

NEW ISSUE

RATING: S&P: “AA-”
See “RATING” herein

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

**TOWNSHIP OF DENNIS
IN THE COUNTY OF CAPE MAY,
STATE OF NEW JERSEY**

\$7,000,000*
GENERAL OBLIGATION BONDS, SERIES 2025
(BOOK-ENTRY ONLY) (CALLABLE) (BANK-QUALIFIED)

Dated: Date of Delivery

Due: September 15, as shown on the inside front cover

The \$7,000,000* aggregate principal amount of General Obligation Bonds, Series 2025 (the “Bonds”) are general obligations of the Township of Dennis, in the County of Cape May, State of New Jersey (the “Township”), payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount, as more fully described herein.

The Bonds will be issued as fully registered Bonds in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Bonds may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000, or any integral multiple in excess thereof, or in such amount necessary to issue the principal amount of the Bonds. Beneficial Owners of the Bonds will not receive certificates representing their interests in the Bonds. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Bonds.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on March 15 and September 15, commencing March 15, 2026, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption, as applicable. While DTC is acting as securities depository for the Bonds, the principal of and interest on the Bonds will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds. The Bonds are subject to redemption prior to their stated maturities as set forth herein. See “Optional Redemption” herein.

The Bonds have been authorized and are issued pursuant to (i) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”); (ii) various bond ordinances duly adopted by the Township Committee, approved by the Mayor and published as required by law; and (iii) a resolution duly adopted by Township Committee on August 12, 2025.

The Bonds are being issued, along with other available funds of the Township, to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$3,590,000 on March 11, 2025 and maturing September 17, 2025; (ii) temporarily finance various capital improvements in and for the Township in the amount of \$4,930,000; and (iii) pay the costs associated with the issuance of the Bonds.

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

The Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of 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 upon for the Township by its Solicitor, Kyle D. Weinberg, Esquire, of Blaney, Donohue & Weinberg, PC, Avalon, 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 Bonds. The Bonds are expected to be available for delivery in definitive form through DTC in New York, New York on or about September 16, 2025.

**BID PROPOSALS FOR THE BONDS WILL BE RECEIVED BY THE TOWNSHIP ON THURSDAY,
SEPTEMBER 4, 2025 UNTIL 11:00 AM ELECTRONICALLY VIA THE PARITY ELECTRONIC BID
SUBMISSION SYSTEM. FOR MORE DETAILS ON HOW TO BID PLEASE VIEW THE NOTICE OF
SALE POSTED AT WWW.MUNIHUB.COM.**

* Preliminary, subject to change

**TOWNSHIP OF DENNIS
COUNTY OF CAPE MAY, NEW JERSEY**

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

\$7,000,000* GENERAL OBLIGATION BONDS, SERIES 2025

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP**</u>
2026	\$385,000	%	%	
2027	455,000			
2028	490,000			
2029	525,000			
2030	560,000			
2031	595,000			
2032	630,000			
2033	630,000			
2034	630,000			
2035	665,000			
2036	665,000			
2037	770,000			

* 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 only at the time of issuance of the Bonds and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF DENNIS
COUNTY OF CAPE MAY, NEW JERSEY**

<u>Name</u>	<u>Title</u>
Zeth A. Matalucci	Mayor
Scott J. Turner	Deputy Mayor
Matthew Cox	Committee Member
Thomas Van Artsdalen	Committee Member
Frank Germanio	Committee Member

Township Administrator/Chief Financial Officer

Jessica Bishop

Township Clerk

Jackie Justice

Solicitor

Kyle D. Weinberg, Esquire
Blaney, Donohue & Weinberg, PC
Avalon, New Jersey

Auditor

Ford, Scott and Associates, LLC
Ocean City, 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 to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Township. 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 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 Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Bonds are offered to the public by the Underwriter and the yields resulting there from may vary from the initial public offering prices or yields shown on the inside front cover page hereof. In addition, the 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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The Underwriter has 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 Underwriter does not guaranty the accuracy or completeness of such information.

