

NEW ISSUE - BOOK-ENTRY ONLY

**RATING: Moody's "Aaa" (Bonds)
"MIG 1" (Notes)
See "RATINGS" herein**

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

**TOWNSHIP OF MARLBORO
IN THE COUNTY OF MONMOUTH,
STATE OF NEW JERSEY**

\$29,910,000*
GENERAL OBLIGATION BONDS, SERIES 2025

Consisting of:
\$17,850,000* General Improvement Bonds,
\$11,500,000* Water Utility Bonds, and
\$560,000* Recreation and Swim Utility Bonds

DATED: DATE OF DELIVERY
DUE: APRIL 15, AS SHOWN ON THE
INSIDE FRONT COVER

CALLABLE

\$4,500,000
BOND ANTICIPATION NOTES

DATED: APRIL 24, 2025
DUE: APRIL 23, 2026

NON-CALLABLE

The \$29,910,000* General Obligation Bonds, Series 2025, consisting of \$17,850,000* General Improvement Bonds (the "General Improvement Bonds"), \$11,500,000* Water Utility Bonds (the "Water Utility Bonds") and \$560,000* Recreation and Swim Utility Bonds ("Recreation and Swim Utility Bonds") and together with the General Improvement Bonds and the Water Utility Bonds, the "Bonds") and the \$4,500,000 Bond Anticipation Notes (the "Notes" and together with the Bonds, the "Obligations") are general obligations of the Township of Marlboro, in the County of Monmouth, State of New Jersey (the "Township") and are secured by the full faith and credit of the Township for the payment of principal thereof and interest thereon. The Obligations, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the principal thereof and the interest thereon without limitation as to rate or amount.

The Obligations will be issued in the form of one certificate for the aggregate principal amount thereof maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Obligations. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Obligations on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof. See "BOOK-ENTRY ONLY SYSTEM" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Obligations, payments of principal of and interest on the Obligations will be made to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will in turn remit such payments to the owners of beneficial interest in the Obligations.

Principal of the Bonds is payable on April 15 in each of the years set forth on the inside front cover page hereof. Interest on the Bonds is payable on April 15 and October 15, commencing October 15, 2025 in each year until maturity or prior redemption, as applicable. The Notes shall be dated and shall bear interest from April 24, 2025, payable at maturity on April 23, 2026 as set forth on the inside front cover. Interest on the Obligations is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Bonds are subject to redemption prior to their stated maturities as set forth herein. The Notes are not subject to redemption prior to their stated maturity.

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

The Bonds are being issued to: (i) refund, on a current basis, a \$26,260,000 portion of prior bond anticipation notes of the Township issued in the aggregate principal amount of \$30,760,000 on October 28, 2024 and maturing on April 29, 2025 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various general capital and utility improvements in and by the Township; (ii) permanently finance various utility improvements in the amount of \$3,650,000; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The Notes are being issued to: (i) refund, on a current basis, a \$4,500,000 portion of the Prior Notes; and (ii) pay for the costs associated with the issuance and sale of the Notes.

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

The Obligations are offered when, as and if issued and subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality by the law firm of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed on for the Township by its Attorney, Louis N. Rainone, Esq., of the law firm of Rainone Coughlin Minchello, Iselin, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Obligations. It is expected that the Obligations will be available for delivery through the facilities of DTC, New York, New York, on or about April 24, 2025.

All bids for the Bonds must be submitted prior to 11:00 a.m., prevailing New Jersey time, on Thursday, April 10, 2025, in accordance with the Full Notice of Sale for the Bonds which can be viewed in electronic format, along with this Preliminary Official Statement, on www.munihub.com.

All bids for the Notes must be submitted prior to 11:15 a.m., prevailing New Jersey time, on Thursday, April 10, 2025, in accordance with the Full Notice of Sale for the Notes which can be viewed in electronic format, along with this Preliminary Official Statement, on www.munihub.com.

Prospective bidders may bid either on the Bonds, or on the Notes or on both issues, provided each bid is in conformance with the applicable notice of sale for such Bonds or Notes.

* Preliminary, subject to change

**TOWNSHIP OF MARLBORO
IN THE COUNTY OF MONMOUTH
STATE OF NEW JERSEY**

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

\$29,910,000* GENERAL OBLIGATION BONDS, SERIES 2025

Consisting of:

**\$17,850,000* General Improvement Bonds,
\$11,500,000* Water Utility Bonds, and
\$560,000* Recreation and Swim Utility Bonds**

<u>Year</u>	<u>General Improvement*</u>	<u>Water Utility*</u>	<u>Recreation & Swim Utility*</u>	<u>Total Principal Amount*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP**</u>
2026	\$ 900,000	\$255,000	\$30,000	\$1,185,000			
2027	910,000	255,000	30,000	1,195,000			
2028	950,000	275,000	30,000	1,255,000			
2029	1,065,000	315,000	35,000	1,415,000			
2030	1,425,000	350,000	30,000	1,805,000			
2031	1,800,000	510,000	55,000	2,365,000			
2032	1,800,000	510,000	60,000	2,370,000			
2033	1,800,000	510,000	60,000	2,370,000			
2034	1,800,000	510,000	60,000	2,370,000			
2035	1,800,000	510,000	60,000	2,370,000			
2036	1,800,000	500,000	55,000	2,355,000			
2037	1,800,000	500,000	55,000	2,355,000			
2038		500,000		500,000			
2039		500,000		500,000			
2040		500,000		500,000			
2041		500,000		500,000			
2042		500,000		500,000			
2043		500,000		500,000			
2044		500,000		500,000			
2045		500,000		500,000			
2046		500,000		500,000			
2047		500,000		500,000			
2048		500,000		500,000			
2049		500,000		500,000			
2050		500,000		500,000			

\$4,500,000 BOND ANTICIPATION NOTES, SERIES 2025

The Notes shall bear interest at the rate of ____% per annum (at a reoffering yield of ____%), which interest is payable on April 23, 2026.
CUSIP** _____

* Preliminary, subject to change

** Registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders and/or Noteholders only at the time of issuance of the Bonds and the Notes and the City 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 and the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

**TOWNSHIP OF MARLBORO
IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY**

MAYOR AND TOWNSHIP COUNCIL

Jonathan Hornik, Mayor
Michael J. Milman, Council President
Juned Qazi, Council Vice President
Antoinette M. DiNuzzo
Michael Scalea, Councilman
Iqleen K. Viridi, Councilwoman

MUNICIPAL CLERK

Susan A. Branagan, RMC

CHIEF FINANCIAL OFFICER

Lori A. Russo

TOWNSHIP ATTORNEY

Louis N. Rainone, Esquire
Rainone Coughlin Minchello, LLC
Iselin, New Jersey

INDEPENDENT AUDITOR

Suplee, Clooney & Company
Westfield, New Jersey

BOND COUNSEL

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

MUNICIPAL ADVISOR

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

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

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

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

In order to facilitate the distribution of the Obligations, the Bond Underwriter and the Note Underwriter may engage in transactions intended to stabilize the price of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Obligations are offered to the public by the Bond Underwriter and the Note Underwriter and the yields resulting therefrom may vary from the initial public offering prices or yields shown on the inside front cover page hereof. In addition, the Bond Underwriter and the Note Underwriter may allow concessions or discounts from such initial public offering prices or yields to dealers and others.

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

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

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**OFFICIAL STATEMENT
of
TOWNSHIP OF MARLBORO
IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY**

\$29,910,000* GENERAL OBLIGATION BONDS, SERIES 2025

Consisting of:

**\$17,850,000* General Improvement Bonds,
\$11,500,000* Water Utility Bonds, and
\$560,000* Recreation and Swim Utility Bonds**

AND

\$4,500,000 BOND ANTICIPATION NOTES

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Marlboro (the "Township"), in the County of Monmouth (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$29,910,000* General Obligation Bonds, Series 2025, consisting of \$17,850,000* General Improvement Bonds (the "General Improvement Bonds"), \$11,500,000* Water Utility Bonds (the "Water Utility Bonds") and \$560,000* Recreation and Swim Utility Bonds (the "Recreation and Swim Utility Bonds") and together with the General Improvement Bonds and the Water Utility Bonds, the "Bonds") and \$4,500,000 Bond Anticipation Notes (the "Notes," and together with the Bonds, the "Obligations"). This Official Statement (the "Official Statement"), which includes the cover page and the Appendices attached hereto, has been authorized by the Township Council to be distributed in connection with the sale of the Obligations and has been executed by and on behalf of the Township by the Chief Financial Officer.

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

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

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

THE BONDS

General Description of the Bonds

The Bonds shall be dated the date of delivery and will mature on April 15 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from the date of delivery and shall be payable on each April 15 and October 15 (each, an "Interest Payment Date") in each year until maturity or earlier redemption, if applicable, commencing October 15, 2025, at the rates shown on the inside front cover page hereof. The Bonds are issuable as fully registered book-entry only bonds in the form of one certificate for each year of maturity of the Bonds in the aggregate principal amount of

* Preliminary, subject to change

such maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple thereof, through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co., or any successor or assign, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. or any successor or assign, as nominee for DTC. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be credited to the participants of DTC as listed on the records of DTC as of the close of business on April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds). See "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption

The Bonds of this issue maturing prior to April 15, 2033 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after April 15, 2033 are subject to redemption at the option of the Township, in whole or in part, on any date on or after April 15, 2032 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

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

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

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the Township Council on the dates set forth in the chart below and on the following page and published and approved as required by law, and by a resolution duly adopted by the Township Council on March 20, 2025 (the "Resolution").

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

Purpose of the Bonds

Proceeds of the Bonds will be used to: (i) refund, on a current basis, a \$26,260,000 portion of prior bond anticipation notes of the Township issued in the aggregate principal amount of \$30,760,000 on October 28, 2024 and maturing on April 29, 2025 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various general capital and utility improvements in and by the Township; (ii) permanently

finance various utility improvements in the amount of \$3,650,000; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

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

Ordinance Number	Description and Date of Final Adoption	Amount Funded With Bond Proceeds
<u>GENERAL IMPROVEMENT BONDS</u>		
2007-12	Various General Improvements, Finally Adopted 5/17/2007	\$4,000
2011-04	Preservation of Open Space/Farmland, Finally Adopted 3/3/2011	\$270,000
2018-01	Various Capital Improvements, Finally Adopted 2/15/2018	\$768,000
2019-01	Various Capital Improvements, Finally Adopted 2/21/2019	\$1,815,000
2020-05	Various Capital Improvements, Finally Adopted 4/23/2020	\$4,727,000
2021-04	Various Capital Improvements, Finally Adopted 3/4/2021	\$5,395,000
2022-07	Various 2022 General Capital Improvements, Finally Adopted 7/21/2022	<u>\$4,871,000</u>
	TOTAL GENERAL IMPROVEMENT:	\$17,850,000
<u>WATER UTILITY BONDS</u>		
2019-02	Various Improvements to the Water Utility, Finally Adopted 2/21/19	\$1,180,000
2020-06	Various Improvements to the Water Utility, Finally Adopted 4/23/20	\$2,089,000
2021-05	Various Improvements to the Water Utility, Finally Adopted 3/4/21	\$2,125,000
2022-08	Various 2022 Water Utility Improvements, Finally Adopted 7/21/22	\$3,006,000
2023-07	Various 2023 Water Utility Improvements, Finally Adopted 4/20/23	\$1,200,000
2024-09	Various 2024 Water Utility Improvements, Finally Adopted 4/18/24	<u>\$1,900,000</u>
	TOTAL WATER UTILITY:	\$11,500,000
<u>RECREATION AND SWIM UTILITY BONDS</u>		
2013-09	Improvements to the Recreation and Swim Utility, Finally Adopted 4/4/13	\$5,000
2019-03	Various Improvements to the Recreation Utility, Finally Adopted 2/21/19	\$20,000
2020-07	Various Improvements to the Recreation Utility, Finally Adopted 4/23/20	\$168,000
2022-09	Various 2022 Recreation and Swim Utility Improvements, Finally Adopted 7/21/22	\$217,000
2023-08	Various 2023 Recreation and Swim Utility Improvements, Finally Adopted 4/20/23	<u>\$150,000</u>
	TOTAL RECREATION AND SWIM UTILITY:	\$560,000
	TOTAL:	<u>\$29,910,000</u>

Payment of Bonds

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

THE NOTES

General Description of the Notes

The Notes comprise an issue of general obligation bond anticipation notes of the Township in the aggregate principal amount of \$4,500,000, which Notes are being issued in anticipation of the issuance of bonds.

