5,851,428.49		
			<b>\$ 6,253,970.94</b>		

See Independent Accountants' Compilation Report

**BOROUGH OF MERCHANTVILLE**  
**TRUST FUND**  
Balance Sheet -- Regulatory Basis  
As of December 31, 2025

ASSETS:

Animal Control Fund:		
Cash	\$	512.68
Other Funds:		
Cash		333,637.99
Due from Current Fund		4,412.77
		338,050.76
	\$	338,563.44

LIABILITIES, RESERVES  
AND FUND BALANCE:

Animal Control Fund:		
Reserve for Animal Control Expenditures	\$	512.29
Due to Current Fund		0.39
		512.68
Other Funds:		
Due to Current Fund		
Reserve for Premiums Received at Tax Sale		119,600.00
Reserve for Escrow Deposits		34,562.11
Reserve for Parking Offenses Adjudication Act		1,149.04
Reserve for Public Defender		10,853.14
Reserve for Fire Inspection Fines		1,408.00
Reserve for Seized Property		1,759.48
Reserve for Fire Safety Fees		33,581.60
Reserve for Restitution		15,198.00
Reserve for Municipal Alliance		4,169.26
Reserve for Borough 150th Celebration		1,405.90
Reserve for Shade Tree Commission		1,747.38
Reserve for Outside Employment of Off-Duty Police		5,467.93
Reserve for Lead Hazard Control Assistance Fund		1,770.00
Reserve for Community Center Historical Society Museum		81,242.92
Reserve for Storm Recovery		24,136.00
		338,050.76
	\$	338,563.44

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**BOROUGH OF MERCHANTVILLE**  
**GENERAL CAPITAL FUND**  
Balance Sheet -- Regulatory Basis  
As of December 31, 2025

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ASSETS:

Cash	\$ 523,311.43
Due from New Jersey Transportation Fund Grant	938,691.66
Due from Current Fund	57.36
Deferred Charges to Future Taxation:	
Funded	700,000.00
Unfunded	5,680,802.50
	<u>7,842,862.95</u>
	<u><u>\$ 7,842,862.95</u></u>

LIABILITIES, RESERVES  
AND FUND BALANCE:

General Serial Bonds	\$ 700,000.00
Bond Anticipation Notes	3,978,011.00
Capital Improvement Fund	24,013.20
Reserve for Encumbrances	469,132.95
Improvement Authorizations:	
Funded	635,067.09
Unfunded	2,036,638.71
	<u>7,842,862.95</u>
	<u><u>\$ 7,842,862.95</u></u>

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**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY FUND**  
Balance Sheet -- Regulatory Basis  
As of December 31, 2025

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ASSETS:

Operating Fund:	
Cash - Treasurer	\$ 82,796.79
Change Fund	50.00
Due from Sewer Utility Capital Fund	<u>521.81</u>
	<u>83,368.60</u>
Receivables with Full Reserves:	
Sewer Rents Receivable	54,281.52
Sewer Liens Receivable	<u>2,009.07</u>
	<u>56,290.59</u>
Total Operating Fund	<u>139,659.19</u>
Capital Fund:	
Cash - Treasurer	69,744.82
Fixed Capital	3,729,902.52
Fixed Capital Authorized and Uncompleted	<u>145,000.00</u>
Total Capital Fund	<u>3,944,647.34</u>
	<u>\$ 4,084,306.53</u>

(Continued)

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY FUND**  
Balance Sheet -- Regulatory Basis  
As of December 31, 2025

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LIABILITIES, RESERVES  
AND FUND BALANCE:

Operating Fund:

Liabilities:

Appropriation Reserves	\$ 14,887.24
Overpaid Sewer Service Charges	5,130.12
Prepaid Sewer Rents	7,294.36
Accrued Interest on Bonds and Notes	5,305.00

32,616.72

Reserve for Receivables

56,290.59

Fund Balance

50,751.88

Total Operating Fund

139,659.19

Capital Fund:

Long-Term Loan Payable - New Jersey Environmental Infrastructure Trust Loan Program	492,420.61
Bond Anticipation Notes	133,989.00
Due to Sewer Utility Operating Fund	521.81
Improvement Authorizations:	
Unfunded	57,026.81
Capital Improvement Fund	11,850.00
Reserve for Amortization	3,248,492.91
Reserve for Capital Improvements	346.20

3,944,647.34

Total Capital Fund

\$ 4,084,306.53

See Independent Accountants' Compilation Report

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY OPERATING FUND**  
Statement of Operations and Changes in Operating Fund Balance -- Regulatory Basis  
For the Year Ended December 31, 2025

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REVENUE AND OTHER INCOME REALIZED:

Fund Balance Utilized	\$ 50,000.00
Rents	482,959.69
Miscellaneous	4,814.11
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	15,454.43
Total Income	553,228.23

EXPENDITURES:

Operating	373,354.30
Debt Service	149,544.96
Deferred Charges and Statutory Expenditures	11,000.00
Total Expenditures	533,899.26

Statutory Excess to Fund Balance	19,328.97
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FUND BALANCE:

Balance January 1	81,422.91
Decreased by:	100,751.88
Utilized as Revenue	50,000.00
Balance December 31	\$ 50,751.88

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**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY OPERATING FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2025

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 50,000.00	\$ 50,000.00	
Rents	491,000.00	482,959.69	\$ (8,040.31)
Miscellaneous	<u>9,000.00</u>	<u>4,814.11</u>	<u>(4,185.89)</u>
	<u>\$ 550,000.00</u>	<u>\$ 537,773.80</u>	<u>\$ (12,226.20)</u>

Analysis of Realized Revenues

Sewer Rents Receivable:			
Collections		\$ 473,937.52	
Prepayments Applied		5,447.35	
Overpayments Applied		<u>3,574.82</u>	
		<u>\$ 482,959.69</u>	
Miscellaneous:			
Receipts:			
Interest on Deposits	\$ 985.16		
Interest and Costs on Delinquent Sewer Charges	<u>3,307.14</u>		
		\$ 4,292.30	
Due Sewer Capital Fund:			
Interest on Deposits		<u>521.81</u>	
		<u>\$ 4,814.11</u>	

See Independent Accountants' Compilation Report

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY OPERATING FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2025

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 116,900.00	\$ 115,900.00	\$ 98,128.37	\$ 2,771.63	\$ 15,000.00
Other Expenses	62,454.30	62,454.30	55,718.26	6,736.04	
Pennsauken Sewerage Authority Service Agreement	190,000.00	190,000.00	187,224.81	2,775.19	
Pennsauken Sewerage Authority Maintenance Agreement	20,000.00	20,000.00	17,930.00	2,070.00	
Total Operating	<u>389,354.30</u>	<u>388,354.30</u>	<u>359,001.44</u>	<u>14,352.86</u>	<u>15,000.00</u>
Debt Service:					
Payment of Bond Principal	143,158.38	134,878.38	134,878.38		
Payment of Bond Anticipation Notes	1,850.00	1,850.00	1,850.00		
Interest on Bonds		8,280.00	8,035.00		245.00
Interest on Notes	5,637.32	5,637.32	4,781.58		855.74
Total Debt Service	<u>150,645.70</u>	<u>150,645.70</u>	<u>149,544.96</u>		<u>1,100.74</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contributions to Social Security System (O.A.S.I.)	10,000.00	11,000.00	10,465.62	534.38	
Total Deferred Charges and Statutory Expenditures	<u>10,000.00</u>	<u>11,000.00</u>	<u>10,465.62</u>	<u>534.38</u>	
	<u>\$ 550,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 519,012.02</u>	<u>\$ 14,887.24</u>	<u>\$ 16,100.74</u>
Accrued Interest on Bonds			\$ 8,035.00		
Accrued Interest on Notes			4,781.58		
Disbursed			<u>506,195.44</u>		
			<u>\$ 519,012.02</u>		

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**FOR THE YEARS ENDED 2024 AND 2023**  
**AUDITED FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Merchantville  
Merchantville, New Jersey 08109

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Merchantville, in the County of Camden, State of New Jersey, as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Merchantville, in the County of Camden, State of New Jersey, as of December 31, 2024 and 2023, and the results of its operations and changes in reserve for future use and fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2024, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

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

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

#### ***Basis for Opinions on Regulatory Basis of Accounting***

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

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

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

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in note 1 to the financial statements, during the year ended December 31, 2024, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of this new accounting principle resulted in an updated measurement of compensated absences in accordance with the Statement (note 9). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only impacted financial statement disclosures. Our opinions are not modified with respect to this matter.