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**OFFICIAL STATEMENT
of the
TOWNSHIP OF DENNIS
IN THE COUNTY OF CAPE MAY, STATE OF NEW JERSEY**

**\$7,000,000*
GENERAL OBLIGATION BONDS, SERIES 2025
(BOOK-ENTRY ONLY) (CALLABLE) (BANK-QUALIFIED)**

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Dennis (the “Township”), in the County of Cape May (the “County”), State of New Jersey (the “State”), in connection with the sale and the issuance of its \$7,000,000* General Obligation Bonds, Series 2025 (the “Bonds”). This Official Statement, which includes the cover page and the Appendices attached hereto, has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

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

The Bonds shall be dated and shall bear interest from their date of delivery and shall mature on the dates and in the amounts shown on the inside front cover page hereof. The Bonds will bear interest from their dated date, payable semi-annually on March 15 and September 15 in each year until maturity or prior redemption, commencing on March 15, 2026, at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 1 and September 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York (“DTC”), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assignee), is the registered owner for 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 assignee), as nominee for DTC.

*Preliminary, subject to change

Optional Redemption

The Bonds of this issue maturing prior to September 15, 2033 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after September 15, 2033 are subject to redemption at the option of the Township, in whole or in part, on any date on or after September 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 AND PURPOSE OF THE BONDS

The Bonds have been authorized and are issued pursuant to (i) the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”); (ii) various bond ordinances duly adopted by the Township Committee as set forth in the chart below, approved by the Mayor and published as required by law; and (iii) a resolution duly adopted by the Township Committee on August 12, 2025. The bond ordinances were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township.

The Bonds are being issued, along with other available funds of the Township in the amount of \$1,520,000, to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$3,590,000 on March 11, 2025 and maturing September 17, 2025; (ii) temporarily finance various capital improvements in and for the Township in the amount of \$4,930,000; and (iii) pay the costs associated with the issuance of the Bonds.

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Outstanding</u>	<u>Amount of New Money</u>	<u>Amounts Funded by Bond Proceeds</u>
2018-04	Various Capital Improvements, Finally Adopted April 24, 2018	\$1,775,000	\$0	\$255,000

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Outstanding</u>	<u>Amount of New Money</u>	<u>Amounts Funded by Bond Proceeds</u>
2019-08	Various Capital Improvements, Finally Adopted May 28, 2019	115,000	0	115,000
2020-03	Various Capital Improvements, Finally Adopted August 11, 2020	1,200,000	325,000	1,525,000
2023-06	Various Capital Improvements, Finally Adopted July 11, 2023	500,000	0	500,000
2024-06	Various Capital Improvements, Finally Adopted August 13, 2024	<u>0</u>	<u>4,605,000</u>	<u>4,605,000</u>
	Total:	\$3,590,000	\$4,930,000	\$7,000,000

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 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.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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 and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds, unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds 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 agent, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and

customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Township or the agent. Under such circumstances, in the event that a successor depository is not obtained, Bond 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 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.

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 Bonds 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.

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

SECURITY AND SOURCE OF PAYMENT

The Bonds 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 the interest on the Bonds. Unless paid from other sources, the Bonds are payable from *ad valorem* taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors’ rights or to the application of general principles of equity by a court of competent jurisdiction.

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

NO DEFAULT

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

MARKET PROTECTION

The Township does not anticipate issuing any additional bonds within the next ninety (90) days. The Township may issue bond anticipation notes, as necessary, during calendar year 2025.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

The Township is located in the County of Cape May, New Jersey (the “County”). General information concerning the Township, including economic, financial, demographic and other relevant data, is set forth in APPENDIX A to this Official Statement.

Financial

APPENDIX B to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2024. The financial data was prepared by Ford, Scott and Associates, LLC, Ocean City, New Jersey, an independent auditor, as stated in its report appearing in APPENDIX B to this Official Statement. Ford, Scott & Associates, LLC has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in APPENDIX B hereto) and, accordingly, will express no opinion with respect thereto. Copies of the complete reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

Local Bond Law

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

Debt Limits – The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized

valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

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

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

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

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

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

Local Fiscal Affairs Law

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

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

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 is on file with the Chief Financial Officer and is available for review during business hours.

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

The Local Budget Law

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

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

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

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

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

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

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the “Cap Law” (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

In response to the outbreak of the COVID-19 pandemic (as described under the heading “CERTAIN RISK FACTORS – Recent Healthcare Developments” below), the State Legislature enacted P.L. 2020, c. 74 (A3971), under which a local unit may adopt an emergency appropriation to fund certain deficits and expenditures resulting from the COVID-19 pandemic with approval of the Director and may either fund it as a deferred charge or issue special emergency Bonds to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten (10) years. Such emergency appropriation must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers deficits and expenses incurred during the emergency response to the COVID-19 pandemic. Moreover, to the extent that such emergency appropriations exceed the cost of providing similar services under non-emergency conditions, the deferred charge to be raised in the following year’s budget is an eligible exception to both the levy cap and the appropriations cap. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to the COVID-19 pandemic. The Township has made no appropriations for COVID-19 pandemic related deficits or expenses.