The Notes shall be dated and shall bear interest from April 24, 2025 and shall mature on April 23, 2026. The Notes shall bear interest at the rate shown on the inside front cover hereof, which interest is payable at maturity on April 23, 2026. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee for DTC. DTC will act as securities depository for the Notes (the "Securities Depository"). Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 each or any integral multiple thereof. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

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

Optional Redemption

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

Authorization for the Issuance of the Notes

The Notes are authorized and are to be issued pursuant to the Local Bond Law. The Notes also are authorized by a bond ordinance of the Township, set forth below, and the Resolution.

The bond ordinance included in the sale of the Notes was published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinance can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Notes by the Township.

Purpose of the Notes

The Notes are being issued to: (i) refund, on a current basis, a \$4,500,000 portion of the Prior Notes; and (ii) pay for the costs associated with the issuance and sale of the Notes.

The purposes for which the Notes are to be issued has been authorized by duly adopted, approved and published bond ordinance of the Township, which bond ordinance is described in the following table by ordinance number, description and date of final adoption, and amount to be issued for such purposes. The bond ordinance is:

Ordinance Number	Description and Date of Final Adoption	Amount Being Financed
2024-10	Various 2024 Recreational Improvements, Finally Adopted 4/18/2024	\$4,500,000
Total		<u>\$4,500,000</u>

Payment of Notes

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

Book-Entry Only System

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

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

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

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Bond or Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase.

Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

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

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

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

Redemption proceeds and principal and interest payments on the Obligations 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 Township or any hereafter designated paying agent, if any, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Township or a hereafter designated paying agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or a hereafter designated paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the Township or a hereafter designated paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Bond or Note certificates are required to be printed and delivered.

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

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

THE TOWNSHIP OR A HEREAFTER DESIGNATED PAYING AGENT, IF ANY, WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM

THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Discontinuation of Book-Entry Only System

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

Security and Source of Payment

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

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

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

NO DEFAULT

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

CERTAIN RISK FACTORS

COVID-19 Disclosure

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread throughout the State and to all counties within the State. In response to the COVID-19 pandemic, federal and state legislation and executive orders were implemented to mitigate the spread of the disease and to provide relief to state and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local

economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities, to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

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

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

Cyber Disclosure

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems.

Climate Disclosure

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township 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 Township.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

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

The Township, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Township Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond

Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Township.

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

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

Short Term Financing

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

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

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

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds or the local unit may issue such refunding bonds in accordance with the regulations promulgated by the Local Finance Board.

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

There are statutory requirements which limit the amount of debt which the Township is permitted to authorize. The authorized bonded indebtedness of a Township is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3½%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property,

and the assessed valuation of certain Class II railroad property within the boundaries of the Township for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

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

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

DEBT INFORMATION OF THE TOWNSHIP

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

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Township conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific

claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Township does not record obligations for accumulated unused vacation and sick pay.

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

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

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

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

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

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

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

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

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Township shall limit any increase in its

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

Additionally, P.L. 2010, c.44, effective July 2, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

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

Deferral of Current Expenses

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

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

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the

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

Anticipation of Real Estate Taxes

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

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

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

Total of Local, County, and School Levies	-	Anticipated Revenues	=	Cash Required from Taxes to Support Local Municipal Budget and Other Taxes
				Amount to be
				Raised by
				Taxation
				<u>Cash Required from Taxes to Support Local Municipal Budget and Other Taxes</u>
				=
				Prior Year's Percentage of Current Tax Collection (or Lesser %)

Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

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

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

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

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

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

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

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the Township, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

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

CAPITAL IMPROVEMENT PROGRAM

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

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

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

Upon the filing of certified adopted budgets by the Township, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special district.

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

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

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

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

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

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

Tax Appeals

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

TAX MATTERS

Exclusion of Interest on the Bonds and Notes From Gross Income for Federal Tax Purposes

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

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

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

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

such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Obligations.

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

Additional Federal Income Tax Consequences of Holding the Bonds and the Notes

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

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

Changes in Federal Tax Law Regarding the Bonds or the Notes

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

State Taxation for the Bonds and the Notes

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

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

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

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds or the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds or Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action,

fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds or the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

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

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

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

LITIGATION

To the knowledge of the Township Attorney, Louis N. Rainone, Esquire, of Rainone Coughlin Minchello, Iselin, New Jersey (the "Township Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes to pay the principal of or the interest on the Obligations, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A Certificate to such effect will be executed by the Township Attorney and delivered to the Bond Underwriter and Note Underwriter (as hereinafter defined) at closing.

APPROVAL OF LEGAL PROCEEDINGS

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

MUNICIPAL BANKRUPTCY

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

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

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

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

SECONDARY MARKET DISCLOSURE FOR THE BONDS

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

In accordance with SEC Rule 15c2-12 and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file an event notice associated with a certain financial obligation. Additionally, the Township failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with EMMA. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

SECONDARY MARKET DISCLOSURE FOR THE NOTES

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

In accordance with SEC Rule 15c2-12 and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file an event notice associated with a certain financial obligation. Additionally, the Township failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with EMMA. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing

disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertaking.

LEGALITY FOR INVESTMENT

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

MUNICIPAL ADVISOR

Phoenix Advisors, Hamilton, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Bonds and the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an independent registered municipal advisor and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale for resale by _____ (the "Bond Underwriter"), at a purchase price of \$_____. The purchase price of the Bonds reflects the par amount of the Bonds equal to \$_____; minus a Bond Underwriter's discount of \$_____, plus an original issue premium in the amount of \$_____.

The Notes have been purchased from the Township at a public sale for resale by _____ (the "Note Underwriter"), at a purchase price of \$_____. The purchase price of the Notes reflects the par amount of the Notes equal to \$4,500,000.00; minus a Note Underwriter's discount of \$_____, plus an original issue premium in the amount of \$_____.

RATINGS

Moody's Investors Service, Inc. (the "Rating Agency") has assigned the Bonds the rating of "Aaa" and assigned the Notes a rating of "MIG 1" based upon the creditworthiness of the Township.

An explanation of the significance of the ratings on the Bonds and the Notes may be obtained from the Rating Agency at 7 World Trade Center, 250 Greenwich St, New York, NY 10007. Such ratings reflect only the views of such the Rating Agency, and an explanation of the significance of the ratings may be obtained from such the Rating Agency. There is no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely by such the Rating Agency, if in the judgment of such Rating Agency, circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds or the Notes. Except as set forth in the Bond Certificate and the Note Certificate, respectively, the Township has not agreed to take any action with respect to any proposed rating change or to bring such rating change, if any, to the attention of the owners of the Bonds or the Notes.

FINANCIAL STATEMENTS

The unaudited financial statements of the Township as of December 31, 2024, and audited financial statement of the Township as of December 31, 2023, have been prepared by Suplee, Clooney & Company, Westfield, New Jersey (the "Auditor"). Accordingly, the Auditor takes responsibility for their Accountant's Compilation Report and Independent Auditor's Report appearing and set forth in Appendix B attached hereto.

PREPARATION OF OFFICIAL STATEMENT

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

Suplee, Clooney & Company takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Township of Marlboro, 1979 Township Drive, Marlboro, New Jersey 07746, Attn: Lori A. Russo, Chief Financial Officer, (732) 536-0200, or the Municipal Advisor at (609) 291-0130.

MISCELLANEOUS

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

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

**TOWNSHIP OF MARLBORO,
IN THE COUNTY OF MONMOUTH,
STATE OF NEW JERSEY**

/s/ _____
Lori A. Russo
Chief Financial Officer

Dated: April ____, 2025

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APPENDIX A

**CERTAIN GENERAL INFORMATION CONCERNING
THE TOWNSHIP OF MARLBORO,
IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY**

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INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Marlboro (the “Township”), in the County of Monmouth (the “County”), State of New Jersey (the “State”).

General Information

The Township was formed as a township by an Act of the New Jersey Legislature on February 17, 1848, from portions of the Township of Freehold, where English, Scottish and Dutch settlers established the first farms in the 1600s. The Township is named for the prevalence of marl, which was first discovered in the area in 1768. The Township’s first industry was the export of the material, used primarily as fertilizer, throughout the State and by boat to New York and other parts of the country.

Following World War II, the State began to build and improve the roads infrastructure, and the Township gained population. Even until the 1970s, the Township remained largely rural in character, but then it became a growing exurban destination for people working in New York City and in nearby large suburban corporations.

The Township has a total area of 30.6 square miles, all of it land. The strategic location of the Township within the major transportation corridor in the Northeast is an important factor in the development of the community. The Township has excellent transportation facilities with easy access to both the Garden State Parkway and the New Jersey Turnpike. Public bus lines and trains operate within the area, with regular service to Newark, New Jersey and New York City.

The Township has a diversity of business enterprises, including restaurants, shopping centers, industrial properties, office and professional buildings, and other businesses to support this predominantly residential community.

Form of Government

The Township is managed under a Mayor-Council form of government authorized under Plan E of the Faulkner Act of 1950. This form of government, adopted in 1953 by Township voters, provides for, among other things, the direct election of the Mayor and Council by the electorate, the separation of legislative power from administrative functions, and the employment of full-time professional personnel in finance, public safety, purchasing, administration and health and welfare. The Township Council consists of five (5) elected officials serving four (4) year terms. At its reorganization meeting, the Council elects a President and Vice-President, each of whom serve a term of one (1) year or until the election and qualification of a successor.

Education

The Township School District is a K-8 school district which operates an early learning center, 5 elementary schools, and 2 middle schools and serves approximately 4,600 students. The

¹ Source: The Township, unless otherwise indicated.

School District is a Type II school district governed by a directly elected nine (9) member board of education. Marlboro High School is part of the Freehold Regional High School District. This Regional High School District also serves students from the Townships of Colts Neck, Freehold, Howell and Manalapan, and the Boroughs of Englishtown, Farmingdale and Freehold.

Utilities/Public Works

Utilities are provided to the Township by Jersey Central Power and Light Company, New Jersey Natural Gas Company, Altice, and Verizon. The Western Monmouth Utilities Authority, created by the Township and neighboring Manalapan Township, provides sewerage service to the Township. Water supply and distribution is provided by the Township, and by Gordon's Corner Water Company, a privately-owned water supplier. In 2010, the Township dissolved the Marlboro Township Municipal Utilities Authority and created the Water Utility Division within the Township.

Recreation

The Township has more than 100 acres devoted to recreational facilities with another 30 acres of school property devoted to recreational use. The largest park in the Township is the Marlboro Country Park, which has 30 acres and includes 8 lighted tennis courts, 2 handball courts, a tot lot, a basketball court, and 2 ballfields. The Municipal Sports Complex, adjacent to the Township Municipal Complex, has 5 soccer fields, a tot lot, a football/soccer field, lighted baseball/football fields, and a shelter building. In addition, there are more than 600 acres of municipal zoned land which includes flood plains, wet lands, open spaces and conservation areas.

The Township conducts, as a self-supporting utility, a full-scale recreational program for all ages, pre-school through senior citizen. Programs include summer camp for ages kindergarten through the eighth grade, a special education summer camp, senior citizens activities program, a teen program, and athletic programs. In addition, special events are conducted including concerts, fireworks, and holiday events. The Township's recreation department operates a community swimming pool operation. It consists of an olympic-size swimming pool, diving pool, wading pool, and kiddie pool. The facilities also have a locker-changing area, snack bar, and playground area.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the

financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

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

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

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Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024*	21,450	20,708	775	3.6%
2023	21,527	20,804	723	3.4%
2022	21,201	20,575	626	3.0%
2021	20,639	19,613	1,026	5.0%
2020	20,380	18,878	1,502	7.4%
<u>County</u>				
2024*	351,825	337,775	14,050	4.0%
2023	352,981	339,416	13,565	3.8%
2022	347,680	335,679	12,001	3.5%
2021	339,979	319,991	19,988	5.9%
2020	336,742	307,993	28,749	8.5%
<u>State</u>				
2024*	4,769,500	4,523,400	246,100	5.2%
2023	4,829,671	4,615,722	213,949	4.4%
2022	4,736,213	4,552,563	183,650	3.9%
2021	4,648,814	4,337,793	311,021	6.7%
2020	4,638,386	4,200,980	437,406	9.4%

*Preliminary, not seasonally adjusted.