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Scott P. Barron  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
July 31, 2025

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS:</b>		
Regular Fund:		
Cash	\$ 888,374.09	\$ 951,722.34
Cash -- Change Fund	350.00	350.00
Due from State of New Jersey	<u>3,532.79</u>	<u>3,032.79</u>
	<u>892,256.88</u>	<u>955,105.13</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	150,124.26	131,005.47
Tax Title Liens	78,125.20	67,976.82
Revenue Accounts Receivable	4,303.32	3,812.24
Due from CCMUA	1,025.31	1,025.31
Due from Federal and State Grant Fund		97,840.76
Due from Animal Control Fund	1.37	2.16
Due from Trust Fund Other	9,175.98	7,232.96
Due from General Capital Fund	<u>2,807.31</u>	<u>5,584.79</u>
	<u>245,562.75</u>	<u>314,480.51</u>
Deferred Charges:		
Emergency Appropriations N.J.S.A. 40A:4-46	5,283.08	
Special Emergency Authorizations N.J.S.A. 40A:4-55	<u>2,000.00</u>	<u>4,000.00</u>
	<u>7,283.08</u>	<u>4,000.00</u>
	<u>1,145,102.71</u>	<u>1,273,585.64</u>
Federal and State Grant Fund:		
Cash	223,494.19	
Grants Receivable	<u>262,845.03</u>	<u>940,752.14</u>
	<u>486,339.22</u>	<u>940,752.14</u>
	<u>\$ 1,631,441.93</u>	<u>\$ 2,214,337.78</u>

(Continued)

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE:		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 121,663.16	\$ 145,545.13
Accounts Payable	2,210.00	2,713.75
Reserve for Encumbrances	91,316.30	113,235.93
Prepaid Taxes	66,858.60	58,509.26
Tax Overpayments	21,617.92	21,617.92
Due County for Added and Omitted Taxes	5,699.82	1,722.03
Reserve for COAH	10,952.54	10,952.54
Due State - Marriage Licenses	125.00	175.00
Due State - DCA Fees	817.00	515.00
Outside Tax Title Lien Redemptions Payable	18,512.19	18,512.19
Reserve for Codification of Ordinances	1,110.19	1,110.19
Reserve for Security Deposits	12,210.00	10,010.00
Reserve for Municipal Relief Fund Aid		58,196.66
Reserve for JIF Safety Award	6.88	6.88
Reserve for Revaluation	6,064.13	6,064.13
Reserve for Updating Master Plan	1,000.00	1,000.00
	<u>360,163.73</u>	<u>449,886.61</u>
Reserves for Receivables and Other Assets	245,562.75	314,480.51
Fund Balance	<u>539,376.23</u>	<u>509,218.52</u>
	<u>1,145,102.71</u>	<u>1,273,585.64</u>
Federal and State Grant Fund:		
Reserve for:		
Unappropriated Reserves	1,372.58	2,895.83
Appropriated Reserves	245,337.62	728,219.36
Encumbrances	204,479.02	76,646.19
Due to Current Fund		97,840.76
Due to General Capital Fund	35,150.00	35,150.00
	<u>486,339.22</u>	<u>940,752.14</u>
	<u>\$ 1,631,441.93</u>	<u>\$ 2,214,337.78</u>

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

**BOROUGH OF MERCHANTVILLE**  
CURRENT FUND

Statements of Operations and Changes in Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>REVENUE AND OTHER INCOME REALIZED:</b>		
Fund Balance Utilized	\$ 450,000.00	\$ 500,000.00
Miscellaneous Revenues Anticipated	1,248,321.97	1,634,096.39
Receipts from Delinquent Taxes and Tax Title Liens	130,998.95	144,243.41
Receipts from Current Taxes	12,707,656.08	12,136,784.85
Non-Budget Revenue	172,478.05	197,937.50
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	144,657.34	133,832.68
Cancellation of Tax Overpayments		4,996.47
	14,854,112.39	14,751,891.30
<b>EXPENDITURES:</b>		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	2,099,305.05	2,029,480.00
Other Expenses	2,130,856.40	2,014,390.55
Deferred Charges and Statutory Expenditures	595,726.44	554,614.62
Excluded from "CAPS":		
Operations:		
Other Expenses	54,608.55	533,658.94
Capital Improvements	20,000.00	
Municipal Debt Service	897,598.96	636,446.00
Deferred Charges	2,000.00	33,000.00
Transferred to Board of Education	74,531.00	77,358.00
County Taxes	2,250,503.54	2,224,289.68
Due County for Added and Omitted Taxes	5,699.82	1,722.03
Local District School Tax	6,248,408.00	6,105,596.00
Creation of Interfunds and Other Assets:		
Due from Federal and State Grant Fund		97,840.76
Due from Animal Control Fund		1.29
Due from Trust Other Fund		7,200.16
Due from General Capital Fund		5,563.54
Other		3,508.37
Refund of Prior Year Revenue		7,797.17
	14,379,237.76	14,332,467.11
Excess in Revenue	474,874.63	419,424.19
Adjustment to Income Before Fund Balance:		
Expenditures Included Above which are by Statute Deferred		
Charges to Budget of Succeeding Year	5,283.08	
	480,157.71	419,424.19
<b>FUND BALANCE:</b>		
Balance January 1,	509,218.52	589,794.33
	989,376.23	1,009,218.52
Decreased by:		
Utilized as Revenue	450,000.00	500,000.00
Balance December 31,	\$ 539,376.23	\$ 509,218.52

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

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2024

	Anticipated		Realized	Excess or (Deficit)
	Budget	Special N.J.S.A 40A: 4-87		
Fund Balance Anticipated	\$ 450,000.00	---	\$ 450,000.00	---
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4,500.00		4,500.00	
Fees and Permits	35,000.00		35,773.30	\$ 773.30
Fines and Costs:				
Municipal Court	55,000.00		61,874.95	6,874.95
Interest and Costs on Taxes	40,000.00		39,345.87	(654.13)
Parking Meters	5,000.00		5,407.25	407.25
Energy Receipts Tax	564,599.00		564,599.45	0.45
Reserve for Municipal Aid Relief Fund	58,196.66		58,196.66	
Dedicated Uniform Construction Code Fees Offset				
With Appropriations (N.J.S. A. 40A:4-36 and N.J.A.C.5:23-4.17):				
Uniform Construction Code Fees	47,000.00		54,149.00	7,149.00
Public and Private Revenues - Offset With Appropriations:				
1st Colonial Bank Recreation Grant	2,500.00		2,500.00	
Body Armor Replacement Grant	1,395.83		1,395.83	
JIF Safety Award Grant	1,500.00	\$ 1,500.00	3,000.00	
NJ Shade Tree Federation Grant		2,500.00	2,500.00	
Municipal Alliance on Alcohol and Drug Abuse	5,000.00		5,000.00	
NJDEP - Clean Communities Program		9,502.72	9,502.72	
NJDEP - Recycling Tonnage Grant	5,541.00		5,541.00	
Sustainable Jersey Small Grants Program		1,000.00	1,000.00	
Other Special Items of Revenues:				
Senior Citizens Housing - PILOT Agreement	28,000.00		27,098.10	(901.90)
Merchantville Pennsauken Water Commission - PILOT Agreement	54,778.43		54,778.43	
606 West Maple Ave - PILOT Agreement	41,597.61		41,630.00	32.39
Cable Franchise Fees	51,804.86		55,108.65	3,303.79
Rental of Building	75,000.00		85,120.00	10,120.00
Dwelling Registration	38,700.00		32,460.00	(6,240.00)
Liquidation of Due from Federal and State Grant Fund	97,840.76		97,840.76	
	<u>1,212,954.15</u>	<u>14,502.72</u>	<u>1,248,321.97</u>	<u>20,865.10</u>
Receipts from Delinquent Taxes	<u>140,000.00</u>		<u>130,998.95</u>	<u>(9,001.05)</u>
Amount to be Raised by Taxes for				
Support of Municipal Budget:				
Local Tax for Municipal Purposes				
including Reserve for Uncollected Taxes	<u>4,380,195.73</u>		<u>4,488,354.00</u>	<u>108,158.27</u>
Budget Totals	<u>6,183,149.88</u>	<u>14,502.72</u>	<u>6,317,674.92</u>	<u>120,022.32</u>
Non-Budget Revenue			<u>172,478.05</u>	<u>172,478.05</u>
	<u>\$ 6,183,149.88</u>	<u>\$ 14,502.72</u>	<u>\$ 6,490,152.97</u>	<u>\$ 292,500.37</u>

(Continued)

**BOROUGH OF MERCHANTVILLE**  
**CURRENT FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2024

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$	12,707,656.08
Allocated to:		
County and School Taxes		8,504,611.36

Amount for Support of Municipal Budget Appropriations		4,203,044.72
Add: Appropriation "Reserve for Uncollected Taxes"		285,309.28

Amount for Support of Municipal Budget Appropriations	\$	4,488,354.00
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	130,998.95
Tax Title Lien Collections		-

	\$	130,998.95
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Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:

Receipts:

Copy Fees	\$	75.00	
Forfeited Tax Sale Premiums		2,600.00	
Historic Preservation Fees		550.00	
Interest on Deposits and Investments		24,281.99	
Miscellaneous		7,583.63	
Property Maintenance Fees		500.00	
PILOT Agreements - Miscellaneous		4,855.51	
NJHIF Dividends		10,724.00	
Police Outside Employment Trust Administration Fees		49,375.00	
Property List Fees		70.00	
Cannabis Municipal Transfer Tax		55,690.44	
Rent- Park Ave		13,250.00	
Police Fees		269.00	
Senior and Veterans Administration Fee		280.00	
Food Truck License		700.00	
Tax Sale Fees		623.48	
Zoning Board Fees		1,050.00	
	\$	172,478.05	