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

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

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

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Operations of Utilities

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the municipality’s debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

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

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE

CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 61.52%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The Township periodically conducts revaluations and reassessments of property values within the Township, most recently effective for the tax years 2006, 2011 and 2018. The Township is also in the process of completing another effective for tax year 2027.

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 provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

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

Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the State Board of Taxation (“Tax Board”) on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

LITIGATION

To the knowledge of the Township’s Solicitor, Kyle D. Weinberg, Esquire, of the firm Blaney, Donohue & Weinberg, PC, Avalon, New Jersey (the “Solicitor”), there is no litigation of any nature now

pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

TAX MATTERS

Exclusion of Interest on the Bonds 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 Bonds in order to assure that interest on the Bonds 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 Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township will make certain representations in its tax certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds 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 Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds 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 Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. Interest on the Bonds 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 Bonds 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 Bonds 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 Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Bonds 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 Bonds, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Bonds 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 Bonds 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 Bonds.

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

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

Changes in Federal Tax Law Regarding the Bonds

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

State Taxation

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

ALL POTENTIAL PURCHASERS OF THE BONDS 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.

COMPLIANCE WITH SECONDARY MARKET CONDITIONS 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 D 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.

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and 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 adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Township's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township received \$643,083.60 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan. The Township utilized such funds for police and fire radios and communication equipment.

Climate

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. The Township has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

Cyber Security

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. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____, _____ (the "Underwriter") at a price of \$ _____ (the "Purchase Price"). The Purchase Price reflects the par amount of the Bonds plus an original issue premium of \$ _____ minus an Underwriter's discount of \$ _____.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other

underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yield set forth on the inside cover page of this Official Statement.

MUNICIPAL ADVISOR

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 Bonds (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATING

S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC (“S&P”) has assigned the Bonds a rating of “AA-”. Explanations of the significance of the rating may be obtained from S&P at 55 Water Street, New York, New York 10041. Such rating reflects only the views of S&P, and an explanation of the significance of the rating may be obtained from S&P. There is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as set forth in the Bond Certificates, the County 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.

APPROVAL OF LEGAL PROCEEDINGS

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

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

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

LEGALITY FOR INVESTMENT

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

PREPARATION OF OFFICIAL STATEMENT

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

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

The Township compiled APPENDIX A from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

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

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

Ford, Scott and Associates, LLC, only takes responsibility for the audited financial statements appearing in APPENDIX B hereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Jessica Bishop, Chief Financial Officer, Township of Dennis, 571 Petersburg Road, PO Box 204, Dennisville, NJ 08214-0204, telephone (609) 861-9708, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Bonds. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

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

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

THE TOWNSHIP OF DENNIS IN THE COUNTY OF CAPE MAY, NEW JERSEY

By: _____
JESSICA BISHOP, Chief Financial Officer

Dated: September __, 2025

APPENDIX A

CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF DENNIS

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INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The Township was incorporated in 1827. It is located in the northern half of the County, which is the southernmost county in the State. The Township is approximately 140 miles south of New York City, and 70 miles southeast of Philadelphia. The Garden State Parkway (the “Parkway”), a major north-south artery in the state, runs through the Township. Accordingly, the Parkway provides easy access to the Atlantic City Expressway and the New Jersey Turnpike.

Form of Government

The Township is governed by a five-person Township Committee (“Committee”). Committee members are elected for three-year staggered terms and a mayor is elected annually by the Committee. Each committee person holds responsibility for certain functions of government within the Township. Collectively, the functions of the Committee are, among others, to adopt the municipal budget and to enact resolutions and ordinances to promote and ensure the security, health, sound fiscal policies, government and protection of the Township and its residents.

Pension and Retirement Systems

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

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

¹ Source: The Township, unless otherwise indicated.