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

Income (as of 2023)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$176,076	\$122,727	\$101,050
Median Family Income	206,134	155,779	123,892
Per Capita Income	78,234	65,545	53,118

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

Population

The following table summarizes population increases and the decreases for the Township, the County, and the State.

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2023 est.	41,398	-0.25%	642,799	-0.13%	9,290,841	0.02%
2020	41,502	3.26	643,615	2.10	9,288,994	5.65
2010	40,191	10.42	630,380	2.45	8,791,894	4.49
2000	36,398	30.11	615,301	11.24	8,414,350	8.85
1990	27,974	59.31	553,124	9.93	7,730,188	4.96

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

Largest Taxpayers

The ten (10) largest taxpayers in the Township and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2024 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Marlboro Plaza Associates	\$49,238,500	0.67%
Camelot West at Marlboro	32,811,700	0.44%
Union Hill Nine Assoc. LLC	24,166,500	0.33%
TMC Marlboro LLC	22,477,500	0.30%
American Plaza, LLC	13,654,700	0.18%
480 Route 9 Realties, LLC	13,427,800	0.18%
Marlboro Commons, LLC	13,030,700	0.18%
Marlboro Lowe's Retail Center Rt 9	12,563,700	0.17%
CRP De Royal Pines, LLC	11,681,800	0.16%
Brooks Edge Plaza, LLC	<u>9,716,000</u>	<u>0.13%</u>
Total	<u>\$202,768,900</u>	<u>2.75%</u>

Source: Municipal Tax Assessor

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Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024U	\$186,988,788	\$185,615,206	99.27%
2023	176,774,718	175,715,118	99.40%
2022	173,106,519	172,154,250	99.45%
2021	170,697,091	169,553,763	99.33%
2020	168,061,414	166,871,095	99.29%

U: Unaudited
Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024U	\$1,259,761	\$1,257,812	\$2,517,573	1.35%
2023	1,195,159	912,727	2,107,887	1.19%
2022	1,113,504	819,679	1,933,183	1.12%
2021	1,058,073	861,266	1,919,339	1.12%
2020	1,081,977	1,017,595	2,099,572	1.25%

U: Unaudited
Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024U	\$802,400
2023	802,400
2022	802,400
2021	802,400
2020	802,400

U: Unaudited
Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2024	\$0.445	\$1.159	\$0.514	\$0.325	\$2.443
2023	0.417	1.128	0.486	0.312	2.343
2022	0.419	1.106	0.480	0.308	2.313
2021	0.411	1.088	0.472	0.316	2.287
2020	0.403	1.072	0.466	0.322	2.263

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2024	\$7,386,461,870	\$10,378,617,212	71.17%	\$0	\$10,378,617,212
2023	7,350,133,070	9,555,555,213	76.92	0	9,555,555,213
2022	7,301,546,320	8,627,609,973	84.63	0	8,627,609,973
2021	7,281,886,820	8,264,540,710	88.11	0	8,264,540,710
2020	7,245,302,300	8,178,465,177	88.59	0	8,178,465,177

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2024	56,806,600	6,649,638,270	33,835,500	514,265,800	81,161,800	50,753,900	7,386,461,870
2023	60,443,700	6,611,024,970	32,779,300	513,969,400	81,161,800	50,753,900	7,350,133,070
2022	59,702,650	6,574,691,270	32,690,200	502,928,400	80,779,900	50,753,900	7,301,546,320
2021	53,888,350	6,566,454,270	32,710,900	497,299,500	80,779,900	50,753,900	7,281,886,820
2020	55,280,200	6,556,863,800	33,586,200	490,911,300	80,779,900	27,880,900	7,245,302,300

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
Fund Balance Utilized	\$5,600,000	\$5,900,000	\$6,100,000	\$6,400,000	\$7,100,000
Miscellaneous Revenues	5,057,154	6,000,395	7,602,220	5,666,732	6,082,628
Receipts from Delinquent Taxes	750,000	750,000	750,000	750,000	750,000
Amount to be Raised by Taxation	<u>29,174,781</u>	<u>29,871,620</u>	<u>29,869,564</u>	<u>32,135,756</u>	<u>32,950,807</u>
Total Revenue:	<u>\$40,581,935</u>	<u>\$42,522,015</u>	<u>\$44,321,784</u>	<u>\$44,952,488</u>	<u>\$46,883,435</u>
<u>Appropriations</u>					
General Appropriations	\$31,739,899	\$33,293,348	\$34,319,375	\$35,512,045	\$36,840,410
Operations (Excluded from CAPS)	1,181,629	1,335,617	1,963,968	1,367,916	1,632,680
Deferred Charges and Statutory Expenditures	345,724	43,891	0	0	0
Capital Improvement Fund	350,000	300,000	600,000	350,000	375,000
Municipal Debt Service	4,312,996	4,873,837	4,735,833	4,985,253	5,177,002
Reserve for Uncollected Taxes	<u>2,651,687</u>	<u>2,675,322</u>	<u>2,702,608</u>	<u>2,737,275</u>	<u>2,858,342</u>
Total Appropriations:	<u>\$40,581,935</u>	<u>\$42,522,015</u>	<u>\$44,321,784</u>	<u>\$44,952,488</u>	<u>\$46,883,435</u>

*Introduced
Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$18,536,564	\$7,100,000
2023	15,713,218	6,400,000
2022	14,639,337	6,100,000
2021	13,661,791	5,900,000
2020	12,637,143	5,600,000

U: Unaudited
Source: Annual Audit Reports of the Township

Water Utility Operating Fund

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

<u>Fund Balance - Water Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024U	\$9,884,413	\$3,511,398
2023	9,788,402	3,767,347
2022	7,709,637	3,306,065
2021	5,485,736	2,970,227
2020	4,956,387	1,999,298

U: Unaudited
Source: Annual Audit Reports of the Township

Recreation and Swim Utility Operating Fund

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

<u>Fund Balance Recreation and Swim Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024U	\$974,578	\$490,253
2023	889,006	662,355
2022	1,057,316	724,280
2021	618,981	0
2020	247,591	876

U: Unaudited
Source: Annual Audit Reports of the Township

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Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$30,949,000
Bond Anticipation Notes	22,350,000
Bonds and Notes Authorized but Not Issued	18,793,498
Other Bonds, Notes and Loans	0
Total:	<u>\$72,092,498</u>

Local School District Debt

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

Regional School District Debt

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

Self-Liquidating Debt

Serial Bonds	\$8,903,000
Bond Anticipation Notes	8,410,000
Bonds and Notes Authorized but Not Issued	9,429,870
Other Bonds, Notes and Loans	12,400,595
Total:	<u>\$39,143,465</u>

TOTAL GROSS DEBT

\$111,235,964

Less: Statutory Deductions

General Purpose Debt	\$126,884
Local School District Debt	0
Regional School District Debt	0
Self-Liquidating Debt	39,143,465
Total:	<u>\$39,270,350</u>

TOTAL NET DEBT

\$71,965,614

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$0	100.00%	\$0
Regional School District	0	100.00%	0
Western Monmouth Utilites Authority (2023) County	40,505,669 1,643,106,400	49.82% 5.19%	20,179,924 <u>85,308,911</u>
Net Indirect Debt			\$105,488,836
Net Direct Debt			<u>71,965,614</u>
Total Net Direct and Indirect Debt			<u>\$177,454,450</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$10,340,584,788
Permitted Debt Limitation (3 1/2%)	361,920,468
Less: Net Debt	<u>71,965,614</u>
Remaining Borrowing Power	<u>\$289,954,854</u>
Percentage of Net Debt to Average Equalized Valuation	0.696%
Gross Debt Per Capita based on 2020 population of 41,502	\$2,680
Net Debt Per Capita based on 2020 population of 41,502	\$1,734

Source: Annual Debt Statement of the Township

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² Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

² Township percentage of Western Monmouth Utilities Authority debt is estimated based on historical information

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APPENDIX B

**UNAUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024 AND
AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP
FOR THE FISCAL YEAR ENDED 2023**

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SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the Township Council
Township of Marlboro
County of Monmouth
Marlboro, New Jersey 07746

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2024 Annual Financial Statement (AFS) of the Township of Marlboro, County of Monmouth, New Jersey as of December 31, 2024 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Township of Marlboro. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the Township of Marlboro has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township of Marlboro's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Robert W. Swisher
Robert W. Swisher, C.P.A., R.M.A.

March 11, 2025



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Marlboro
County of Monmouth
Marlboro, New Jersey 07746

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Marlboro (the "Township"), as of and for the year ended December 31, 2023 and 2022, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2023.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2023 and 2022, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

SUPLEE, CLOONEY & COMPANY LLC

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions 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 Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

SUPLEE, CLOONEY & COMPANY LLC

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Robert W. Swisher
Robert W. Swisher, C.P.A., R.M.A.

June 19, 2024

TOWNSHIP OF MARLBORO

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 <u>(UNAUDITED)</u>	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>ASSETS</u>			
Current Fund:			
Cash	\$ 35,857,481.34	\$ 15,801,118.37	\$ 27,812,086.26
Investment	4,713,838.94	18,631,249.30	8,000,000.00
Change Funds	1,550.00	1,550.00	1,100.00
Petty Cash	600.00	600.00	600.00
	<u>\$ 40,573,470.28</u>	<u>\$ 34,434,517.67</u>	<u>\$ 35,813,786.26</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	\$ 1,257,812.09	\$ 912,727.43	\$ 819,679.01
Tax Title Liens Receivable	1,259,761.23	1,195,159.07	1,113,503.58
Property Acquired for Taxes - Assessed Valuation	802,400.00	802,400.00	802,400.00
Revenue Accounts Receivable	26,240.37	19,266.24	31,335.15
Prepaid Regional School Taxes			134,647.11
	<u>\$ 3,346,213.69</u>	<u>\$ 2,929,552.74</u>	<u>\$ 2,901,564.85</u>
	<u>\$ 43,919,683.97</u>	<u>\$ 37,364,070.41</u>	<u>\$ 38,715,351.11</u>
Grant Fund:			
Cash	\$ 554,107.98	\$ 470,436.18	\$ -
Grants Receivable	92,693.87	134,435.63	74,165.40
Interfunds Receivable		-	2,550,159.17
	<u>\$ 646,801.85</u>	<u>\$ 604,871.81</u>	<u>\$ 2,624,324.57</u>
	<u>\$ 44,566,485.82</u>	<u>\$ 37,968,942.22</u>	<u>\$ 41,339,675.68</u>

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

TOWNSHIP OF MARLBORO

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 <u>(UNAUDITED)</u>	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	\$ 1,790,389.33	\$ 2,388,759.16	\$ 2,570,041.63
Due State of New Jersey-Senior Citizens and Veterans Deductions	8,257.84	6,128.38	14,592.76
Interfunds Payable			2,550,159.17
Reserve for Miscellaneous Deposits	2,191,047.18	2,668,646.59	2,839,290.52
Tax Overpayments	3,808.16	15,649.27	5,323.37
Encumbrances Payable	2,019,444.19	2,466,468.91	2,196,366.15
Accounts Payable	459,462.71	268,659.62	398,841.57
Prepaid Taxes	1,518,753.83	1,343,983.74	1,185,981.69
County Taxes Payable		69,714.20	86,222.72
Local School Taxes Payable	9,990,105.41	9,373,167.50	9,327,629.50
Regional School Taxes Payable	4,055,637.89	120,121.89	
	<u>\$ 22,036,906.54</u>	<u>\$ 18,721,299.26</u>	<u>\$ 21,174,449.08</u>
Reserve for Receivables	3,346,213.69	2,929,552.74	2,901,564.85
Fund Balance	<u>18,536,563.74</u>	<u>15,713,218.41</u>	<u>14,639,337.18</u>
	<u>\$ 43,919,683.97</u>	<u>\$ 37,364,070.41</u>	<u>\$ 38,715,351.11</u>
Grant Fund:			
Encumbrances Payable	\$ 211,909.10	\$ 159,218.15	\$ 74,268.14
Reserve for Grants-Appropriated	429,492.86	440,546.52	446,211.76
Reserve for Grants-Unappropriated	<u>5,399.89</u>	<u>5,107.14</u>	<u>2,103,844.67</u>
	<u>\$ 646,801.85</u>	<u>\$ 604,871.81</u>	<u>\$ 2,624,324.57</u>
	<u>\$ 44,566,485.82</u>	<u>\$ 37,968,942.22</u>	<u>\$ 41,339,675.68</u>