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

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2024

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS -- WITHIN "CAPS"</b>						
<b>GOVERNMENTAL GOVERNMENT:</b>						
General Administration						
Salaries and Wages	\$ 103,080.00	\$ 101,080.00	\$ 99,300.56		\$ 1,779.44	
Other Expenses	65,100.00	65,100.00	63,874.84	\$ 1,002.74	222.42	
Mayor and Council						
Salaries and Wages	9,200.00	9,200.00	9,200.00			
Other Expenses	2,000.00	2,000.00	2,000.00			
Financial Administration						
Other Expenses	54,472.32	49,472.32	49,472.32			
Audit Services	31,000.00	31,000.00	31,000.00			
Collection of Taxes						
Salaries and Wages	9,800.00	9,800.00	9,800.00			
Other Expenses	18,800.00	18,800.00	18,366.26		433.74	
Assessment of Taxes						
Salaries and Wages	10,900.00	10,900.00	10,899.98		0.02	
Other Expenses	3,155.00	3,155.00	2,683.50		471.50	
Legal Services and Costs						
Other Expenses	41,000.00	45,550.00	45,208.59		341.41	
Engineering Services and Costs						
Other Expenses	18,863.00	18,863.00	15,905.50		2,957.50	
Economic Development Agencies						
Other Expenses	1,800.00	1,800.00	1,555.27		244.73	
Historical Sites Office						
Other Expenses	850.00	850.00		389.00	461.00	
Code Enforcement						
Salaries and Wages	57,000.00	57,000.00	53,285.60		3,714.40	
Other Expenses	4,400.00	2,400.00		35.00	2,365.00	
Municipal Court						
Salaries and Wages	131,692.00	126,692.00	125,351.81		1,340.19	
Other Expenses	7,000.00	7,000.00	3,767.93	179.30	3,052.77	
Planning Board						
Salaries and Wages	61,961.00	61,961.00	61,961.00			
Other Expenses	8,850.00	6,100.00	2,473.89		3,626.11	
Insurance						
Liability Insurance	146,563.00	146,563.00	146,563.00			
Workers Compensation Insurance	78,851.00	78,851.00	78,851.00			
Employee Group Insurance	649,081.00	649,081.00	595,615.66	1,589.24	31,876.10	\$ 20,000.00
Health Benefit Waivers	30,000.00	28,000.00	27,823.64		176.36	
<b>PUBLIC SAFETY:</b>						
Police						
Salaries and Wages	1,435,021.55	1,437,021.55	1,422,871.50		14,150.05	
Other Expenses	60,800.00	60,800.00	43,839.36	5,714.46	11,246.18	
Office of Emergency Management						
Salaries and Wages	3,500.00	3,500.00	3,500.00			
Other Expenses	5,825.00	1,825.00	50.00		1,775.00	
Fire						
Salaries and Wages	77,789.00	77,789.00	77,789.00			
Other Expenses	31,400.00	31,400.00	23,155.57	4,670.36	3,574.07	

(Continued)

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2024

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>OPERATIONS -- WITHIN "CAPS" (CONT'D)</b>						
<b>PUBLIC SAFETY (CONT'D):</b>						
Aid to Volunteer Ambulance Company						
Other Expenses	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00			
Municipal Prosecutor						
Salaries and Wages	10,000.00	10,000.00	9,166.63	\$ 833.33	\$ 0.04	
<b>PUBLIC WORKS FUNCTIONS:</b>						
Streets and Roads Maintenance						
Salaries and Wages	113,468.00	125,518.00	123,669.90		1,848.10	
Other Expenses	31,835.00	19,785.00	17,545.20	1,717.64	522.16	
Vehicle Maintenance						
Other Expenses	38,000.00	38,000.00	30,267.80	3,140.61	4,591.59	
Solid Waste Collection						
Other Expenses	255,000.00	255,000.00	230,780.63	21,206.83	3,012.54	
Public Buildings and Grounds						
Salaries and Wages	30,943.50	31,943.50	31,572.52		370.98	
Other Expenses	53,775.00	53,775.00	47,822.04	5,778.80	174.16	
Other Public Works Functions						
Other Expenses	22,000.00	22,000.00	6,149.98	3,350.00	4,500.02	\$ 8,000.00
Landfill/Solid Waste Disposal						
Other Expenses	206,000.00	205,000.00	172,468.41	16,706.56	825.03	15,000.00
<b>HEALTH AND HUMAN SERVICES:</b>						
Animal Control Services						
Other Expenses	8,750.00	8,750.00	8,585.00		165.00	
<b>PARKS AND RECREATION FUNCTIONS:</b>						
Celebration of Public Events						
Other Expenses (N.J.S. 40A:4-46 \$5,283.08+)	8,000.00	13,283.08	13,283.08			
Historical Preservation Commission						
Other Expenses	500.00	500.00	100.00		400.00	
Senior Housing - PILOT Agreement						
Due to Local School District	11,500.00	11,500.00	11,500.00			
606 West Maple PILOT Agreement						
Due to Local School District	27,323.00	27,323.00	27,323.00			
<b>STATE UNIFORM CONSTRUCTION CODE:</b>						
Construction Code Official						
Salaries and Wages	36,900.00	36,900.00	34,123.21		2,776.79	
Other Expenses	9,330.00	9,330.00	3,069.28	1,000.00	5,260.72	
<b>UNCLASSIFIED:</b>						
Utilities						
Telephone	33,000.00	35,000.00	32,409.32	2,228.40	362.28	
Gasoline and Diesel Fuel	40,000.00	40,000.00	24,422.73	9,000.00	6,577.27	
Utilities	126,000.00	126,000.00	113,225.97	12,774.03		
<b>Total Operations -- Within "CAPS"</b>	<b>4,282,078.37</b>	<b>4,273,161.45</b>	<b>4,023,650.48</b>	<b>91,316.30</b>	<b>115,194.67</b>	<b>43,000.00</b>
<b>Detail:</b>						
Salaries and Wages	2,091,255.05	2,099,305.05	2,072,491.71	833.33	25,980.01	
Other Expenses (Including Contingent)	2,190,823.32	2,173,856.40	1,951,158.77	90,482.97	89,214.66	43,000.00

(Continued)

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2024

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</b>						
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System	\$ 68,418.54	\$ 68,418.54	\$ 68,418.54			
Social Security System (O.A.S.I.)	74,000.00	88,000.00	81,882.84		\$ 6,117.16	
Police and Firemen's Retirement System	433,607.90	433,607.90	433,607.90			
Defined Contribution Retirement Plan	5,500.00	5,700.00	5,348.67		351.33	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>	<b>581,526.44</b>	<b>595,726.44</b>	<b>589,257.95</b>		<b>6,468.49</b>	
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>4,863,604.81</b>	<b>4,868,887.89</b>	<b>4,612,908.43</b>	<b>\$ 91,316.30</b>	<b>121,663.16</b>	<b>\$ 43,000.00</b>
<b>OPERATIONS -- EXCLUDED FROM "CAPS"</b>						
Landfill Fees - Recycling Tax	2,000.00	2,000.00	2,000.00			
Employee Group Health	20,919.00	20,919.00	20,919.00			
Public and Private Programs Offset by Revenue:						
1st Colonial Bank Recreation Grant	2,500.00	2,500.00	2,500.00			
Body Armor Replacement Grant	1,395.83	1,395.83	1,395.83			
Clean Communities Grant (NJSA 40A:4-87, \$9,502.72)		9,502.72	9,502.72			
JIF Safety Award Grant (NJSA 40A:4-87, \$1,500.00)	1,500.00	3,000.00	3,000.00			
NJ Shade Tree Federation Grant (NJSA 40A:4-87, \$2,500.00)		2,500.00	2,500.00			
Municipal Alliance on Alcohol and Drug Abuse - Matching Funds For Grant	1,250.00	1,250.00	1,250.00			
Municipal Alliance on Alcohol and Drug Abuse	5,000.00	5,000.00	5,000.00			
Recycling Tonnage Grant	5,541.00	5,541.00	5,541.00			
Sustainable Jersey Small Grants (NJSA 40A:4-87, \$1,000.00)		1,000.00	1,000.00			
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>40,105.83</b>	<b>54,608.55</b>	<b>54,608.55</b>			
Detail:						
Salaries and Wages						
Other Expenses	40,105.83	54,608.55	54,608.55			
<b>CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00			
<b>TOTAL CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>20,000.00</b>			

(Continued)