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

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

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the 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	3,077	2,875	202	6.6%
2023	3,074	2,873	201	6.5%
2022	3,045	2,879	166	5.5%
2021	2,999	2,762	237	7.9%
2020	2,934	2,586	348	11.9%
<u>County</u>				
2024	45,403	41,787	3,616	8.0%
2023	45,309	41,745	3,564	7.9%
2022	44,892	41,701	3,191	7.1%
2021	44,379	39,976	4,403	9.9%
2020	43,358	37,045	6,313	14.6%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

Income (as of 2023)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$111,591	\$88,046	\$101,050
Median Family Income	124,779	106,504	123,892
Per Capita Income	48,836	54,325	53,118

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

Population

The following tables summarize population increases and the decreases for the 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>
2024 est.	6,098	-2.98%	93,875	-1.46%	9,500,851	2.28%
2020	6,285	-2.81	95,263	-2.06	9,288,994	5.65
2010	6,467	-0.39	97,265	-4.95	8,791,894	4.49
2000	6,492	16.47	102,326	7.61	8,414,350	8.85
1990	5,574	39.73	95,089	15.59	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2024</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Turner Partners, L.P.	\$28,270,700	3.11%
Sun Driftwood RV, LLC	20,389,700	2.24%
MHC Pine Haven, LLC	16,898,500	1.86%
Avalon Camping, LLC	9,763,300	1.07%
MHC Lake & Shore, LLC	9,413,500	1.04%
Robertson RV, LLC	4,969,700	0.55%
Peragine Trustee	4,386,100	0.48%
Tamerlane Campground, Inc	4,341,200	0.48%
Big Rib VII, LLC	4,278,300	0.47%
1930 Rt 9	<u>3,873,400</u>	<u>0.43%</u>
Total	<u>\$106,584,400</u>	<u>11.73%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024	\$18,330,286	\$17,979,788	98.09%
2023	17,370,434	16,982,275	97.77%
2022	16,879,390	16,537,860	97.98%
2021	16,547,379	16,172,857	97.74%
2020	16,391,782	16,046,198	97.89%

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>
2024	\$66,600	\$319,851	\$386,451	2.11%
2023	276,061	362,627	638,688	3.68%
2022	270,256	318,178	588,434	3.49%
2021	262,568	369,620	632,187	3.82%
2020	240,445	264,495	504,941	3.08%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$1,278,555
2023	704,655
2022	704,655
2021	704,655
2020	704,655

Source: Annual Audit Reports of the Township

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.

	Local			
<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
2024	\$0.242	\$1.354	\$0.300	\$1.896
2023	0.242	1.243	0.323	1.808
2022	0.230	1.212	0.323	1.765
2021	0.230	1.218	0.298	1.746
2020	0.231	1.229	0.285	1.745

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	\$907,093,800	\$1,204,479,883	75.31%	\$1,352,029	\$1,205,831,912
2023	899,610,000	1,194,542,557	75.31	1,406,247	1,195,948,804
2022	896,627,800	1,144,679,944	78.33	1,555,435	1,146,235,379
2021	890,058,100	1,027,306,210	86.64	1,795,285	1,029,101,495
2020	884,654,100	938,923,902	94.22	0	938,923,902

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	\$29,035,900	\$664,648,300	\$17,422,400	\$195,987,200	\$0	\$0	\$907,093,800
2023	29,294,100	659,434,200	17,650,400	193,231,300	0	0	899,610,000
2022	30,036,400	658,041,600	15,476,800	193,073,000	0	0	896,627,800
2021	28,625,000	655,377,800	15,153,100	190,902,200	0	0	890,058,100
2020	28,273,100	653,145,500	15,497,600	187,737,900	0	0	884,654,100

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	\$592,400	\$689,500	\$750,000	\$700,000	\$1,115,000
Miscellaneous Revenues	1,917,963	2,291,271	2,630,417	2,194,147	2,027,634
Receipts from Delinquent Taxes	384,663	342,582.37	360,298	363,924	347,728
Amount to be Raised by Taxation	<u>2,047,178</u>	<u>2,061,641</u>	<u>2,171,816</u>	<u>2,198,526</u>	<u>2,376,160</u>
Total Revenue:	<u><u>\$4,942,204</u></u>	<u><u>\$5,384,995</u></u>	<u><u>\$5,912,531</u></u>	<u><u>\$5,456,597</u></u>	<u><u>\$5,866,522</u></u>
<u>Appropriations</u>					
General Appropriations	\$3,875,336	\$4,042,250	\$4,110,882	\$4,360,273	\$4,535,013
Operations (Excluded from CAPS)	382,731	382,731	21,406	18,263	141,327
Deferred Charges	49,948	0	1,161,049	108,000	108,372
Judgments	0	0	0	0	0
Capital Improvement Fund	16,500	15,000	20,000	25,000	20,000
Municipal Debt Service	418,235	400,215	0	347,003	499,407
Reserve for Uncollected Taxes	<u>574,608</u>	<u>544,798</u>	<u>599,193</u>	<u>598,058</u>	<u>562,403</u>
Total Appropriations:	<u><u>\$5,317,359</u></u>	<u><u>\$5,384,995</u></u>	<u><u>\$5,912,531</u></u>	<u><u>\$5,456,597</u></u>	<u><u>\$5,866,522</u></u>