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

TOWNSHIP OF MARLBORO

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2024 <u>(UNAUDITED)</u>	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	\$ 6,400,000.00	\$ 6,100,000.00	\$ 5,900,000.00
Miscellaneous Revenues Anticipated	8,035,287.19	9,261,243.34	6,843,921.88
Receipts from Delinquent Taxes	916,477.73	815,356.91	864,819.57
Receipts from Current Taxes	185,615,205.77	175,715,117.77	172,154,250.17
Non-Budget Revenues	684,717.87	803,195.17	1,353,451.69
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	2,556,957.05	2,262,757.62	2,080,436.77
Reserve for Prepaid Regional School Tax		134,647.11	
Grants Appropriated Reserves Cancelled		422.83	161.01
Accounts Payable Cancelled	169,565.42	88,059.56	174,673.18
Cancellation of Reserves	400,000.00		
Reserve for Traffic Lights Cancelled			362.00
Interfunds Returned			1,024.00
<u>Total Income</u>	<u>\$ 204,778,211.03</u>	<u>\$ 195,180,800.31</u>	<u>\$ 189,373,100.27</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Within "CAPS":			
Operations including Contingent	\$ 29,514,539.79	\$ 28,787,667.64	\$ 27,936,188.02
Deferred Charges and Statutory Expenditures	5,981,504.84	5,530,707.58	5,356,160.27
Excluded from "CAPS"			
Operations	1,735,317.07	2,264,394.66	1,548,434.08
Capital Improvement Fund	350,000.00	600,000.00	300,000.00
Municipal Debt Service	4,893,355.17	4,448,624.26	4,570,803.82
Deferred Charges and Judgments			43,891.00
County Tax	23,946,274.77	22,909,473.64	22,450,066.76
County Tax for Added and Omitted Taxes	237,594.91	69,714.20	86,222.72
Local District School Tax	85,592,873.00	82,934,189.00	80,701,477.00
Regional District School Tax	37,964,476.00	35,718,578.00	35,081,655.00
Municipal Open Space Tax	738,796.15	735,102.10	730,351.86
Special District Taxes	4,600,134.00	4,008,468.00	3,533,040.24
Interfund Advances			134,647.11
Prior Year Senior Citizens Deductions, net			2,640.42
Grants Receivable Cancelled			19,975.51
Refund of Prior Year Revenue - Tax Appeals			
<u>Total Expenditures</u>	<u>\$ 195,554,865.70</u>	<u>\$ 188,006,919.08</u>	<u>\$ 182,495,553.81</u>
Excess in Revenue	\$ 9,223,345.33	\$ 7,173,881.23	\$ 6,877,546.46
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance	\$ 9,223,345.33	\$ 7,173,881.23	\$ 6,877,546.46
<u>Fund Balance</u>			
Balance, January 1	15,713,218.41	14,639,337.18	13,661,790.72
	<u>\$ 24,936,563.74</u>	<u>\$ 21,813,218.41</u>	<u>\$ 20,539,337.18</u>
Decreased by:			
Utilization as Anticipated Revenue	6,400,000.00	6,100,000.00	5,900,000.00
Balance, December 31	<u>\$ 18,536,563.74</u>	<u>\$ 15,713,218.41</u>	<u>\$ 14,639,337.18</u>

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

TOWNSHIP OF MARLBORO

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2024 (UNAUDITED)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
Animal Control Fund:			
Cash and Cash Equivalents	\$ 16,554.54	\$ 27,601.32	\$ 61,158.67
	<u>\$ 16,554.54</u>	<u>\$ 27,601.32</u>	<u>\$ 61,158.67</u>
Escrow Deposit Trust Fund:			
Cash and Cash Equivalents	\$ 2,378,217.06	\$ 2,583,595.02	\$ 2,868,068.98
	<u>\$ 2,378,217.06</u>	<u>\$ 2,583,595.02</u>	<u>\$ 2,868,068.98</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	\$ 4,416,644.67	\$ 4,065,938.28	\$ 3,428,997.03
	<u>\$ 4,416,644.67</u>	<u>\$ 4,065,938.28</u>	<u>\$ 3,428,997.03</u>
Payroll Fund:			
Cash and Cash Equivalents	\$ 40,687.33	\$ 20,649.35	\$ 20,771.36
	<u>\$ 40,687.33</u>	<u>\$ 20,649.35</u>	<u>\$ 20,771.36</u>
Other Funds:			
Cash and Cash Equivalents	\$ 11,288,057.72	\$ 8,182,557.77	\$ 11,685,953.39
Investment in Capital Notes		3,428,175.93	
Change Fund		200.00	200.00
	<u>\$ 11,288,057.72</u>	<u>\$ 11,610,933.70</u>	<u>\$ 11,686,153.39</u>
	<u>\$ 18,140,161.32</u>	<u>\$ 18,308,717.67</u>	<u>\$ 18,065,149.43</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	\$ 3,470.27	\$ 19,117.02	\$ 51,907.34
Due State of New Jersey		4.80	27.60
Encumbrances Payable	13,084.27	8,479.50	9,223.73
	<u>\$ 16,554.54</u>	<u>\$ 27,601.32</u>	<u>\$ 61,158.67</u>
Escrow Deposit Trust Fund:			
Reserve for Escrow Deposits	\$ 2,093,828.23	\$ 2,222,515.10	\$ 2,772,453.80
Encumbrances Payable	284,388.83	361,079.92	95,615.18
	<u>\$ 2,378,217.06</u>	<u>\$ 2,583,595.02</u>	<u>\$ 2,868,068.98</u>
Open Space Trust Fund:			
Reserve for Open Space Trust	\$ 4,416,644.67	\$ 4,065,938.27	\$ 3,428,997.03
Encumbrances Payable		0.01	
	<u>\$ 4,416,644.67</u>	<u>\$ 4,065,938.28</u>	<u>\$ 3,428,997.03</u>
Payroll Fund:			
Payroll Deductions Payable	\$ 40,687.33	\$ 20,649.35	\$ 20,771.36
	<u>\$ 40,687.33</u>	<u>\$ 20,649.35</u>	<u>\$ 20,771.36</u>
Other Funds:			
Various Trust Reserves	\$ 10,240,945.45	\$ 10,821,822.66	\$ 10,962,816.66
Due State of New Jersey - DCA Fees	52,881.00	44,770.00	41,259.00
Encumbrances Payable	994,231.27	744,341.04	682,077.73
	<u>\$ 11,288,057.72</u>	<u>\$ 11,610,933.70</u>	<u>\$ 11,686,153.39</u>
	<u>\$ 18,140,161.32</u>	<u>\$ 18,308,717.67</u>	<u>\$ 18,065,149.43</u>

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

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TOWNSHIP OF MARLBORO

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 <u>(UNAUDITED)</u>	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>ASSETS</u>			
Cash	\$ 4,738,179.54	\$ 1,455,602.05	\$ 8,005,699.42
Investments		5,000,000.00	
Green Acres Loan Receivable	653,043.94	276,299.00	276,299.00
Other Accounts Receivable	48,167.90	500,000.00	
Grants Receivable	5,538,982.89	3,418,856.38	2,641,138.21
Deferred Charges to Future Taxation:			
Funded	31,288,869.25	35,699,605.12	39,448,183.96
Unfunded	<u>41,143,498.12</u>	<u>31,276,375.62</u>	<u>24,745,975.62</u>
	\$ <u>83,410,741.64</u>	\$ <u>77,626,738.17</u>	\$ <u>75,117,296.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	\$ 30,949,000.00	\$ 35,134,000.00	\$ 39,243,000.00
Bond Anticipation Notes	22,350,000.00	14,250,000.00	8,000,000.00
Capital Lease Payable	339,869.25	565,605.12	205,183.96
Improvement Authorizations:			
Funded	10,305,040.85	9,263,432.44	8,628,287.38
Unfunded	8,668,368.22	7,182,382.88	10,864,616.15
Capital Improvement Fund	639.00	252,178.00	1,809.00
Contracts Payable	10,116,736.81	10,428,914.72	7,074,754.05
Various Reserves	260,769.17	176,956.67	251,377.33
Fund Balance	<u>420,318.34</u>	<u>373,268.34</u>	<u>848,268.34</u>
	\$ <u>83,410,741.64</u>	\$ <u>77,626,738.17</u>	\$ <u>75,117,296.21</u>

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

TOWNSHIP OF MARLBORO

RECREATION AND SWIM UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (UNAUDITED)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 1,490,765.07	\$ 293,441.80	\$ 1,325,699.83
Investments		1,085,485.61	
Interfund Receivable	250,000.00		
	<u>1,740,765.07</u>	<u>1,378,927.41</u>	<u>1,325,699.83</u>
<u>Total Operating Fund</u>	<u>1,740,765.07</u>	<u>1,378,927.41</u>	<u>1,325,699.83</u>
Capital Fund:			
Cash	19,224.45	188,458.20	222,634.91
Fixed Capital	3,446,793.21	3,446,793.21	3,446,793.21
Fixed Capital Authorized and Uncompleted	1,788,422.22	1,788,422.22	1,575,119.22
	<u>5,254,439.88</u>	<u>5,423,673.63</u>	<u>5,244,547.34</u>
<u>Total Capital Fund</u>	<u>5,254,439.88</u>	<u>5,423,673.63</u>	<u>5,244,547.34</u>
	\$ <u>6,995,204.95</u>	\$ <u>6,802,601.04</u>	\$ <u>6,570,247.17</u>

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

TOWNSHIP OF MARLBORO

RECREATION AND SWIM UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (UNAUDITED)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 360,022.95	\$ 113,151.02	\$ 45,806.45
Prepaid Participation Fees	147,092.00	170,322.00	
Prepaid Membership Fees	4,687.40		
Encumbrances Payable	245,815.43	202,614.70	218,450.13
Accrued Interest on Bonds and Loans	8,496.60	3,760.42	4,127.08
Overpayment of Participation Fees	73.10	73.10	
	<u>766,187.48</u>	<u>489,921.24</u>	<u>268,383.66</u>
Fund Balance	<u>974,577.59</u>	<u>889,006.17</u>	<u>1,057,316.17</u>
	<u>1,740,765.07</u>	<u>1,378,927.41</u>	<u>1,325,699.83</u>
Capital Fund:			
Contracts Payable	37,733.18	617,854.05	61,228.04
Improvement Authorizations:			
Funded	2,768.30	2,768.30	140,862.57
Unfunded	122,440.93	162,530.81	461,937.26
Capital Improvement Fund	25,917.00	25,915.00	25,914.00
Reserve for:			
Amortization	3,108,550.45	3,093,550.45	3,078,550.45
Deferred Amortization	746,303.88	646,303.88	576,303.88
Debt Service	10,135.36	9,160.36	9,160.36
Interfunds Payable	250,000.00		
Serial Bonds Payable	659,000.00	774,000.00	859,000.00
Bond Anticipation Notes Payable	260,000.00	60,000.00	
Fund Balance	<u>31,590.78</u>	<u>31,590.78</u>	<u>31,590.78</u>
	<u>5,254,439.88</u>	<u>5,423,673.63</u>	<u>5,244,547.34</u>
	<u>6,995,204.95</u>	<u>6,802,601.04</u>	<u>6,570,247.17</u>