**BOROUGH OF MERCHANTVILLE**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2024

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 369,000.00	\$ 369,000.00	\$ 369,000.00			
Payment of Bond Anticipation Notes	303,045.00	303,045.00	303,045.00			
Interest on Bonds	46,185.00	46,185.00	46,185.00			
Interest on Notes	179,368.96	179,368.96	179,368.96			
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	<b>897,598.96</b>	<b>897,598.96</b>	<b>897,598.96</b>			
<u>DEFERRED CHARGES -- EXCLUDED FROM "CAPS"</u>						
Special Emergency Authorizations - 5 Years	2,000.00	2,000.00	2,000.00			
<b>TOTAL DEFERRED CHARGES - EXCLUDED FROM "CAPS"</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>			
Transferred to Board of Education for use of Local Schools	74,531.00	74,531.00	74,531.00			
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXLUDED FROM "CAPS"</b>	<b>1,034,235.79</b>	<b>1,048,738.51</b>	<b>1,048,738.51</b>			
SUBTOTAL GENERAL APPROPRIATIONS	5,897,840.60	5,917,626.40	5,661,646.94	\$ 91,316.30	\$ 121,663.16	\$ 43,000.00
RESERVE FOR UNCOLLECTED TAXES	285,309.28	285,309.28	285,309.28			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 6,183,149.88</b>	<b>\$ 6,202,935.68</b>	<b>\$ 5,946,956.22</b>	<b>\$ 91,316.30</b>	<b>\$ 121,663.16</b>	<b>\$ 43,000.00</b>
Original Budget		\$ 6,183,149.88				
Appropriation by 40A:4-46 - Emergency Appropriation		5,283.08				
Appropriation by NJSA 40A:4-87 - Chapter 159's		14,502.72				
		<u>\$ 6,202,935.68</u>				
Federal, State and Other Grants Appropriated			\$ 31,689.55			
Deferred Charges - Special Emergency Appropriation			2,000.00			
Reserve for Uncollected Taxes			285,309.28			
Reimbursements			(125,466.22)			
Disbursed			5,753,423.61			
			<u>\$ 5,946,956.22</u>			

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

**BOROUGH OF MERCHANTVILLE**  
**TRUST FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS:</b>		
Animal Control Fund:		
Cash	\$ 2,719.79	\$ 3,453.19
Other Funds:		
Cash	298,200.15	342,946.78
Traffic Control Receivable	1,364.23	10,586.23
	299,564.38	353,533.01
	\$ 302,284.17	\$ 356,986.20
 <b>LIABILITIES, RESERVES AND FUND BALANCE:</b>		
Animal Control Fund:		
Reserve for Animal Control Expenditures	\$ 2,718.42	\$ 3,451.03
Due to Current Fund	1.37	2.16
	2,719.79	3,453.19
Other Funds:		
Due to Current Fund	9,175.98	7,232.96
Reserve for Premiums Received at Tax Sale	64,700.00	202,100.00
Reserve for Escrow Deposits	34,735.28	33,215.03
Reserve for Parking Offenses Adjudication Act	2,746.04	2,980.04
Reserve for Public Defender	9,763.29	5,659.84
Reserve for Fire Inspection Fines	1,408.00	1,408.00
Reserve for Seized Property	1,759.48	1,759.48
Reserve for Fire Safety Fees	43,478.93	42,242.26
Reserve for Restitution	14,058.00	12,918.00
Reserve for Municipal Alliance	4,169.26	4,169.26
Reserve for Borough 150th Celebration	1,729.84	13,964.76
Reserve for Shade Tree Commission	3,005.56	1,747.38
Reserve for Lead Hazard Control Assistance Fund	540.00	
Reserve for Community Center Historical Society Museu	84,158.72	
Reserve for Storm Recovery	24,136.00	24,136.00
	299,564.38	353,533.01
	\$ 302,284.17	\$ 356,986.20

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

**BOROUGH OF MERCHANTVILLE**  
**GENERAL CAPITAL FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
 As of December 31, 2024 and 2023

ASSETS:	<u>2024</u>	<u>2023</u>
Cash	\$ 483,705.84	\$ 2,183,568.92
Due from New Jersey Transportation Fund Grant	1,041,396.46	1,041,396.46
Due from Federal and State Grant Fund	35,150.00	35,150.00
Deferred Charges to Future Taxation:		
Funded	1,090,000.00	1,459,000.00
Unfunded	6,190,163.50	5,242,308.50
	<u>\$ 8,840,415.80</u>	<u>\$ 9,961,423.88</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE:</b>		
General Serial Bonds	\$ 1,090,000.00	\$ 1,459,000.00
Bond Anticipation Notes	4,105,981.00	4,809,026.00
Capital Improvement Fund	14,013.20	15,113.20
Due to Current Fund	2,807.31	5,584.79
Due to Sewer Operating Fund	952.76	
Reserve for Encumbrances	442,340.26	1,367,770.40
Improvement Authorizations:		
Funded	472,907.29	472,907.29
Unfunded	2,711,413.98	1,832,022.20
	<u>\$ 8,840,415.80</u>	<u>\$ 9,961,423.88</u>

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

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS:</b>		
Operating Fund:		
Cash - Treasurer	\$ 112,031.10	\$ 109,395.67
Change Fund	50.00	50.00
Due from General Capital Fund	952.76	
Due from Sewer Utility Capital Fund	<u>704.48</u>	<u>704.48</u>
	<u>113,738.34</u>	<u>110,150.15</u>
Receivables with Full Reserves:		
Sewer Rents Receivable	34,723.21	51,771.56
Sewer Liens Receivable	<u>2,009.07</u>	<u>1,799.07</u>
	<u>36,732.28</u>	<u>53,570.63</u>
Total Operating Fund	<u>150,470.62</u>	<u>163,720.78</u>
Capital Fund:		
Cash - Treasurer	79,933.49	79,933.49
Fixed Capital	3,729,902.52	3,729,902.52
Fixed Capital Authorized and Uncompleted	<u>145,000.00</u>	<u>145,000.00</u>
Total Capital Fund	<u>3,954,836.01</u>	<u>3,954,836.01</u>
	<u>\$ 4,105,306.63</u>	<u>\$ 4,118,556.79</u>

(Continued)

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE:</b>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 16,903.18	\$ 11,219.45
Overpaid Sewer Service Charges	3,574.82	3,571.21
Prepaid Sewer Rents	5,447.35	5,002.47
Accrued Interest on Bonds and Notes	6,390.08	6,538.90
	32,315.43	26,332.03
Reserve for Receivables	36,732.28	53,570.63
Fund Balance	81,422.91	83,818.12
	150,470.62	163,720.78
Total Operating Fund		
Capital Fund:		
Long-Term Loan Payable - New Jersey Environmental Infrastructure Trust Loan Program	627,298.99	762,177.37
Bond Anticipation Notes	135,839.00	137,689.00
Due to Sewer Utility Operating Fund	704.48	704.48
Improvement Authorizations:		
Unfunded	67,032.81	67,032.81
Capital Improvement Fund	11,850.00	11,850.00
Reserve for Amortization	3,111,764.53	2,975,036.15
Reserve for Capital Improvements	346.20	346.20
	3,954,836.01	3,954,836.01
Total Capital Fund		
	\$ 4,105,306.63	\$ 4,118,556.79

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

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY OPERATING FUND**  
 Statements of Operations and Changes in Operating Fund Balance -- Regulatory Basis  
 For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>REVENUE AND OTHER INCOME REALIZED:</b>		
Fund Balance Utilized	\$ 50,000.00	\$ 21,700.00
Rents	520,861.35	529,237.23
Miscellaneous	9,848.57	10,000.62
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	10,219.45	6,040.49
	590,929.37	566,978.34
Total Income		
<b>EXPENDITURES:</b>		
Operating	381,268.62	327,286.29
Debt Service	152,055.96	147,842.52
Deferred Charges and Statutory Expenditures	10,000.00	16,569.71
Refund of Prior Year Revenue		984.00
	543,324.58	492,682.52
Total Expenditures		
Statutory Excess to Fund Balance	47,604.79	74,295.82
<b>FUND BALANCE:</b>		
Balance January 1	83,818.12	31,222.30
	131,422.91	105,518.12
Decreased by:		
Utilized as Revenue	50,000.00	21,700.00
	81,422.91	83,818.12
Balance December 31	\$ 81,422.91	\$ 83,818.12

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

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY OPERATING FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2024

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 50,000.00	\$ 50,000.00	
Rents	490,000.00	520,861.35	\$ 30,861.35
Miscellaneous	<u>10,000.00</u>	<u>9,848.57</u>	<u>(151.43)</u>
	<u>\$ 550,000.00</u>	<u>\$ 580,709.92</u>	<u>\$ 30,709.92</u>

Analysis of Realized Revenues

Sewer Rents Receivable:			
Collections		\$ 512,287.67	
Prepayments Applied		5,002.47	
Overpayments Applied		<u>3,571.21</u>	
		<u>\$ 520,861.35</u>	
Miscellaneous:			
Receipts:			
Interest on Deposits	\$ 1,377.16		
Interest and Costs on Delinquent Sewer Charges	<u>7,842.23</u>		
		\$ 9,219.39	
Due Sewer Capital Fund:			
Interest on Deposits		<u>629.18</u>	
		<u>\$ 9,848.57</u>	