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>
2024	\$2,263,459	\$1,115,000
2023	1,885,152	700,000
2022	1,998,466	750,000
2021	1,700,925	689,500
2020	1,593,910	592,400

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$280,000
Bond Anticipation Notes	5,090,000
Bonds and Notes Authorized but Not Issued	4,059,296
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$9,429,296

Local School District Debt

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

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0

TOTAL GROSS DEBT

\$9,429,296

Less: Statutory Deductions	
General Purpose Debt	\$15,860
Local School District Debt	0
Self-Liquidating Debt	<u>0</u>
Total:	\$15,860

TOTAL NET DEBT

\$9,413,437

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$0	100.00%	\$0
County	381,517,496	1.37%	<u>5,243,118</u>
Net Indirect Debt			\$5,243,118
Net Direct Debt			<u>9,413,437</u>
Total Net Direct and Indirect Debt			<u>\$14,656,554</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$1,181,234,128
Permitted Debt Limitation (3 1/2%)	41,343,194
Less: Net Debt	<u>9,413,437</u>
Remaining Borrowing Power	<u>\$31,929,758</u>
Percentage of Net Debt to Average Equalized Valuation	0.797%
 Gross Debt Per Capita based on 2023 population of 6,149	 \$1,533
Net Debt Per Capita based on 2023 population of 6,149	\$1,531

Source: Annual Debt Statement of the Township

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

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF DENNIS

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TOWNSHIP OF DENNIS
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2024

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TOWNSHIP OF DENNIS

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2024

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Township Committee
Township of Dennis
County of Cape May, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Dennis, as of December 31, 2024 and 2023, the related statement 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 funds for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Township's basic 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 "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" 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 each fund of the Township of Dennis as of December 31, 2024, and 2023, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2024 and 2023, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Dennis on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of 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 these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Dennis'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 Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 the 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 of Dennis'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 judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the Township of Dennis's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Dennis basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025, on our consideration of the Township of Dennis'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Dennis's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 30, 2025