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

TOWNSHIP OF MARLBORO
RECREATION AND SWIM UTILITY FUND
 STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2024 <u>(UNAUDITED)</u>	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 662,355.30	\$ 724,279.62	\$
Program Revenue	2,462,969.43	2,004,959.51	2,897,408.86
Non-Budget Revenue:	82,910.98	45,101.84	6,758.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	<u>199,801.49</u>	<u>95,708.61</u>	<u>423,277.80</u>
<u>TOTAL INCOME</u>	<u>3,408,037.20</u>	<u>2,870,049.58</u>	<u>3,327,445.22</u>
<u>EXPENDITURES</u>			
Operating	2,452,589.58	2,146,647.15	1,544,350.84
Capital Outlay	3.00	2.00	38,500.00
Debt Service	138,156.18	104,828.34	117,302.28
Statutory Expenditures and Deferred Charges	<u>69,361.72</u>	<u>62,602.47</u>	<u>1,188,956.60</u>
<u>TOTAL EXPENDITURES</u>	<u>2,660,110.48</u>	<u>2,314,079.96</u>	<u>2,889,109.72</u>
Excess in Revenue to Fund Balance	747,926.72	555,969.62	438,335.50
<u>Fund Balance</u>			
Balance, January 1	<u>889,006.17</u>	<u>1,057,316.17</u>	<u>618,980.67</u>
	1,636,932.89	1,613,285.79	1,057,316.17
Decreased by:			
Utilization by Recreation and Swim Utility Operating Budget	<u>662,355.30</u>	<u>724,279.62</u>	<u></u>
Balance, December 31	<u>\$ 974,577.59</u>	<u>\$ 889,006.17</u>	<u>\$ 1,057,316.17</u>

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

TOWNSHIP OF MARLBORO

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (UNAUDITED)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>ASSETS</u>			
Operating Fund:			
Cash	\$ 14,344,211.20	\$ 2,995,629.13	\$ 7,265,991.48
Investment		9,334,090.93	3,000,000.00
Change Fund	400.00	400.00	400.00
	<u>14,344,611.20</u>	<u>12,330,120.06</u>	<u>10,266,391.48</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	<u>344,931.81</u>	<u>195,744.75</u>	<u>324,026.04</u>
<u>Total Operating Fund</u>	<u>14,689,543.01</u>	<u>12,525,864.81</u>	<u>10,590,417.52</u>
Capital Fund:			
Cash	54,641.03	1,020,235.44	1,160,815.01
Investment		500,000.00	
Fixed Capital	59,414,422.55	51,809,369.34	51,120,699.22
Fixed Capital Authorized and Uncompleted	<u>20,011,799.26</u>	<u>25,609,086.43</u>	<u>23,532,337.14</u>
<u>Total Capital Fund</u>	<u>79,480,862.84</u>	<u>78,938,691.21</u>	<u>75,813,851.37</u>
	\$ <u><u>94,170,405.85</u></u>	\$ <u><u>91,464,556.02</u></u>	\$ <u><u>86,404,268.89</u></u>

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

TOWNSHIP OF MARLBORO

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024 (UNAUDITED)	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 1,541,692.71	\$ 680,149.07	\$ 1,014,022.56
Encumbrances Payable	2,215,964.45	1,434,007.21	1,118,511.37
Accounts Payable	156,093.58	25,566.68	
Security Deposit	500.00		
Water Overpayments	54,950.06	58,141.72	36,865.11
Reserve for Escrow	208,618.72	207,496.84	206,545.10
Reserve for Water Claims	118,472.99	36,852.98	72,000.71
Accrued Interest on Bonds and Loans	163,905.56	99,503.90	108,809.72
	<u>4,460,198.07</u>	<u>2,541,718.40</u>	<u>2,556,754.57</u>
Reserve for Receivables	344,931.81	195,744.75	324,026.04
Fund Balance	<u>9,884,413.13</u>	<u>9,788,401.66</u>	<u>7,709,636.91</u>
<u>Total Operating Fund</u>	<u>14,689,543.01</u>	<u>12,525,864.81</u>	<u>10,590,417.52</u>
Capital Fund:			
Serial Bonds Payable	8,244,000.00	9,084,000.00	10,330,000.00
Bond Anticipation Notes Payable	8,150,000.00	7,250,000.00	3,000,000.00
New Jersey Infrastructure Bank Loan Payable	12,400,594.97	13,158,200.09	13,905,805.21
Contracts Payable	1,753,249.60	2,136,237.57	4,502,876.46
Improvement Authorizations:			
Funded	88,936.09	771,340.25	790,594.32
Unfunded	5,961,174.87	6,136,056.80	4,883,394.00
Capital Improvement Fund	50,000.00	50,000.00	50,000.00
Reserve for:			
Amortization	34,327,477.79	33,564,819.46	33,154,467.70
Deferred Amortization	7,335,639.67	6,395,639.67	4,804,316.31
Payment of Debt	228,593.19	198,030.69	198,030.69
Fund Balance	<u>941,196.66</u>	<u>194,366.68</u>	<u>194,366.68</u>
<u>Total Capital Fund</u>	<u>79,480,862.84</u>	<u>78,938,691.21</u>	<u>75,813,851.37</u>
	<u>\$ 94,170,405.85</u>	<u>\$ 91,464,556.02</u>	<u>\$ 86,404,268.89</u>

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

TOWNSHIP OF MARLBORO

WATER UTILITY FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER <u>31, 2024</u>	YEAR ENDED DECEMBER <u>31, 2023</u>	YEAR ENDED DECEMBER <u>31, 2022</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 3,767,347.25	\$ 3,306,064.72	\$ 2,970,226.58
Water Rents	11,897,136.94	11,698,212.69	11,664,707.30
Connection Fees	290,059.52	1,013,648.11	395,747.36
Other Operating Revenues	51,905.48	48,296.67	45,218.87
Interest on Investments	316,828.84	168,561.55	33,467.12
Solar Renewable Energy Credits	213,282.00	227,776.00	238,758.50
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	1,182,970.30	1,407,479.81	1,736,469.73
Cancel Accounts Payable	520.50		3,270.01
	<u>17,720,050.83</u>	<u>17,870,039.55</u>	<u>17,087,865.47</u>
<u>EXPENDITURES</u>			
Operating	11,573,468.11	9,932,256.04	9,348,887.99
Capital Improvements	20,000.00	20,000.00	20,000.00
Debt Service	2,170,865.86	2,448,048.36	2,442,212.36
Statutory Expenditures	92,358.14	84,905.68	82,637.59
	<u>13,856,692.11</u>	<u>12,485,210.08</u>	<u>11,893,737.94</u>
Excess in Revenue	3,863,358.72	5,384,829.47	5,194,127.53
<u>Fund Balance</u>			
Balance, January 1	9,788,401.66	7,709,636.91	5,485,735.96
	<u>13,651,760.38</u>	<u>13,094,466.38</u>	<u>10,679,863.49</u>
Decreased by:			
Utilization by Water Utility Operating Budget	<u>3,767,347.25</u>	<u>3,306,064.72</u>	<u>2,970,226.58</u>
Balance, December 31	\$ <u><u>9,884,413.13</u></u>	\$ <u><u>9,788,401.66</u></u>	\$ <u><u>7,709,636.91</u></u>

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

TOWNSHIP OF MARLBORO

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Marlboro is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Council consists of elected officials and is responsible for the fiscal control of the Township.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Except as noted below, the financial statements of the Township of Marlboro include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Marlboro, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Marlboro do not include the operations of the Local and Regional School Districts and Fire Districts, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Marlboro conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Marlboro are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity.

As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created as well as records resources and expenditures for payroll purposes.

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

Recreation and Swim Utility Fund - records resources and expenditures for the recreation and swim programs and records resources and expenditures for the acquisition of capital facilities of the municipally owned Recreation/Swim Utility.

Water Utility Fund – records resources and expenditures for the operations and acquisition of capital equipment and facilities of the municipally owned Water Utility.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year 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 fiscal year. Lapsed appropriation reserves are recorded as income. 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.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interfunds - 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. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C 5:30-5.7, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

Fixed Capital - Water Utility and Recreation and Swim Utility

Accounting for utility fund "fixed capital" remains uncharged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Township's Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Water Utility and Recreation and Swim Utility (Continued)

The balances in 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, equipment and improvements. The utility does not record depreciation on fixed assets.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Accounting and Financial Reporting for Pensions

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In May of 2023, the New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

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

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan)

The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

In May of 2023, the New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right -to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation.

The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department.

When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Marlboro had the following cash and cash equivalents at December 31, 2023:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$52,076,218.65	(\$1,861,926.97)		\$50,214,291.68
N.J. Assets Rebate Management	24,748,061.90			24,748,061.90
N.J. Cash Management Fund	121,911.10			121,911.10
Petty Cash			\$600.00	600.00
Change Funds			2,150.00	2,150.00
	<u>\$76,946,191.65</u>	<u>(\$1,861,926.97)</u>	<u>\$2,750.00</u>	<u>\$75,087,014.68</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2023, the Township's bank balance of \$76,946,191.95 was insured or collateralized as follows:

Insured under FDIC and GUDPA		\$49,258,662.93
Uninsured and Uncollateralized		
N.J. Assets Rebate Management	\$24,748,061.90	
N.J. Cash Management Fund	121,911.10	
Escrow Deposits	<u>2,817,555.72</u>	
		<u>27,687,528.72</u>
		<u>\$76,946,191.65</u>

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for Investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

At December 31, 2023 the Township had the following investments:

	<u>Total</u>	<u>Township Bond Anticipation Notes</u>	<u>NJ ARM</u>	<u>NJCMF</u>
Current Fund	\$18,631,249.30	\$14,250,000.00	\$4,332,392.93	\$48,856.37
Trust Other Fund	3,428,175.93		3,355,121.20	73,054.73
General Capital Fund	5,000,000.00		5,000,000.00	
Water Utility Operating Fund	9,334,090.93	7,250,000.00	2,084,090.93	
Water Capital Fund	500,000.00		500,000.00	
Recreation and Swim Utility Operating Fund	1,085,485.61	60,000.00	1,025,485.61	
	<u>\$37,979,001.77</u>	<u>\$21,560,000.00</u>	<u>\$16,297,090.67</u>	<u>\$121,911.10</u>

At December 31, 2023 the Township had invested a total of \$21,560,000.00 in Capital Fund bond anticipation notes issued by the Township to provide temporary financing for various capital projects. These investments are held in the following funds and amounts at December 31, 2023: Current Fund, \$14,250,000.00, Water Operating Fund, \$7,250,000.00, and Recreation and Swim Operating Fund, \$60,000.00. The investments were made on May 31, 2023 and mature on May 30, 2024. The investments were issued at 0% interest. The fair value of these investments at December 31, 2023 is equal to cost. These investments do not trade in the open market and have not been rated by a nationally recognized rating agency.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund and the Investment Advisor of the NJARM, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