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

**BOROUGH OF MERCHANTVILLE**  
**SEWER UTILITY OPERATING FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2024

	Appropriations		Expended		Unexpended Balance Canceled
	Original Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 111,168.50	\$ 111,168.50	\$ 102,311.14	\$ 8,857.36	
Other Expenses	67,100.12	66,100.12	55,182.56	4,917.56	\$ 6,000.00
Pennsauken Sewerage Authority Service Agreement	190,000.00	190,000.00	189,134.85	865.15	
Pennsauken Sewerage Authority Maintenance Agreement	20,000.00	20,000.00	17,915.00	2,085.00	
Total Operating	<u>388,268.62</u>	<u>387,268.62</u>	<u>364,543.55</u>	<u>16,725.07</u>	<u>6,000.00</u>
Debt Service:					
Payment of Bond Principal	135,553.38	135,553.38	134,878.38		675.00
Payment of Bond Anticipation Notes	1,850.00	1,850.00	1,850.00		
Interest on Bonds	9,225.00	9,225.00	9,225.00		
Interest on Notes	6,103.00	6,103.00	6,102.58		0.42
Total Debt Service	<u>152,731.38</u>	<u>152,731.38</u>	<u>152,055.96</u>		<u>675.42</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contributions to Social Security System (O.A.S.I.)	9,000.00	10,000.00	9,821.89	178.11	
Total Deferred Charges and Statutory Expenditures	<u>9,000.00</u>	<u>10,000.00</u>	<u>9,821.89</u>	<u>178.11</u>	
	<u>\$ 550,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 526,421.40</u>	<u>\$ 16,903.18</u>	<u>\$ 6,675.42</u>
Accrued Interest on Bonds			\$ 9,225.00		
Accrued Interest on Notes			6,102.58		
Disbursed			<u>511,093.82</u>		
			<u>\$ 526,421.40</u>		

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

**BOROUGH OF MERCHANTVILLE**  
**GENERAL FIXED ASSET ACCOUNT GROUP**  
Statement of General Fixed Asset Group of Accounts -- Regulatory Basis  
For the Year Ended December 31, 2024

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	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
General Fixed Assets:				
Land	\$ 1,519,150.09			\$ 1,519,150.09
Buildings and Improvements	2,373,000.00			2,373,000.00
Equipment / Vehicles	<u>2,610,766.28</u>	\$ 92,564.51	\$ 53,277.00	<u>2,650,053.79</u>
	<u>\$ 6,502,916.37</u>	<u>\$ 92,564.51</u>	<u>\$ 53,277.00</u>	<u>\$ 6,542,203.88</u>
Investment in General Fixed Assets	<u>\$ 6,502,916.37</u>	<u>\$ 92,564.51</u>	<u>\$ 53,277.00</u>	<u>\$ 6,542,203.88</u>

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

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

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

**Description of Financial Reporting Entity** - The Borough of Merchantville (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature on March 3, 1874. The Borough, located in Camden County, New Jersey, has a total area of approximately .68 square miles and is located approximately seven miles from the City of Philadelphia. The Borough borders Cherry Hill Township and Pennsauken Township. According to the 2020 census, the population is 3,820.

Merchantville is governed under the Borough form of New Jersey 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. The Borough form of government used by Merchantville is a "weak mayor/strong council" government in which council members act as the legislative body with the mayor presiding at meetings and voting only in the event of a tie. The mayor makes committee and liaison assignments for council members and most appointments are made by the mayor with the advice and consent of the council.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 225), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Uniform Guidance. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Impact of Recently Issued Accounting Principles**

**Recently Issued and Adopted Accounting Pronouncements**

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

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

Because of the implementation of GASB Statement No. 101, the Borough has updated the measurement of compensated absences in accordance with the Statement (note 9).

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of December 31, 2024, the Borough’s bank balances of \$2,288,370.52 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 2,221,183.35
Uninsured and Uncollateralized	67,187.17
Total	\$ 2,288,370.52

**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	\$ 5.329	\$ 5.073	\$ 4.858	\$ 4.825	\$ 4.731
Apportionment of Tax Rate:					
Municipal	\$ 1.812	\$ 1.632	\$ 1.460	\$ 1.413	\$ 1.359
County	.932	.919	.891	.914	.893
Local School	2.585	2.522	2.507	2.498	2.479

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2024	\$ 241,724,600.00
2023	242,078,800.00
2022	241,291,200.00
2021	240,005,900.00
2020	240,510,300.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2024	\$ 12,914,023.08	\$ 12,707,656.08	98.40%
2023	12,290,766.30	12,136,784.85	98.75%
2022	11,751,985.36	11,588,513.88	98.61%
2021	11,639,268.05	11,433,744.29	98.23%
2020	11,403,372.07	11,163,483.50	97.90%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$ 78,125.20	\$ 150,124.26	\$ 228,249.46	1.77%
2023	67,976.82	131,005.47	198,982.29	1.62%
2022	58,896.15	144,003.13	202,899.28	1.73%
2021	59,818.32	177,621.74	237,440.06	2.04%
2020	48,426.48	202,562.70	250,989.18	2.20%

**Note 3: PROPERTY TAXES (CONT'D)**

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

<u>Year</u>	<u>Number</u>
2024	4
2023	4
2022	4
2021	6
2020	6

**Note 4: SEWER UTILITY SERVICE CHARGES**

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2024	\$ 51,771.56	\$ 1,799.07	\$ 504,023.00	\$ 557,593.63	\$ 520,861.35
2023	81,515.27	2,395.94	500,939.48	584,850.69	529,237.23
2022	41,793.34	1,929.94	459,312.21	503,035.49	419,124.28
2021	47,433.71	1,653.94	464,696.82	513,784.47	470,061.19
2020	42,161.54	1,026.07	457,256.74	500,444.35	451,518.57

**Note 5: FUND BALANCES APPROPRIATED**

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

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2024	\$ 539,376.23	\$ 500,000.00	92.70%
2023	509,218.52	450,000.00	88.37%
2022	589,794.33	500,000.00	84.78%
2021	608,903.28	485,000.00	79.65%
2020	758,331.57	660,000.00	87.03%

**Note 5: FUND BALANCES APPROPRIATED (CONT'D)**

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

**Sewer Utility Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2024	\$ 81,422.91	\$ 50,000.00	61.41%
2023	83,818.12	50,000.00	59.65%
2022	31,222.30	21,700.00	69.50%
2021	86,063.91	54,841.61	63.72%
2020	67,124.89	41,511.00	61.84%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 11,984.66	
Federal and State Grant Fund		\$ 35,150.00
Trust - Animal Control Fund		1.37
Trust - Other Fund		9,175.98
General Capital Fund	35,150.00	3,760.07
Sewer Utility - Operating Fund	1,657.24	
Sewer Utility - Capital Fund		704.48
Totals	<u>\$ 48,791.90</u>	<u>\$ 48,791.90</u>

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

**Note 7: PENSION PLANS**

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

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

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

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

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

**General Information about the Pension Plans****Plan Descriptions**

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

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

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

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

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

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

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

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

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

**Contributions**

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

*Special Funding Situation Component* - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

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

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 16.01% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$67,811.00, and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$63,560.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$32,518.70.

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

**Public Employees' Retirement System (Cont'd)** - The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the year ended December 31, 2023 was .54% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$2,292.00. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$1,600.00.

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

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

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 34.25% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$433,495.00 and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$469,858.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$128,205.00.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, for the year ended December 31, 2023 was 5.99% of the Employer's covered payroll.

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

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$75,818.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$91,623.00, which was paid on April 1, 2023.

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

For the year ended December 31, 2024, employee contributions totaled \$7,508.04, and the Employer's contributions were \$5,791.21. There were no forfeitures during the year.

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

**Pension Liability** - As of December 31, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$734,890.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was .0050736713%, which was an increase of .0000334192% from its proportion measured as of June 30, 2022.

**Pension (Benefit) Expense** - For the year ended December 31, 2023, the Employer's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was \$16,018.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PERS was \$63,560.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PERS pension (benefit) expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 measurement date, was \$2,292.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

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

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

**Police and Firemen's Retirement System**

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

Proportionate Share of Net Pension Liability	\$ 3,597,948.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	<u>662,964.00</u>
	<u>\$ 4,260,912.00</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was .032564200%, which was a decrease of .0035633500% from its proportion measured as of June 30, 2022. Likewise, at June 30, 2023, the State of New Jersey's proportion, on-behalf of the Employer, was .0325644100%, which was a decrease of .0035629700% from its proportion, on-behalf of the Employer, measured as of June 30, 2022.

**Pension (Benefit) Expense** – For the year ended December 31, 2023, the Employer's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was \$247,278.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PFRS was \$469,858.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Employer, calculated by the Plan as of the June 30, 2023 measurement date, was \$75,818.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

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

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 7,026.00	\$ 154,057.00	\$ 161,083.00	\$ 3,004.00	\$ 153,231.00	\$ 156,235.00
Changes of Assumptions	1,614.00	7,766.00	9,380.00	44,537.00	216,954.00	261,491.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,384.00	183,237.00	186,621.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	111,731.00	426,228.00	537,959.00	50,267.00	76,749.00	127,016.00
Contributions Subsequent to the Measurement Date	33,906.00	216,748.00	250,654.00	-	-	-
	<u>\$ 157,661.00</u>	<u>\$ 988,036.00</u>	<u>\$ 1,145,697.00</u>	<u>\$ 97,808.00</u>	<u>\$ 446,934.00</u>	<u>\$ 544,742.00</u>

Deferred outflows of resources in the amounts of \$33,906.00 and \$216,748.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2024. These amounts were based on an estimated April 1, 2025 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2023 to the Employer's year end of December 31, 2023.