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EXHIBIT - A
CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 4,859,585.68	4,209,118.03
Cash - Change	800.00	800.00
Investment in BANs	1,500,000.00	1,500,000.00
Total Cash	<u>6,360,385.68</u>	<u>5,709,918.03</u>
Other Receivables:		
Due from State:		
Chapter 20 P.L. 1971	7,602.10	7,130.87
Total Other Receivables	<u>7,602.10</u>	<u>7,130.87</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	319,850.66	362,626.56
Tax Title and Other Liens	66,600.09	276,061.20
Due from Dog Trust	1,114.09	-
Due from Trust Other	164,570.19	138,148.70
Due from General Capital	-	138,118.95
Property Acquired for Taxes - at Assessed Valuation	<u>1,278,555.00</u>	<u>704,655.00</u>
Total Receivables and Other Assets	<u>1,830,690.03</u>	<u>1,619,610.41</u>
Total Regular Fund	<u>8,198,677.81</u>	<u>7,336,659.31</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	992,081.18	1,731,395.89
Due from Current Fund	87,031.11	258,879.78
Total Federal and State Grant Fund	<u>1,079,112.29</u>	<u>1,990,275.67</u>
Total Current Fund	<u>\$ 9,277,790.10</u>	<u>9,326,934.98</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 252,802.97	179,930.06
Reserve for Encumbrances	70,592.20	244,700.39
Accounts Payable	12,212.28	4,517.18
Prepaid Taxes	734,136.16	751,673.24
Overpaid Taxes	19,597.42	28,342.84
Local School Tax Payable	2,499,801.48	1,945,815.98
County Added & Omitted	-	11,766.98
Due to State:		
Marriage Licenses	75.00	75.00
Interfund Payable:		
Trust - Other	-	22,854.35
Due to General Capital	255,437.29	-
Federal and State Grant Fund	87,031.11	258,879.78
Other:		
Reserve for Municipal Relief Fund	-	236,919.83
Reserve for Tax Appeals Pending	164,570.19	138,148.70
Reserve for Tax Map Revisions	8,272.60	8,272.60
	<u>4,104,528.70</u>	<u>3,831,896.93</u>
 Reserve for Receivables and Other Assets	 1,830,690.03	 1,619,610.41
Fund Balance	<u>2,263,459.08</u>	<u>1,885,151.97</u>
Total Regular Fund	<u>8,198,677.81</u>	<u>7,336,659.31</u>
 Federal and State Grant Fund:		
Unappropriated Reserves	-	-
Appropriated Reserves	229,724.92	1,299,496.07
Encumbrances Payable	849,387.37	690,779.60
Total Federal and State Grant Fund	<u>1,079,112.29</u>	<u>1,990,275.67</u>
 Total Current Fund	 \$ <u><u>9,277,790.10</u></u>	 <u><u>9,326,934.98</u></u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized		
Fund Balance	\$ 700,000.00	750,000.00
Miscellaneous Revenue Anticipated	2,372,195.63	3,829,837.36
Receipts from Delinquent Taxes and Tax Title Liens	419,320.85	338,261.98
Receipts from Current Taxes	17,953,366.87	16,955,275.83
Non Budget Revenue	376,389.51	338,735.13
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	183,994.35	204,497.50
Cancellation of Grants	2.86	951.94
Interfund Returned	138,118.95	-
Cancellation of Prior Year Payable	2,517.18	-
Total Income	<u>22,145,906.20</u>	<u>22,417,559.74</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	1,047,300.00	1,002,900.00
Other Expenses	3,079,010.00	2,879,471.43
Deferred Charges & Statutory Expenditures	233,963.00	228,511.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	137,070.05	1,185,473.92
Capital Improvements	25,000.00	20,000.00
Debt Service	347,002.80	1,161,049.42
Deferred Charges	108,000.00	-
Local District School Tax	12,299,602.00	11,191,631.00
County Tax	2,732,758.42	2,913,637.55
Special District Taxes	1,029,857.24	1,008,081.90
Receivable Created	27,535.58	165,117.93
Cancellation of Prior Year Receivable	-	25,000.00
Prior Year Senior Citizens Disallowed	500.00	-
Total Expenditures	<u>21,067,599.09</u>	<u>21,780,874.15</u>
Excess in Revenue	<u>1,078,307.11</u>	<u>636,685.59</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>1,078,307.11</u>	<u>636,685.59</u>
Fund Balance January 1	<u>1,885,151.97</u>	<u>1,998,466.38</u>
	2,963,459.08	2,635,151.97
Decreased by:		
Utilization as Anticipated Revenue	<u>700,000.00</u>	<u>750,000.00</u>
Fund Balance December 31	<u>\$ 2,263,459.08</u>	<u>1,885,151.97</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 700,000.00		700,000.00	-
Total Fund Balance Anticipated	700,000.00	-	700,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Interest and Costs on Taxes	64,000.00		121,049.58	57,049.58
Lease of Township Property	65,000.00		68,192.40	3,192.40
Total Section A: Local Revenues	129,000.00	-	189,241.98	60,241.98
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	1,532,212.00		1,532,212.02	0.02
Garden State Preservation Trust Fund	159,306.00		159,306.00	-
Municipal Relief Fund	236,919.83		236,919.83	-
Total Section B: State Aid Without Offsetting Appropriations	1,928,437.83	-	1,928,437.85	0.02
Section D: Interlocal Municipal Service Agreements				
None	-		-	-
Total Section D: Interlocal Municipal Service Agreements	-	-	-	-

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

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	9,533.53		-
Clean Communities Program	-	28,840.78	-
Alcohol Education & Rehabilitation Fund	-	1,716.17	-
Municipal Alliance and Alcoholism and Drug Abuse	6,319.00		-
ACM JIF Safety Incentive Program	-	2,250.00	-
ACM JIF EPL/Cyber Risk Management	725.00		-
Community Development Block Grant - Municipal Building ADA	5.82		-
Spotted Lanternfly Reimbursement Program	-	20,000.00	-
Local Recreation Improvement Grant - FY 2024	-	66,000.00	-
Total Section F: Special Items - Public and Private Programs	16,583.35	118,806.95	
Off-Set with Appropriations			-
Section G: Other Special Items			
Reserve for Debt Payments	4,444.00		-
Cable Franchise Fee	30,681.50		-
Sale of Surplus Property	85,000.00		(1,000.00)
Total Section G: Other Special Items	120,125.50	-	(1,000.00)
Total Miscellaneous Revenues:	2,194,146.68	118,806.95	59,242.00
Receipts from Delinquent Taxes	363,924.29		55,396.56
Amount to be Raised by Taxes for Support of Municipal Budget	2,198,526.18		290,681.28
Local Tax for Municipal Purposes			
Total Amount to be Raised by Taxes for Support of Municipal Budget	2,198,526.18	-	290,681.28
Budget Totals	5,456,597.15	118,806.95	405,319.84
Non- Budget Revenues:			
Other Non- Budget Revenues:	-		376,389.51
\$	5,456,597.15	118,806.95	781,709.35