The Township of Marlboro's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

C. Solar Renewable Energy Certificates ("SRECs")

The Township generates Solar Renewable Energy Certificates ("SRECs") and sells a portion of those credits annually both on the open market and pursuant to an Agreement for the purchase and sale of SRECs entered into with various entities. The Township sold 1,049 and 1,093 SRECs during 2023 and 2022 respectively under this Agreement. The Township had minted 1,017 and 1,098 SRECs available for sale at December 31, 2023 and 2022 respectively. The fair value of an SREC at December 31, 2023 and December 31, 2022, as per the unit price published in the Flett Exchange per SREC was \$224.00 & \$234.50 respectively. Since the Township does not follow GAAP, the provisions of GASB Statement No. 72 were not followed and accordingly the fair value of the Township's unsold SRECs at December 31, 2023 have not been recorded in these financial statements. The Township recorded \$227,776.00 and \$238,758.00 in revenue from 2023 and 2022 respectively for sales of SRECs in its Water Utility Operating Fund. The investments in SRECs have not been rated by a nationally recognized rating agency.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2023</u>	<u>YEAR 2022</u>	<u>YEAR 2021</u>
Issued:			
General:			
Bonds, Notes and Loans	\$49,384,000.00	\$47,243,000.00	\$51,281,437.20
Recreation and Swim Utility:			
Bonds and Notes	834,000.00	859,000.00	954,000.00
Water Utility:			
Bonds, Notes and Loans	<u>29,492,200.09</u>	<u>27,235,805.00</u>	<u>29,331,012.32</u>
Net Debt Issued	<u>\$79,710,200.09</u>	<u>\$75,337,805.00</u>	<u>\$81,566,449.52</u>
Less: Reserve to Pay Bonds	250,262.66	250,263.00	286,717.00
Net Debt Issued	<u><u>\$79,459,937.43</u></u>	<u><u>\$75,087,542.00</u></u>	<u><u>\$81,279,732.52</u></u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$17,026,375.62	\$16,745,976.00	\$7,931,078.80
Recreation and Swim Utility:			
Bonds and Notes	661,361.10	508,058.00	299,934.08
Water Utility:			
Bonds and Notes	<u>7,965,796.55</u>	<u>9,458,447.00</u>	<u>5,231,009.00</u>
Total Authorized but not Issued	<u>\$25,653,533.27</u>	<u>\$26,712,481.00</u>	<u>\$13,462,021.88</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u><u>\$105,113,470.70</u></u>	<u><u>\$101,800,023.00</u></u>	<u><u>\$94,741,754.40</u></u>

NOTE 3: GOVERNMENTAL DEBT

SUMMARY OF REGULATORY 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 indicates a regulatory net debt of .700%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District Debt	\$3,055,169.13	\$3,055,169.13	-0-
Local School District	-0-	-0-	-0-
Water Utility Debt	37,457,996.64	37,457,996.64	-0-
Recreation and Swim Utility	1,495,361.10	1,495,361.10	-0-
General Debt	<u>66,410,375.62</u>	<u>43,071.61</u>	<u>66,367,304.01</u>
	<u>\$108,418,902.49</u>	<u>\$42,051,598.48</u>	<u>\$66,367,304.01</u>

NET DEBT \$66,367,304.01 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, AS AMENDED, \$9,474,780,684.00 EQUALS .700%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

Equalized Valuation Basis* - December 31, 2023	\$9,474,780,684.00
3-1/2 of Equalized Valuation Basis	331,617,323.94
Net Debt	<u>66,367,304.01</u>
Remaining Borrowing Power	<u>\$265,250,019.93</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

CALCULATION OF UTILITY "SELF-LIQUIDATING PURPOSE" PER N.J.S.A. 40A:2-45

Water Utility:

Surplus Anticipated and Total Cash Receipts from
Fees, Rents, or Other Charges for the Year \$ 16,462,559.74

Deductions:

Operating and Maintenance Cost	\$ 10,017,161.72	
Debt Service	<u>2,448,048.36</u>	
Total Deductions		<u>12,465,210.08</u>

Excess in Revenue \$ 3,997,349.66

Recreation and Swim Utility:

Surplus Anticipated and Total Cash Receipts from
Fees, Rents, or Other Charges for the Year \$ 2,774,340.97

Deductions:

Operating and Maintenance Cost	\$ 2,209,249.62	
Debt Service	<u>104,828.34</u>	
Total Deductions		<u>2,314,077.96</u>

Excess in Revenue \$ 460,263.01

Long-Term Debt

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2023

CALENDAR YEAR	GENERAL CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2024	\$4,185,000.00	\$997,472.50	\$5,182,472.50
2025	4,249,000.00	855,147.50	5,104,147.50
2026	3,500,000.00	705,337.50	4,205,337.50
2027	3,535,000.00	608,487.50	4,143,487.50
2028	3,595,000.00	512,787.50	4,107,787.50
2029-2033	11,980,000.00	1,294,087.50	13,274,087.50
2034-2038	<u>4,090,000.00</u>	<u>334,168.75</u>	<u>4,424,168.75</u>
	<u>\$35,134,000.00</u>	<u>\$5,307,488.75</u>	<u>\$40,441,488.75</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2023

CALENDAR YEAR	WATER UTILITY CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2024	\$840,000.00	\$263,286.26	\$1,103,286.26
2025	831,000.00	236,336.26	1,067,336.26
2026	745,000.00	209,046.26	954,046.26
2027	755,000.00	185,671.26	940,671.26
2028	760,000.00	162,371.26	922,371.26
2029-2033	3,313,000.00	491,186.30	3,804,186.30
2034-2038	1,840,000.00	101,059.41	1,941,059.41
	<u>\$9,084,000.00</u>	<u>\$1,648,957.01</u>	<u>\$10,732,957.01</u>

CALENDAR YEAR	RECREATION AND SWIM UTILITY CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2024	115,000.00	18,420.00	133,420.00
2025	95,000.00	15,995.00	110,995.00
2026	75,000.00	13,895.00	88,895.00
2027	115,000.00	12,170.00	127,170.00
2028	115,000.00	9,370.00	124,370.00
2029-2031	259,000.00	10,490.00	269,490.00
	<u>\$774,000.00</u>	<u>\$80,340.00</u>	<u>\$854,340.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2023</u>
\$17,970,000.00 in General Obligation Bonds dated December 17, 2015, due in remaining annual installments ranging between \$1,200,000.00 and \$1,600,000.00 beginning October 15, 2024 and ending October 1, 2030 with interest from 2.130% to 3.000%	\$10,545,000.00
\$8,207,000.00 in Refunding Bonds dated September 14, 2017, due in remaining annual installments ranging between \$1,432,000.00 and \$1,683,000.00 beginning October 1, 2024 and ending October 1, 2025 with interest of 4.000%	3,115,000.00
\$1,006,000.00 in Open Space Refunding Bonds dated September 14, 2017, due in remaining annual installments of \$202,000.00 beginning October 1, 2024 and ending October 1, 2025 with interest from of 4.000%	404,000.00
\$14,010,000.00 in General Improvement Bonds dated April 24, 2018, due in remaining annual installments ranging between \$510,000.00 and \$820,000.00 beginning May 1, 2024 and ending May 1, 2038 with interest from 3.000% to 5.000%	11,835,000.00
\$10,415,000.00 in General Improvement Bonds dated May 13, 2021, due in remaining annual installments ranging between \$590,000.00 and \$1,175,000.00 beginning May 1, 2024 and ending May 1, 2032 with interest of 2.000%	9,235,000.00
	<hr/>
	<u>\$35,134,000.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

The Water Utility Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2023</u>
\$2,723,000.00 in Water Utility Bonds dated December 17, 2015, due in remaining annual installments ranging between \$198,000.00 and \$200,000.00 beginning October 15, 2024 and ending October 1, 2030 with interest from 2.125% to 3.000%	\$1,398,000.00
\$467,000.00 in Refunding Water Utility Bonds dated September 14, 2017, due in remaining annual installments ranging between \$95,000.00 and \$96,000.00 beginning October 1, 2024 and ending October 1, 2025 with interest of 4.000%	191,000.00
\$2,915,000.00 in General Improvement Bonds dated April 24, 2018, due in remaining annual installments of \$140,000.00 beginning May 1, 2024 and ending May 1, 2038 with interest from 3.000% to 5.000%	2,175,000.00
\$5,370,000.00 in Refunding Water Utility Bonds dated September 14, 2019, due in remaining annual installments ranging between \$190,000.00 and \$275,000.00 beginning December 1, 2024 and ending December 1, 2035 with interest from 3.000% to 4.000%	2,805,000.00
\$2,735,000.00 in Water Utility Bonds dated May 13, 2021, due in remaining annual installments ranging between \$190,000.00 and \$210,000.00 beginning May 1, 2024 and ending May 1, 2036 with interest of 2.000%	2,515,000.00
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	<u>\$9,084,000.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

The Recreation and Swim Utility Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2023</u>
\$1,264,000.00 in General Improvement Bonds dated December 17, 2015, due in remaining installment ranging between of \$60,000.00 and \$104,000.00 beginning on October 15, 2024 and ending October 15, 2030 with interest from 2.125% to 3.000%	\$644,000.00
\$160,000.00 in General Improvement Bonds dated May 13, 2021, due in remaining annual installments ranging between \$15,000.00 and \$20,000.00 beginning May 1, 2024 and ending May 1, 2031 with interest of 2.000%	130,000.00
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	<u>\$774,000.00</u>

STATE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

The Township has also entered into three loan agreements funded by the New Jersey Environmental Infrastructure Trust Fund. The loans have been recorded in the Water Utility Capital Fund. The first loan is dated May 22, 2013 for Tennant Road Water Treatment Plant. The agreement provides for an interest-bearing loan from the Trust not to exceed \$1,635,000.00 at interest from 3.00% to 5.00% and an interest free loan not to exceed \$5,119,693.00. The second loan is dated May 26, 2016 for Harbor Road Water Treatment Plant. This agreement provides for an interest-bearing loan from the Trust not to exceed \$2,910,000.00 at interest from 2.00% to 5.00% and an interest free loan not to exceed \$9,185,000.00. The third loan is dated May 2022 for the Harbor Road Pump Station and provides for an interest-bearing loan from the trust not to exceed \$370,000 at interest from 3.25% to 5.00% and an interest free loan not to exceed \$376,026.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
LOAN (CONTINUED)

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

<u>Water Utility Capital Fund Dated May 22, 2013</u>			
Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$350,323.36	\$29,400.00	\$379,723.36
2025	355,323.36	24,900.00	380,223.36
2026	355,323.36	22,050.00	377,373.36
2027	360,323.36	19,200.00	379,523.36
2028	360,323.36	16,200.00	376,523.36
2029	365,323.36	13,200.00	378,523.36
2030	370,323.36	10,050.00	380,373.36
2031	370,323.36	6,750.00	377,073.36
2032	<u>297,582.97</u>	<u>3,450.00</u>	<u>301,032.97</u>
	<u>\$3,185,169.85</u>	<u>\$145,200.00</u>	<u>\$3,330,369.85</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
LOAN (CONTINUED)

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

<u>Water Utility Capital Loan Dated May 26, 2016</u>			
<u>Calendar</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$389,606.73	\$86,668.76	\$476,275.49
2025	389,606.73	83,468.68	473,075.41
2026	394,606.73	80,268.76	474,875.49
2027	399,606.73	76,868.76	476,475.49
2028	399,606.73	73,268.76	472,875.49
2029	404,606.73	71,468.76	476,075.49
2030	404,606.73	69,568.76	474,175.49
2031	404,606.73	67,668.76	472,275.49
2032	409,606.73	65,650.00	475,256.73
2033	409,606.73	62,650.00	472,256.73
2034	414,606.73	59,650.00	474,256.73
2035	419,606.73	56,500.00	476,106.73
2036	419,606.73	53,200.00	472,806.73
2037	424,606.73	48,800.00	473,406.73
2038	429,606.73	44,200.00	473,806.73
2039	434,606.73	39,400.00	474,006.73
2040	439,606.73	34,400.00	474,006.73
2041	444,606.73	29,200.00	473,806.73
2042	449,606.73	23,800.00	473,406.73
2043	454,606.73	18,200.00	472,806.73
2044	459,606.73	12,400.00	472,006.73
2045	456,388.07	6,400.00	462,788.07
	<u>\$9,253,129.40</u>	<u>\$1,163,700.00</u>	<u>\$10,416,829.40</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
LOAN (CONTINUED)

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

<u>Water Utility Capital Dated May 22, 2022</u>			
Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$17,675.03	\$15,869.04	\$33,544.07
2025	17,675.03	15,619.04	33,294.07
2026	22,675.03	15,369.04	38,044.07
2027	22,675.03	14,869.04	37,544.07
2028	22,675.03	14,369.04	37,044.07
2029	22,675.03	13,869.04	36,544.07
2030	22,675.03	13,369.04	36,044.07
2031	22,675.03	12,869.04	35,544.07
2032	22,675.03	12,369.04	35,044.07
2033	22,675.03	11,869.04	34,544.07
2034	22,675.03	11,369.04	34,044.07
2035	22,675.03	11,044.04	33,719.07
2036	22,675.03	10,706.54	33,381.57
2037	22,675.03	10,369.04	33,044.07
2038	27,675.03	10,031.54	37,706.57
2039	27,675.03	9,506.54	37,181.57
2040	27,675.03	8,981.54	36,656.57
2041	27,675.03	8,456.54	36,131.57
2042	27,675.03	7,931.54	35,606.57
2043	27,675.03	7,387.80	35,062.83
2044	27,675.03	6,844.04	34,519.07
2045	27,675.03	6,319.04	33,994.07
2046	27,675.03	5,719.04	33,394.07
2047	32,675.03	5,119.04	37,794.07
2048	32,675.03	4,319.04	36,994.07
2049	32,675.03	3,519.04	36,194.07
2050	32,675.03	2,719.04	35,394.07
2051	32,675.03	1,919.04	34,594.07
	<u>\$719,900.84</u>	<u>\$272,701.88</u>	<u>\$992,602.72</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2023, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	\$17,026,375.62
Water Utility Capital Fund	\$7,965,796.55
Recreation and Swim Utility Fund	\$661,361.10