The Employer will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

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

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

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

<b>Year Ending Dec 31,</b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2024	\$ (37,047.00)	\$ (24,770.00)	\$ (61,817.00)
2025	9,928.00	(14,600.00)	(4,672.00)
2026	56,283.00	272,826.00	329,109.00
2027	(3,395.00)	38,348.00	34,953.00
2028	178.00	9,499.00	9,677.00
Thereafter	-	43,051.00	43,051.00
	<u>\$ 25,947.00</u>	<u>\$ 324,354.00</u>	<u>\$ 350,301.00</u>

**Actuarial Assumptions**

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

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

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

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

**Police and Firemen's Retirement System**

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

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

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

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Discount Rate -**

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

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

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Proportionate Share of the Net Pension Liability	\$ 956,670.00	\$ 734,890.00	\$ 546,125.00

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Proportionate Share of the Net Pension Liability	\$ 5,013,110.00	\$ 3,597,948.00	\$ 2,419,456.00
State of New Jersey's Proportionate Share of Net Pension Liability	923,724.00	662,964.00	445,813.00
	<u>\$ 5,936,834.00</u>	<u>\$ 4,260,912.00</u>	<u>\$ 2,865,269.00</u>

**Note 7: PENSION PLANS (CONT'D)****Pension Plan Fiduciary Net Position**

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

**Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the Net Pension Liability	0.0050736713%	0.0050402521%	0.0044293640%	0.0040914135%	0.0050845814%
Proportionate Share of the Net Pension Liability	\$ 734,890.00	\$ 760,643.00	\$ 524,725.00	\$ 667,203.00	\$ 916,164.00
Covered Payroll (Plan Measurement Period)	\$ 368,648.00	\$ 340,372.00	\$ 325,184.00	\$ 292,936.00	\$ 335,772.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	199.35%	223.47%	161.36%	227.76%	272.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%
	<u>Measurement Date Ended June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the Net Pension Liability	0.0043651360%	0.0045096402%	0.0044328718%	0.0044197504%	0.0041079079%
Proportionate Share of the Net Pension Liability	\$ 859,474.00	\$ 1,049,772.00	\$ 1,312,889.00	\$ 992,145.00	\$ 769,113.00
Covered Payroll (Plan Measurement Period)	\$ 307,408.00	\$ 311,996.00	\$ 306,980.00	\$ 300,540.00	\$ 276,676.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	279.59%	336.47%	427.68%	330.12%	277.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

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

	<u>Year Ended December 31,</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 67,811.00	\$ 63,560.00	\$ 51,873.00	\$ 44,758.00	\$ 49,458.00
Contribution in Relation to the Contractually Required Contribution	(67,811.00)	(63,560.00)	(51,873.00)	(44,758.00)	(49,458.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 423,528.00	\$ 375,551.00	\$ 319,615.00	\$ 301,367.00	\$ 294,967.00
Contributions as a Percentage of Covered Payroll	16.01%	16.92%	16.23%	14.85%	16.77%
	<u>Year Ended December 31,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 43,419.00	\$ 41,777.00	\$ 39,381.00	\$ 37,998.00	\$ 33,865.00
Contribution in Relation to the Contractually Required Contribution	(43,419.00)	(41,777.00)	(39,381.00)	(37,998.00)	(33,865.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 317,846.00	\$ 298,108.00	\$ 303,431.00	\$ 299,863.00	\$ 292,876.00
Contributions as a Percentage of Covered Payroll	13.66%	14.01%	12.98%	12.67%	11.56%

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

	<b>Measurement Date Ended June 30,</b>				
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Proportion of the Net Pension Liability	0.0325642000%	0.0361275500%	0.0328976182%	0.0329125128%	0.0303115323%
Proportionate Share of the Net Pension Liability	\$ 3,597,948.00	\$ 4,135,288.00	\$ 2,404,537.00	\$ 4,252,731.00	\$ 3,709,470.00
State's Proportionate Share of the Net Pension Liability	<u>662,964.00</u>	<u>735,960.00</u>	<u>676,276.00</u>	<u>660,004.00</u>	<u>585,732.00</u>
Total	<u>\$ 4,260,912.00</u>	<u>\$ 4,871,248.00</u>	<u>\$ 3,080,813.00</u>	<u>\$ 4,912,735.00</u>	<u>\$ 4,295,202.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,186,348.00	\$ 1,287,424.00	\$ 1,153,232.00	\$ 1,135,644.00	\$ 999,388.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	303.28%	321.21%	208.50%	374.48%	371.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.16%	68.33%	77.26%	63.52%	65.00%
	<b>Measurement Date Ended June 30,</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Proportion of the Net Pension Liability	0.0307804246%	0.0355737213%	0.0391976068%	0.0390034657%	0.0347110711%
Proportionate Share of the Net Pension Liability	\$ 4,165,099.00	\$ 5,491,895.00	\$ 7,487,746.00	\$ 6,496,618.00	\$ 4,366,331.00
State's Proportionate Share of the Net Pension Liability	<u>565,760.00</u>	<u>615,138.00</u>	<u>999,623.00</u>	<u>569,732.00</u>	<u>470,180.00</u>
Total	<u>\$ 4,730,859.00</u>	<u>\$ 6,107,033.00</u>	<u>\$ 8,487,369.00</u>	<u>\$ 7,066,350.00</u>	<u>\$ 4,836,511.00</u>
Covered Payroll (Plan Measurement Period)	\$ 930,532.00	\$ 1,151,512.00	\$ 1,252,848.00	\$ 1,235,168.00	\$ 1,096,344.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	447.60%	476.93%	597.66%	525.97%	398.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%	56.31%	62.41%

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

	<u>Year Ended December 31,</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 433,495.00	\$ 469,858.00	\$ 383,410.00	\$ 367,689.00	\$ 306,180.00
Contribution in Relation to the Contractually Required Contribution	(433,495.00)	(469,858.00)	(383,410.00)	(367,689.00)	(306,180.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 1,265,702.00	\$ 1,166,498.00	\$ 1,214,777.00	\$ 1,145,162.00	\$ 1,121,739.00
Contributions as a Percentage of Covered Payroll	34.25%	40.28%	31.56%	32.11%	27.30%
	<u>Year Ended December 31,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 300,924.00	\$ 314,834.00	\$ 319,594.00	\$ 317,040.00	\$ 266,605.00
Contribution in Relation to the Contractually Required Contribution	(300,924.00)	(314,834.00)	(319,594.00)	(317,040.00)	(266,605.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 1,023,484.00	\$ 966,537.00	\$ 1,138,008.00	\$ 1,218,623.00	\$ 1,232,327.00
Contributions as a Percentage of Covered Payroll	29.40%	32.57%	28.08%	26.02%	21.63%

**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

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

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

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

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

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

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

Changes in Assumptions

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

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**A. BOROUGH OF MERCHANTVILLE POSTEMPLOYMENT HEALTH BENEFITS PLAN**

**Plan Description and Benefits Provided** - The Borough is referred to as “Employer” throughout this note. The Employer provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Employer’s plan provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees who retire from active employment with the Employer under the classification of police officer and who have at least twenty-five (25) years of service with the Employer. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. This provision is part of a labor agreement between the Employer and the Fraternal Order of Police. The Plan is administered by the Southern New Jersey Regional Employee Benefit Fund; therefore, premium payments are made directly to them.

**Employees Covered by Benefit Terms** - As of December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	8
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	14
	22

**Total OPEB Liability**

The Employer’s total OPEB liability of \$3,372,331.00 was measured as of December 31, 2024, and the was determined by an actuarial valuation as of December 31, 2024.

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

Inflation	2.50% Annually
Salary Increases	2.50% Annually
Discount Rate	4.08%
Healthcare Cost Trend Rates:	
Medical	6.5% in 2024, Reducing by .25% PerAnnum, Leveling at 4.5% Per Annum in 2032
Drug	14.0% in 2024, 10.0% in 2025, 7.5% in 2026, reducing by 0.75% per annum, leveling at 4.5% per annum in 2030
Medicare Advantage	4.50% Per Annum
Dental and Vision	3.50% Per Annum
Retirees' Share of Benefit-Related Costs	Those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****A. BOROUGH OF MERCHANTVILLE HEALTH BENEFITS PLAN (CONT'D)**

**Actuarial Assumptions and Other Inputs (cont'd)** - The discount rate was based on the Bond Buyer 20 Index.

Mortality rates were based on PUB 2010 - "General" classification headcount weighted mortality with generational improvements using Scale MP-2021.