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	17,979,788.36
Less: Reserve for Tax Appeals Pending	<u>26,421.49</u>
Net Revenue from Collections	17,953,366.87
Allocated to:	
School, County and Other Taxes	<u>16,062,217.66</u>
Balance for Support of Municipal Budget Appropriations	1,891,149.21
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>598,058.25</u>
Amount for Support of Municipal Budget Appropriations	<u><u>2,489,207.46</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	367,776.39
Tax Title Lien Collections	<u>51,544.46</u>

Total Receipts from Delinquent Taxes	<u><u>419,320.85</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Municipal Clerk's Receipts	1,873.00
Copies	16.25
Municipal Court Receipts	24,031.18
Miscellaneous Tax Collector	3,850.31
Dog Statutory Excess	1,114.09
Property Lists	290.00
Planning/Zoning Board	8,600.00
Zoning Fees	3,610.00
Abandoned Properties	16,000.00
Campground Licenses	9,262.00
Street Openings	1,150.00
Vital Statistics	2,040.00
Use of Facilities	2,270.40
Sale of Surplus Property	19,502.40
Liquor License Renewals	1,200.00
State of NJ 2% Admin	1,240.58
Interest on Investment	210,953.16
Reimbursements	64,159.32
Miscellaneous	<u>5,226.82</u>

Total Miscellaneous Revenue Not Anticipated:	<u><u>376,389.51</u></u>
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Committee						
Salaries & Wages	\$ 40,000.00	40,000.00	39,709.28		290.72	-
Other Expenses	3,500.00	3,500.00	1,892.73		1,607.27	-
Township Clerk						
Salaries & Wages	115,500.00	115,500.00	115,222.22		277.78	-
Other Expenses	18,000.00	18,000.00	16,015.27	540.35	1,444.38	-
Financial Administration						
Salaries & Wages	99,500.00	99,500.00	99,241.39		258.61	-
Other Expenses	8,000.00	8,000.00	7,766.73		233.27	-
Audit Services						
Other Expenses	32,000.00	32,000.00	32,000.00		-	-
Township Administrator						
Salaries & Wages	18,500.00	18,500.00	18,098.64		401.36	-
Other Expenses	8,000.00	8,000.00	7,598.98	78.32	322.70	-
Assessment of Taxes						
Salaries & Wages	25,100.00	25,100.00	25,000.04		99.96	-
Other Expenses	8,000.00	8,000.00	4,917.68	191.49	2,890.83	-
Collection of Taxes						
Salaries & Wages	115,000.00	115,000.00	112,736.69		2,263.31	-
Other Expenses	9,500.00	9,500.00	8,967.56	50.00	482.44	-
Liquidation of Tax Title Liens						
Other Expenses	45,000.00	45,000.00	26,488.37	15,000.00	3,511.63	-
Legal Services						
Other Expenses	131,000.00	131,000.00	98,314.90		32,685.10	-
Engineering Services						
Other Expenses	60,000.00	50,000.00	16,855.65	5,000.00	28,144.35	-
State and Federal Aid Coordinator						
Other Expenses	25,000.00	10,000.00	1,800.00		8,200.00	-
Municipal Court						
Other Expenses	132,100.00	156,100.00	155,888.85		211.15	-
Computer Technology						
Other Expenses	55,000.00	55,000.00	47,352.76	1,021.30	6,625.94	-
LAND USE ADMINISTRATION						
Planning and Zoning						
Salaries & Wages	15,000.00	16,200.00	16,127.82		72.18	-
Other Expenses	20,000.00	35,800.00	32,993.54	2,252.36	554.10	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
General Liability	100,000.00	100,000.00	61,928.08		38,071.92	-
Workers Compensation Insurance	180,000.00	180,000.00	175,755.11		4,244.89	-
Employee Group Health	569,500.00	629,500.00	628,754.80		745.20	-
Health Benefits Waiver	3,370.00	4,370.00	3,998.13		371.87	-
PUBLIC SAFETY						
Emergency Management Services						
Salaries & Wages	9,050.00	10,000.00	9,936.68		63.32	-
Other Expenses	2,000.00	1,050.00	625.00		425.00	-
Central Dispatch						
Other Expenses	25,000.00	25,000.00	25,000.00		-	-
Emergency Medical Services						
Other Expenses	225,000.00	225,000.00	225,000.00		-	-
School Security Officer						
Other Expenses	68,310.00	68,310.00	68,310.00		-	-
Fire Safety and Prevention						
Salaries & Wages	25,000.00	19,000.00	9,758.20		9,241.80	-
Other Expenses	2,000.00	3,000.00	2,925.00		75.00	-
Code Enforcement Officer						
Salaries & Wages	10,000.00	3,000.00			3,000.00	-
Other Expenses	100.00	100.00			100.00	-
PUBLIC WORKS						
Department of Public Works						
Salaries & Wages	455,000.00	400,000.00	390,000.81		9,999.19	-
Other Expenses	95,000.00	105,000.00	85,281.90	18,634.21	1,083.89	-
Public Buildings and Grounds						
Other Expenses	65,000.00	65,000.00	61,438.70	2,475.87	1,085.43	-
Gypsy Moth						
Other Expenses	20,280.00	20,280.00	20,263.10		16.90	-
Solid Waste Collection						
Other Expenses	478,000.00	478,000.00	477,666.72		333.28	-
HEALTH AND WELFARE						
Board of Health						
Other Expenses	1,000.00	1,000.00			1,000.00	-
Animal Control						
Other Expenses	94,000.00	94,000.00	93,475.73		524.27	-
Environmental Commission						
Other Expenses	500.00	500.00	425.00		75.00	-
Municipal Alliance Committee						
Salaries & Wages	5,000.00	5,000.00	4,968.34		31.66	-