SHORT TERM DEBT

At December 31, 2023, the Township has the following Bond Anticipation Note outstanding:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
11-04	11/15/19	05/31/23	05/30/24	0.00%	\$275,000.00
18-01	11/15/19	05/31/23	05/30/24	0.00%	788,000.00
18-01	05/31/23	05/31/23	05/30/24	0.00%	20,000.00
19-01	11/15/19	05/31/23	05/30/24	0.00%	1,920,000.00
20-05	12/01/21	05/31/23	05/30/24	0.00%	3,020,000.00
20-05	05/31/23	05/31/23	05/30/24	0.00%	850,000.00
21-04	12/01/21	05/31/23	05/30/24	0.00%	1,997,000.00
21-04	05/31/23	05/31/23	05/30/24	0.00%	1,505,000.00
07-12	05/31/23	05/31/23	05/30/24	0.00%	4,000.00
22-07	05/31/23	05/31/23	05/30/24	0.00%	3,871,000.00
					<u>\$14,250,000.00</u>

Water Utility Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
19-02	11/15/19	05/31/23	05/30/24	0.00%	\$692,000.00
19-02	05/31/23	05/31/23	05/30/24	0.00%	511,000.00
20-06	11/15/19	05/31/23	05/30/24	0.00%	1,151,000.00
20-06	05/31/23	05/31/23	05/30/24	0.00%	733,000.00
21-05	12/01/21	05/31/23	05/30/24	0.00%	1,157,000.00
22-08	05/31/23	05/31/23	05/30/24	0.00%	3,006,000.00
					<u>\$7,250,000.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT TERM DEBT (Continued)

Recreation and Swim Utility Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
13-09	05/31/23	05/31/23	05/30/24	0.00%	\$5,000.00
19-03	05/31/23	05/31/23	05/30/24	0.00%	20,000.00
20-07	05/31/23	05/31/23	05/30/24	0.00%	18,000.00
22-09	05/31/23	05/31/23	05/30/24	0.00%	<u>17,000.00</u>
					<u>\$60,000.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2023, which was appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024 were as follows:

Current Fund	\$6,400,000.00
Water Utility Operating Fund	\$3,767,347.25
Recreation & Swim Utility Operating Fund	\$662,355.30

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County, Local School District, Regional School District and Fire Districts. The collections and remittance of county, school and fire taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2023</u>	BALANCE DECEMBER 31, <u>2022</u>
Prepaid Taxes	<u>\$1,343,983.74</u>	<u>\$1,185,981.69</u>

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

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

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

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership.

Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS, provides for employee contributions of 7.50% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 10.00% of base salary.

The Township's share of pension costs, which is based upon the annual billings received from the State for the preceding three years are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Public Employees</u> <u>Retirement System</u>	<u>Police & Firemen's</u> <u>Retirement System</u>	<u>Defined Contribution</u> <u>Retirement System</u>	<u>Total</u>
2023	\$1,375,028.41	\$2,766,735.86	\$0.00	\$4,141,764.27
2022	1,332,014.86	2,673,304.71	392.44	4,005,712.01
2021	1,329,708.00	2,515,264.00	187.50	3,845,159.50

NOTE 6: PENSION PLANS (CONTINUED)

Pension Contribution Deferral

The State of New Jersey has enacted Public Law 2009, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would have been due April 1, 2011. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The Pension deferral activity for 2023 is as follows:

Retirement System	Original Amount Deferred	2023 Payments	
		Principal	Interest
PFRS	\$ 846,447.50	\$ 98,169.00	\$ 30,593.00
PERS	<u>274,383.50</u>	<u>32,810.00</u>	<u>10,197.00</u>
Total	<u>\$ 1,120,831.00</u>	<u>\$ 130,979.00</u>	<u>\$ 40,790.00</u>

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

Certain Township employees are also covered by Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2022. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

NOTE 6: PENSION PLANS (CONTINUED)

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

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2022

Public Employees Retirement System (PERS)

At June 30, 2022, the State reported a net pension liability of \$15,842,781.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2022, the Township's proportion was 0.1049790315 percent, which was a decrease of 0.0040362799 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of \$1,025,453.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2022 billing was \$1,276,696.

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 114,346.00	\$ 100,837.00
Changes of assumptions	49,086.00	2,372,292.00
Net difference between projected and actual earnings on pension plan investments	655,718.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>858,286.00</u>	<u>1,750,398.00</u>
	<u>\$ 1,677,436.00</u>	<u>\$ 4,223,527.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2023	(\$1,537,400.40)
2024	(870,776.40)
2025	(516,069.40)
2026	558,196.60
2027	(180,041.40)
	<u>(\$2,546,091.00)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. These actuarial valuations used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2022 asset are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$20,353,333.00	\$15,842,781.00	\$12,004,120.00

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2022, the State reported a net pension liability of \$24,273,254.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2022, the Township's proportion was 0.2120609700 percent, which was an decrease of 0.0055112900 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of \$345,942.00 The pension expense recognized in the Township's financial statements based on the April 1, 2022 billing was \$2,535,727.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$ 1,098,672.00	\$ 1,487,067.00
Changes of assumptions	66,523.00	3,055,523.00
Net difference between projected and actual earnings on pension plan investments	2,222,717.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>779,455.00</u>	<u>1,223,339.00</u>
	<u>\$ 4,167,367.00</u>	<u>\$ 5,765,929.00</u>

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

Year Ended <u>June 30</u>	<u>Amount</u>
2023	\$ (1,302,826.80)
2024	(864,630.80)
2025	(827,862.80)
2026	1,455,060.20
2027	(73,898.80)
Thereafter	<u>15,597.00</u>
	<u>\$ (1,598,562.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions:

	<u>June 30, 2022</u>
Inflation	2.75%
Salary Increases	3.25-15.25% Based on years of Service
Investment Rate of Return	7.00%

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasury's	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2022 and June 30, 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Township's proportionate share of the PFRS pension liability	\$33,305,526.00	\$24,273,254.00	\$16,753,844.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Township 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 Township does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation (Continued)

net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Township related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2022 is 0.2120609900%, the non-employer contributing entities' contribution for the year ended June 30, 2022 was \$537,810.00 and the employer pension expense and related revenue for the year ended June 30, 2022 was \$498,405.00.

At June 30, 2022 and 2021, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$4,319,928.00 and \$4,472,628.00, respectively.

At June 30, 2022, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$24,273,254.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>4,319,928.00</u>
	<u>\$28,593,182.00</u>

Pension plan fiduciary net position

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

NOTE 7: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 8: SCHOOL TAXES

Local and Regional District School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

	<u>Local District School Tax</u>	
	Balance	Balance
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance of Tax	42,368,788.00	42,323,250.00
Deferred	<u>32,995,620.50</u>	<u>32,995,620.50</u>
Tax Payable	<u><u>\$9,373,167.50</u></u>	<u><u>\$9,327,629.50</u></u>

	<u>Regional District High School Tax</u>	
	Balance	Balance
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance of Tax	14,034,300.89	13,779,531.89
Deferred	<u>13,914,179.00</u>	<u>13,914,179.00</u>
Tax (Prepaid) Payable	<u><u>\$120,121.89</u></u>	<u><u>(\$134,647.11)</u></u>

NOTE 9: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date as outlined in Township personnel policies. The Township estimates that the current cost of such unpaid compensation to be \$2,143,691.89 and \$2,692,697.85, at December 31, 2023 and 2022 respectively. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has established a Reserve for Accumulated Absences in the Trust Other Fund in the amount of \$554,475.99 and \$656,781.33 at December 31, 2023 and 2022, respectively.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2023 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has made provision, from tax revenues, in the amount of \$750,000.00 for these appeals in the event that the tax reductions are granted.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives.

On May 13, 2020, Judge Linda Grasso Jones, J.S.C. issued a Final Judgment of Compliance and Repose declaring that the Township of Marlboro is protected from further Mouth Laurel compliance litigation through July 1, 2025, enforcing the terms of an agreement reached with Fair Share Housing Center which set forth the Township's mandated affordable housing obligation, and establishing various reporting requirements and milestones for compliance.

As of December 31, 2023 and 2022, the Township held \$2,446,617.13 and \$4,139,523.36 respectively, of funds in a reserve for the "Council on Affordable Housing" as reported in the Township's Trust-Other Fund." As of December 31, 2023, balances of fully-funded capital projects associated with the Township's affordable housing obligation remain in the Township's Capital Fund: 2012-11 (\$5,162,423.74); 2012-13 (\$1,456,000.00); and 2014-22 (\$172,978.15).

Pursuant to the order, on May 21, 2020, the Township entered into an Affordable Housing Development Agreement to utilize \$8.1 million of dedicated affordable housing funding for purposes of facilitating the construction of affordable housing. As of December 31, 2023, \$6,075,000.00 of funds had been disbursed on this project.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disasters. The Township is a member of the Monmouth County Municipal Joint Insurance Fund ("JIF"). The JIF is a public entity risk pool currently operating as a common risk management and insurance program for municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payment of the JIF's obligations, no such additional premiums have been necessary as of December 31, 2023. The JIF is expected to be self-sustaining through member premiums of which the Township portion is reported as expenditure in the Township's financial statements and liabilities of the JIF are based on the estimated ultimate cost of settling the claims. The JIF participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance. The Township is not aware of any claims pending that have a demand in excess of coverages provided under the JIF. In addition, there were no significant reductions in insurance coverage from prior year coverage and there were no amounts settled which exceeded insurance coverage for each of the past three years.

NOTE 12: RISK MANAGEMENT (CONTINUED)

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

<u>Year</u>	<u>Township Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Federal Reimbursements</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$4,288.72	\$30,169.77	\$68,296.12	\$65,629.79	\$272,571.25
2022	1,983.27	54,321.00		624.00	235,446.43
2021	90,227.45	564.91	6,904.94	612.00	179,766.16

NOTE 13: DEFERRED COMPENSATION PLAN

The Township has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Township has engaged AXA Equitable and Nationwide Retirement Solutions to administer the Plans. The plan's assets are not the property of the Township and therefore are not presented in the financial statements.

As of December 31, 2023 and 2022, the amount held by the third party administrators amounted to \$4,871,934.63 and \$5,889,014.74, respectively.

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

In 2001, the Township of Marlboro adopted an ordinance establishing a Length of Service Awards Program for the members of the in accordance with Chapter 388 of the Laws of 1997 (N.J.S.A. 40A:14-183 et seq.) and N.J.A.C. 5:30-14.1 et seq. to reward members of the Marlboro First Aid Squad and the Morganville First Aid Squad.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of up to \$1,150.00 (adjusted by increases in the Consumer Price Index) deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be budgeted annually in the budget of the Township and is anticipated to be \$80,000.00 per year.

The accompanying financial statements do not include the Township's Length of Service Award Program's activities.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

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

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

Plan Description and Benefits Provided

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. 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 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

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

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2022 and 2021, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is \$22,574,160.00 and \$25,189,491.00 respectively.

At June 30, 2022, the State's proportion related to the Township was 0.6991% which was an increase of 0.0168% from its proportion measured as of June 30, 2021. This is the percentage of the total State Share of the net OPEB liability of the Plan.