An experience study was not performed on the actuarial assumptions used in the December 31, 2024, valuation since the Plan had insufficient data to produce a study with credible results. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Changes in Total OPEB Liability**

Balance at December 31, 2023		\$ 3,276,194.00
Changes for the Year:		
Service Cost	\$ 28,045.00	
Interest Cost	104,780.00	
Benefit Payments	(180,252.00)	
Changes in Assumptions	(16,860.00)	
Difference between Expected and Actual Experience	<u>160,424.00</u>	
Net Changes		<u>96,137.00</u>
Balance at December 31, 2024		<u>\$ 3,372,331.00</u>

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

Changes of assumptions and other inputs reflect a change in the discount rate from 4.50% at December 31, 2017, 4.10% at December 31, 2018, 2.74% at December 31, 2019, 2.12% at December 31, 2020, 2.06% at December 31, 2021, 3.72% at December 31, 2022, 3.26% at December 31, 2023, and 4.08% at December 31, 2024.

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

	<b>1.00% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1.00% Increase (5.08%)</b>
Total OPEB Liability	<u>\$ 3,507,877.00</u>	<u>\$ 3,372,331.00</u>	<u>\$ 3,249,376.00</u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**A. BOROUGH OF MERCHANTVILLE HEALTH BENEFITS PLAN (CONT'D)**

**Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates** - The following presents the total OPEB liability of the Employer, as well as what the Employer's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 3,278,411.00</u>	<u>\$ 3,372,331.00</u>	<u>\$ 3,481,068.00</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2024, the Employer's OPEB expense calculated by the Plan was \$47,383.00. This expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, for the year ended December 31, 2024, the Borough paid \$180,252.00 for retiree's healthcare.

As of December 31, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 586,427.00	\$ 1,104,018.00
Difference Between Expected and Actual Experience	<u>521,240.00</u>	<u>482,028.00</u>
	<u>\$ 1,107,667.00</u>	<u>\$ 1,586,046.00</u>

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

<u>Year Ending Dec 31,</u>	
2025	\$ (85,442.00)
2026	(85,442.00)
2027	(85,442.00)
2028	(85,442.00)
2029	(85,442.00)
Thereafter	<u>(51,169.00)</u>
	<u>\$ (478,379.00)</u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****A. BOROUGH OF MERCHANTVILLE HEALTH BENEFITS PLAN (CONT'D)****Supplementary OPEB Information**

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

	Plan Measurement Date December 31,						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 28,045.00	\$ 50,697.00	\$ 50,697.00	\$ 27,892.00	\$ 27,892.00	\$ 94,222.00	\$ 94,222.00
Interest Cost	104,780.00	118,449.00	59,704.00	69,394.00	135,976.00	185,933.00	182,607.00
Benefit Payments	(180,252.00)	(227,292.00)	(209,556.00)	(155,053.00)	(141,336.00)	(250,032.00)	(141,336.00)
Changes in Assumptions	(16,860.00)	87,271.00	(355,699.00)	(312,902.00)	110,588.00	419,694.00	-
Difference Between Expected and Actual Experience	160,424.00	-	749,610.00	-	(1,815,532.00)	(10,186.00)	-
Net Change in Total OPEB Liability	96,137.00	29,125.00	294,756.00	(370,669.00)	(1,682,412.00)	439,631.00	135,493.00
Total OPEB Liability - Beginning of Year	3,276,194.00	3,247,069.00	2,952,313.00	3,322,982.00	5,005,394.00	4,565,763.00	4,430,270.00
Total OPEB Liability - End of Year	<u>\$ 3,372,331.00</u>	<u>\$ 3,276,194.00</u>	<u>\$ 3,247,069.00</u>	<u>\$ 2,952,313.00</u>	<u>\$ 3,322,982.00</u>	<u>\$ 5,005,394.00</u>	<u>\$ 4,565,763.00</u>
Covered-Employee Payroll	\$ 1,068,000.00	\$ 749,000.00	\$ 702,000.00	\$ 553,000.00	\$ 701,000.00	\$ 1,020,000.00	\$ 960,000.00
Total OPEB Liability as a Percentage of Covered Payroll	315.76%	437.41%	462.55%	533.87%	474.03%	265.91%	245.45%

**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms - None**

**Changes in Assumptions** - Changes of assumptions and other inputs reflect a change in the discount rate from 4.50% at December 31, 2017, 4.10% at December 31, 2018, 2.74% at December 31, 2019, 2.12% at December 31, 2020, 2.06% at December 31, 2021, 3.72% at December 31, 2022, 3.26% at December 31, 2023 and 4.08% at December 31, 2024.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN**

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

**General Information about the State Health Benefit Local Government Retired Employees Plan**

**Plan Description and Benefits Provided** - The Borough does not provide postemployment benefits to its retirees; however, the State of New Jersey (the "State") provides these benefits to certain Borough retirees and their dependents under a special funding situation as described below.

The State, on-behalf of the Borough, contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit ("OPEB") plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>. As a local participating employer of the Plan, the Borough is referred to as "Employer" throughout this note.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

**Special Funding Situation Component** - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB Plan.

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% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Employer, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the Employer, is (\$514,135.00) for the year ended December 31, 2023, representing 40.62% of the Employer's covered payroll.

**OPEB Liability**

At December 31, 2023, the State's proportionate share of the net OPEB liability associated with the Employer was \$2,835,516.00. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

The State's proportion of the net OPEB liability, associated with the Employer, was based on the ratio of the Plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the State's proportion on-behalf of the Employer was .081268%, which was a decrease of .009973% from its proportion measured as of the June 30, 2022 measurement date.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Actuarial Assumptions**

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

Salary Increases:

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

Mortality:

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 valuation were based on the results of the PFRS experience study prepared for July 1, 2018 to June 30, 2021.

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

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

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

The health care trend assumptions used is as follows:

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

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

	<b>1% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	\$ 3,284,431.00	\$ 2,835,516.00	\$ 2,474,433.00

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

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	\$ 2,409,855.00	\$ 2,835,516.00	\$ 3,380,492.00

**OPEB Plan Fiduciary Net Position**

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

**Supplementary OPEB Information**

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Employer (Last Seven Plan Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2023</u>	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>
Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>2,835,516.00</u>	<u>3,078,298.00</u>	<u>3,929,086.00</u>	<u>3,597,473.00</u>
Total	<u>\$ 2,835,516.00</u>	<u>\$ 3,078,298.00</u>	<u>\$ 3,929,086.00</u>	<u>\$ 3,597,473.00</u>
Covered Payroll (Plan Measurement Period)	\$ 1,194,914.00	\$ 1,193,667.00	\$ 1,186,998.00	\$ 1,144,896.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	237.30%	257.89%	331.01%	314.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%	0.91%
	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	
Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>3,150,986.00</u>	<u>3,717,432.00</u>	<u>4,685,871.00</u>	
Total	<u>\$ 3,150,986.00</u>	<u>\$ 3,717,432.00</u>	<u>\$ 4,685,871.00</u>	
Covered Payroll (Plan Measurement Period)	\$ 1,052,420.00	\$ 1,021,522.00	\$ 1,030,679.00	
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	299.40%	363.91%	454.64%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%	

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

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

**B. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)**

**Other Notes to Supplementary OPEB Information**

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

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

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

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

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

There were no changes to mortality projections.

**Note 9: COMPENSATED ABSENCES**

Under the existing policy of the Borough, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave and vacation days may be accumulated and carried forward to the subsequent year.

The Borough compensates employees for unused sick leave upon termination or retirement, based on the following. Police Officers – sick leave if they have at least 20 or more years of service for with the Borough, at a rate of \$30 per day for, for a maximum total of 375 days. Unused vacation and holiday time earned for the current year and amount carried forward from prior year is paid to employee at termination or retirement. All other Borough Employees - sick leave if they have at least 25 or more years of service for with the Borough, at a rate of \$20 per day for, for a maximum total of 375 days. Unused vacation time earned for the current year and amount carried forward from prior year is paid to employee at termination or retirement.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2024, accrued benefits for compensated absences are valued at \$129,494.17.

**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 11: CAPITAL DEBT****General Improvement Bonds**

General Improvement Bonds, Series 2014 - On August 21, 2014, the Borough issued \$2,975,000.00 of general improvement bonds, with interest rates ranging from 2.000% to 2.625%. The purpose of the bonds is to fund various capital projects in the Borough. The final maturity of the bonds is August 15, 2026.

General Improvement Bonds, Taxable Series 2014 - On August 21, 2014, the Borough issued \$1,169,000.00 of taxable general improvement bonds, with interest rates ranging from 3.500% to 4.375%. The purpose of the bonds is to fund various capital projects in the Borough. The final maturity of the bonds is August 15, 2029.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 390,000.00	\$ 35,975.00	\$ 425,975.00
2026	400,000.00	24,875.00	424,875.00
2027	100,000.00	13,000.00	113,000.00
2028	100,000.00	8,750.00	108,750.00
2029	100,000.00	4,375.00	104,375.00
Totals	<u>\$ 1,090,000.00</u>	<u>\$ 86,975.00</u>	<u>\$ 1,176,975.00</u>

**Sewer Debt - New Jersey Environmental Infrastructure Loans**

In 2009, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,339,500.00, at no interest, from the fund loan, and \$460,000.00 at interest rates ranging from 2.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the sanitary sewer system. Semiannual debt payments are due February 1st and August 1st through 2029.

In 2015, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$386,883.00, at no interest, from the fund loan, and \$120,000.00 at interest rates ranging from 4.0% to 5.0% from the trust loan. The proceeds were supplemental funding used to fund improvements to the sanitary sewer system. Semiannual debt payments are due February 1st and August 1st through 2029.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 134,878.38	\$ 8,280.00	\$ 143,158.38
2026	135,878.38	6,660.00	142,538.38
2027	129,542.23	5,000.00	134,542.23
2028	113,500.00	3,440.00	116,940.00
2029	113,500.00	1,720.00	115,220.00
Totals	<u>\$ 627,298.99</u>	<u>\$ 25,100.00</u>	<u>\$ 652,398.99</u>

**Note 11: CAPITAL DEBT (CONT'D)**

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 5,195,981.00	\$ 6,268,026.00	\$ 4,146,717.00
Sewer Utility:			
Bonds, Loans and Notes	763,137.99	899,866.37	1,032,594.75
Total Issued	<u>5,959,118.99</u>	<u>7,167,892.37</u>	<u>5,179,311.75</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	2,084,182.50	433,282.50	1,989,556.50
Sewer Utility:			
Bonds, Loans and Notes	-	-	-
Total Authorized but not Issued	<u>2,084,182.50</u>	<u>433,282.50</u>	<u>1,989,556.50</u>
Total Issued and Authorized but not Issued	<u>8,043,301.49</u>	<u>7,601,174.87</u>	<u>7,168,868.25</u>
<b><u>Deductions</u></b>			
Sewer Utility:			
Self-Liquidating	763,137.99	899,866.37	698,593.95
<b>Net Debt</b>	<u>\$ 7,280,163.50</u>	<u>\$ 6,701,308.50</u>	<u>\$ 6,470,274.30</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 2.139%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 635,000.00	\$ 635,000.00	
Self-Liquidating	763,137.99	763,137.99	
General	7,280,163.50		\$ 7,280,163.50
	<u>\$ 8,678,301.49</u>	<u>\$ 1,398,137.99</u>	<u>\$ 7,280,163.50</u>

Net debt \$7,280,163.50 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$340,414,367.67, equals 2.139%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 11,914,502.87
Less: Net Debt	<u>7,280,163.50</u>
Remaining Borrowing Power	<u>\$ 4,634,339.37</u>

**Note 11: CAPITAL DEBT (CONT'D)****Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)****Calculation of "Self-Liquidating Purpose,"  
Sewer Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		\$ 580,709.92
Deductions:		
Operating and Maintenance Costs	\$ 397,268.62	
Debt Service	152,055.96	
Total Deductions		549,324.58
Excess in Revenue		\$ 31,385.34

**Note 12: RISK MANAGEMENT**

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

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

Workers' Compensation and Employer's Liability  
Liability other than Motor Vehicles  
Property Damage other than Motor Vehicles  
Motor Vehicles

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

The Camden County Joint Municipal Insurance Fund is a public entity risk pool currently serving 33 municipalities, all within the State of New Jersey. In conjunction with the Camden County Joint Municipal Insurance Fund, excess coverages are maintained through the Municipal Excess Liability Joint Insurance Fund, also a public entity risk pool, serving multiple joint insurance funds. Coverages are provided by the Funds for crime, public official's liability, general liability, property, automobile insurance, worker's compensation claims and volunteers.

The Fund publishes its own financial report which can be obtained from:

Camden County Municipal Joint Insurance Fund  
9 Campus Drive – Suite 16  
Parsippany, New Jersey 07054

The Borough is also a member of the Southern New Jersey Regional Employee Benefits Fund. The Fund provides its members, which includes the Borough, with health benefits coverage.

Contributions to the Fund, including a reserve for contingencies, are payable in twelve installments and are based on actuarial assumptions determined by the Fund's actuary.

**Note 12: RISK MANAGEMENT (CONT'D)**

The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report which can be obtained from:

Southern New Jersey Regional Employee Benefits Fund  
 Connor Strong Companies, Inc.  
 P.O. Box 989  
 Marlton, New Jersey 08053

**Note 13: CONTINGENCIES**

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

**Note 14: CONCENTRATIONS**

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

**Note 15: TAX ABATEMENTS**

The Borough has entered into a property tax abatement agreement with Chestnut Station Urban Renewal Associates under the New Jersey Long Term Tax Exemption Law. Under the law a municipality which has adopted a redevelopment plan pursuant to the "Local Redevelopment and Housing Law" may enter into a financial agreement with an urban renewal entity for the undertaking of a project as set forth in a redevelopment plan. On March 26, 2001, the Borough passed Resolution R01-33 authorizing the agreement for 30 years. Under the terms of the agreement, the Borough will exempt the taxes of Chestnut Station Urban Renewal Associates. In return, Chestnut Station Urban Renewal Associates will pay the Borough an annual service charge.

For the year ended December 31, 2024, the Borough abated property taxes of approximately \$124,304.61.

**Note 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

<u>Description</u>	<u>Balance</u> <u>December 31, 2024</u>	<u>2025</u> <u>Budget</u> <u>Appropriation</u>
Current Fund:		
Emergency Appropriation - N.J.S.A. 40A:4-46	\$ 5,283.08	\$ 5,283.08
Special Emergency Appropriation - N.J.S.A. 40A:4-55	2,000.00	2,000.00

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

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



July \_\_, 2026

Mayor and Borough Council  
of the Borough of Merchantville  
1 West Maple Avenue  
Merchantville, New Jersey

**RE: \$4,813,000 BOROUGH OF MERCHANTVILLE, COUNTY OF CAMDEN,  
NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2026**

Mayor and Borough Council:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Borough of Merchantville, County of Camden, New Jersey ("Borough"). The Bonds consist of: (i) \$4,680,000 General Capital Improvement Bonds; and (ii) \$133,000 Sewer Utility Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on May 11, 2026 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on July 1, 2026 ("Award Certificate").

The Bonds are dated their date of delivery, mature on May 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on May 15 and November 15, commencing May 15, 2027, in each year until maturity or earlier redemption.

<u>Year</u>	<u>General Capital Improvement Bonds</u>	<u>Sewer Utility Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>
2027	\$220,000	\$13,000	\$233,000	%
2028	285,000	20,000	305,000	
2029	300,000	20,000	320,000	
2030	330,000	20,000	350,000	
2031	345,000	20,000	365,000	
2032	360,000	20,000	380,000	
2033	370,000	20,000	390,000	
2034	380,000		380,000	
2035	395,000		395,000	
2036	405,000		405,000	
2037	420,000		420,000	
2038	430,000		430,000	
2039	440,000		440,000	

The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to maturity on the terms and conditions stated therein.

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

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

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

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

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

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

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

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

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

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

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

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

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on



passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

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

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

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

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

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

Very truly yours,

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_ day of July, 2026, between the Borough of Merchantville, County of Camden, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2026, in the principal amount of \$4,813,000 ("Bonds"). The Bonds consist of: (i) \$4,680,000 General Improvement Bonds; and (ii) \$133,000 Sewer Utility Bonds.

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

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

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

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

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

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

**"Dissemination Agent"** shall mean Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

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

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

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

**"Official Statement"** shall mean the Official Statement of the Borough, dated July 1, 2026, relating to the Bonds.

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

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

### **SECTION 3. Provision of Annual Report.**

(a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough (commencing for the fiscal year ending December 31, 2025). Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

**SECTION 4. Contents of Annual Report.** Annual Report shall mean: (i) the Borough's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the Borough may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Borough are included in the Annual Report; and (ii) certain financial information and operating data of the Borough consisting of Borough indebtedness, property valuation information, and tax rate, levy and collection data. Each annual audited financial

statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

#### **SECTION 5. Reporting of Significant Events.**

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

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

(b) The Borough shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8),

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

(10), (13), (14) or (15) of subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Borough to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within two (2) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Borough.

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

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

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

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

**SECTION 10. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States

mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borough:

Borough of Merchantville  
1 W. Maple Ave  
Merchantville, New Jersey 08109  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors,  
a division of First Security Municipal Advisors, Inc.  
2000 Waterview Drive, Suite 101  
Hamilton, New Jersey 08691  
Attention: Bryan Morris, Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

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

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

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

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

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

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

**SECTION 17. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

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

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

**BOROUGH OF MERCHANTVILLE, NEW JERSEY**

By: \_\_\_\_\_  
**ELIZABETH PIGLIACELLI, Chief Financial Officer**

**PHOENIX ADVISORS,**  
**a division of First Security Municipal Advisors, Inc.**  
**as Dissemination Agent**

By: \_\_\_\_\_  
**BRYAN MORRIS, Managing Director**

**EXHIBIT A**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: Borough of Merchantville, County of Camden, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2026

Date of Issuance of the Affected  
Bond Issue: July \_\_, 2026

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated July \_\_, 2026, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

PHOENIX ADVISORS, a division of First  
Security Municipal Advisors, Inc.

as Dissemination Agent

cc: Borough of Merchantville, New Jersey