At June 30, 2022, the Township's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Township's proportionate share of the Net OPEB Liability	\$0
State of New Jersey's proportionate share of Net OPEB Liability associated with the Township	<u>22,574,160</u>
	<u><u>\$22,574,160</u></u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases:

Public Employees Retirement System (PERS):

Initial fiscal year applied

Rate for all future years 2.75% to 6.55%

Police and Firemen’s Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

Mortality:

PERS

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

PFRS

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

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

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

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

OPEB Plan Fiduciary Net Position

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

NOTE 16: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2023:

	Balance December 31, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2023</u>
Land	\$72,437,771.00		\$234,999.00	\$72,202,772.00
Buildings	13,773,627.18	\$125,200.00		13,898,827.18
Machinery and Equipment	21,950,349.86	865,472.06	40,245.00	22,775,576.92
	<u>\$108,161,748.04</u>	<u>\$990,672.06</u>	<u>\$275,244.00</u>	<u>\$108,877,176.10</u>

NOTE 17: LEASES

The Township, as lessor, has entered into the following leases:

<u>Type</u>	<u>Vendor</u>	Expiration Date of Current Lease <u>Term</u>	<u>Available Extensions</u>	<u>Annual Increase</u>	<u>2023 Payments</u>
Cell Tower	T-Mobile	12/31/2023	None	3.00%	61,569.98
Cell Tower	AT&T	12/31/2030	None	3.00%	42,929.73
Cell Tower	Verizon	12/31/2030	1 - Five Year	3.00%	42,929.73
Cell Tower	American Tower	12/31/2030	1 - Five Year	3.00%	46,189.68
Cell Tower	T-Mobile	12/31/2030	1 - Five Year	3.00%	43,902.31
Cell Tower	AT&T	12/31/2032	1 - Five Year	3.00%	39,347.28
Cell Tower	Verizon	12/31/2036	2 - Five Year	3.00%	43,877.90
Cell Tower	AT&T	12/31/2038	3 - Five Year	3.00%	53,047.34
Cell Tower	T-Mobile	12/31/2045	4 - Five Year	3.00%	45,063.47
Cell Tower	Dish Network	12/31/2047	4 - Five Year	3.00%	33,290.32
Cell Tower	Dish Network	12/31/2047	4 - Five Year	3.00%	33,290.32
Cell Tower	Dish Network	12/31/2047	4 - Five Year	3.00%	33,290.32

NOTE 18: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through June 19, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following subsequent events needed to be disclosed.

The Township has authorized the following debt:

<u>Ordinance Number</u>	<u>Date Adopted</u>	<u>Purpose</u>	<u>Debt Authorized</u>
General Capital Fund:			
2024-008	4/18/2024	General Capital Improvements	\$6,762,722.00
2024-010	4/18/2024	Various 2024 Recreation Improvements	4,750,000.00
Water Utility Capital Fund:			
2024-009	4/18/2024	Water Utility Improvements	2,843,809.00

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APPENDIX C

FORM OF BOND COUNSEL OPINION FOR THE BONDS

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

April __, 2025

Mayor and Township Council
Township of Marlboro
Marlboro, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$_____ General Obligation Bonds, Series 2025, consisting of \$_____ General Improvement Bonds (the "General Improvement Bonds"), \$_____ Water Utility Bonds (the "Water Utility Bonds") and \$_____ Recreation and Swim Utility Bonds (the "Recreation and Swim Utility Bonds" and together with the General Improvement Bonds and the Water Utility Bonds, the "Bonds"), of the Township of Marlboro, in the County of Monmouth, State of New Jersey (the "Township"), a body politic and corporate of the State of New Jersey.

The Bonds are authorized by and are issued pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), bond ordinances duly adopted by the Township Council and published as required by law, and a resolution duly adopted by the Township Council on March 20, 2025

The Bonds are being issued to: (i) refund, on a current basis, a \$26,260,000 portion of prior bond anticipation notes of the Township issued in the aggregate principal amount of \$30,760,000 on October 28, 2024 and maturing on April 29, 2025 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various general capital and utility improvements in and by the Township; (ii) permanently finance various utility improvements in the amount of \$3,650,000; and (iii) pay for the costs associated with the issuance and sale of the Bonds.

The Bonds are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of in principal denominations of \$5,000 each or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township as Paying Agent (or a duly appointed Paying Agent) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the fifteenth day of April and October (each an "Interest Payment Date"), commencing October 15, 2025, in each year until maturity or prior redemption, as

applicable. The Bonds shall mature on April 15 in each of the years, in the principal amounts and at the interest rates as follows:

\$ _____ General Obligation Bonds, Series 2025

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water Utility Bonds</u>	<u>Recreation & Swim Utility Bonds</u>	<u>Combined Principal Amount</u>	<u>Interest Rates %</u>
2026	\$ 900,000	\$255,000	\$30,000	\$1,185,000	
2027	910,000	255,000	30,000	1,195,000	
2028	950,000	275,000	30,000	1,255,000	
2029	1,065,000	315,000	35,000	1,415,000	
2030	1,425,000	350,000	30,000	1,805,000	
2031	1,800,000	510,000	55,000	2,365,000	
2032	1,800,000	510,000	60,000	2,370,000	
2033	1,800,000	510,000	60,000	2,370,000	
2034	1,800,000	510,000	60,000	2,370,000	
2035	1,800,000	510,000	60,000	2,370,000	
2036	1,800,000	500,000	55,000	2,355,000	
2037	1,800,000	500,000	55,000	2,355,000	
2038		500,000		500,000	
2039		500,000		500,000	
2040		500,000		500,000	
2041		500,000		500,000	
2042		500,000		500,000	
2043		500,000		500,000	
2044		500,000		500,000	
2045		500,000		500,000	
2046		500,000		500,000	
2047		500,000		500,000	
2048		500,000		500,000	
2049		500,000		500,000	
2050		500,000		500,000	

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

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

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township enforceable in accordance with their terms, and (iii) the Township has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other

sources, all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

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

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

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

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

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

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

We express no opinion as to any matter not set forth above. The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

Mayor and Township Council
of the Township of Marlboro
April __, 2025
Page 4

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

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

Very truly yours,

ARCHER & GREINER P.C.

APPENDIX D

FORM OF BOND COUNSEL OPINION FOR THE NOTES

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

April __, 2025

Mayor and Township Council
Township of Marlboro
Marlboro, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Council of the Township of Marlboro, in the County of Monmouth, State of New Jersey (the "Township") and other proofs submitted to us relative to the issuance and sale of the

\$4,500,000
BOND ANTICIPATION NOTES

TOWNSHIP OF MARLBORO
IN THE COUNTY OF MONMOUTH
STATE OF NEW JERSEY

Dated: April __, 2025

The \$4,500,000 aggregate principal amount of Bond Anticipation Notes (the "Notes") of the Township are dated April __, 2025, mature on April __, 2026 and bear interest at the rate of ____ and ____ hundredths percentum (____%) per annum. The Notes are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the Notes will be made in book-entry only form in principal denominations of \$5,000, or multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes (subject to approval of the Chief Financial Officer of the Township). So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The Notes are not subject to redemption prior to maturity.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, various bond ordinances duly adopted by the Township Council and published as required by law.

The Notes are being issued to: (i) refund, on a current basis, a \$4,500,000 portion of the Township's Bond Anticipation Notes issued on October 28, 2024 and maturing on April 29, 2025; and (ii) pay for the costs associated with the issuance and sale of the Notes.

We are of the opinion that: (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Notes are valid and legally binding obligations of the Township, and (iii) the Township has pledged its faith and credit for the payment of the principal of and interest on the Notes, and, unless paid from other sources, all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Notes.

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

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

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

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

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

We have examined the Notes, as executed by the Township, and, in our opinion, the form of such Notes and their execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

Mayor and Township Council
Township of Marlboro
April __, 2025
Page 3

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

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

Very truly yours,

ARCHER & GREINER P.C.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of April __, 2025 (the "Disclosure Certificate") is executed and delivered by the Township of Marlboro, County of Monmouth, State of New Jersey (the "Township" or the "Issuer") in connection with the issuance of its of \$ _____ General Obligation Bonds, Series 2025, consisting of \$ _____ General Improvement Bonds (the "General Improvement Bonds"), \$ _____ Water Utility Bonds (the "Water Utility Bonds") and \$ _____ Recreation and Swim Utility Bonds (the "Recreation and Swim Utility Bonds" and together with the General Improvement Bonds and the Water Utility Bonds, the "Bonds"). The Bonds are being issued pursuant to bond ordinances duly adopted by the Township Council and published as required by law, and a resolution duly adopted by the Township Council on March 20, 2025 (the "Bond Resolution"). The Township covenants and agrees as follows:

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

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

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

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

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

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

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

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

"State" shall mean the State of New Jersey.

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

SECTION 3. Provision of Annual Reports.

(a) The Township shall provide or cause to be provided to the Dissemination Agent not later than 270 days following the end of each year, commencing with the year ending December 31, 2024, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Township may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Township are not available by September 1 of each year, the Township shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Township, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Township.

(b) Not later than 285 days following the end of each year, commencing with the year ending December 31, 2024, the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

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

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

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

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

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

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

2. The general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement dated April 10, 2025, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (i) Township indebtedness including a schedule of outstanding debt issued by the Township, (ii) property valuation information, and (iii) tax rate, levy and collection data and in the forepart thereof under the heading entitled, "Litigation".

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

SECTION 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Township (Note to Section 5(a)(12): For the purposes of the event identified in Section 5(a) (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township;
13. The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The Township shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of

this Section 5 that require a materiality determination, the Township may, but shall not be required to, rely conclusively on an opinion of counsel.

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

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

(d) If the Township determines that the occurrence of a Listed Event requiring a materiality determination would not be material to the Beneficial Owners of the Bonds, the Township shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Township) and the Dissemination Agent (if the Dissemination Agent is not the Township) shall be instructed by the Township not to report the occurrence.

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

SECTION 6. Termination of Reporting Obligation. The Township's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Township is no longer an "Obligated Person" (as defined in the Rule). The Township shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. In accordance with SEC Rule 15c2-12 and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file an event notice associated with a certain financial obligation. Additionally, the Township failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with EMMA. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

SECTION 8. Dissemination Agent; Compensation. The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Township. The

Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Township may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Township to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Township, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at the time of the amendment. The Township shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

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

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

SECTION 11. Default. In the event of a failure of the Township to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Township to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

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

(a) If to the Township
Lori A. Russo, Chief Financial Officer
Township of Marlboro
1979 Township Drive
Marlboro, NJ 07746

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

initially: Lori A. Russo, Chief Financial Officer
Township of Marlboro
1979 Township Drive
Marlboro, NJ 07746

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

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

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

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

TOWNSHIP OF MARLBORO

LORI A. RUSSO,
Chief Financial Officer

Acknowledged and Accepted by:
DISSEMINATION AGENT

N/A

AUTHORIZED SIGNATORY

EXHIBIT A

NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Marlboro, County of Monmouth, State of New Jersey

Name of Bond Issue: \$_____ General Obligation Bonds, Series 2025, consisting of \$_____ General Improvement Bonds (the "General Improvement Bonds"), \$_____ Water Utility Bonds (the "Water Utility Bonds") and \$_____ Recreation and Swim Utility Bonds (the "Recreation and Swim Utility Bonds" and together with the General Improvement Bonds and the Water Utility Bonds, the "Bonds"),
Dated April __, 2025
(CUSIP Number _____)

Date of Issuance: April __, 2025

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

DATED: _____

DISSEMINATION AGENT
(on behalf of the Township)

cc: Township of Marlboro

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES

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**CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, LORI A. RUSSO, Chief Financial Officer of the Township of Marlboro, in the County of Monmouth, State of New Jersey (the "Township"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY to _____, _____, _____ the purchaser (the "Purchaser") of \$4,500,000 aggregate principal amount of Bond Anticipation Notes of the Township dated April __, 2025 and maturing April __, 2026 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Note holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township (Note to (12): For the purposes of the event identified in (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township); (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material; (15) incurrence of a Financial Obligation (as defined below) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The term "Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

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

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township as of the ____ day of April, 2025.

TOWNSHIP OF MARLBORO

LORI A. RUSSO,
Chief Financial Officer

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