The accompanying notes to the financial statements are an integral part of this statement.

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PARK AND RECREATION						
Recreation						
Salaries & Wages	157,500.00	152,500.00	143,408.97		9,091.03	-
Other Expenses	35,000.00	35,000.00	12,127.04	17,548.30	5,324.66	-
Parks and Playgrounds						
Other Expenses	30,000.00	30,000.00	27,694.41	2,000.00	305.59	-
History Center & Cultural Heritage						
Other Expenses	2,000.00	2,000.00	405.26		1,594.74	-
Senior Center						
Salaries & Wages	28,000.00	28,000.00	22,895.40		5,104.60	-
Other Expenses	8,000.00	8,000.00	7,735.56		264.44	-
UNCLASSIFIED						
Special Events	15,000.00	15,000.00	11,833.87	1,500.00	1,666.13	-
Sick and Terminal Leave	10,000.00	5,000.00			5,000.00	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	75,000.00	83,000.00	78,875.26	1,300.00	2,824.74	-
Telecommunications Costs						
Internet	9,000.00	9,000.00	8,151.77		848.23	-
Gas (Propane)	40,000.00	32,000.00	16,517.64		15,482.36	-
Gasoline and Diesel Fuel	35,000.00	30,000.00	21,806.68	3,000.00	5,193.32	-
LANDFILL/SOLID WASTE DISPOSAL						
Landfill Disposal Costs	265,000.00	260,000.00	232,393.18		27,606.82	-
TOTAL OPERATIONS WITHIN "CAPS"	<u>4,126,310.00</u>	<u>4,126,310.00</u>	<u>3,814,345.44</u>	<u>70,592.20</u>	<u>241,372.36</u>	<u>-</u>
Contingent	-	-			-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>4,126,310.00</u>	<u>4,126,310.00</u>	<u>3,814,345.44</u>	<u>70,592.20</u>	<u>241,372.36</u>	<u>-</u>
Detail:						
Salaries & Wages	1,118,150.00	1,047,300.00	1,007,104.48	-	40,195.52	-
Other Expenses	3,008,160.00	3,079,010.00	2,807,240.96	70,592.20	201,176.84	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None	-	-	-	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System		118,663.00	118,663.00		-	-
Social Security System (O.A.S.I.)	118,663.00	98,000.00	91,524.47		6,475.53	-
Unemployment Compensation Insurance	98,000.00	9,600.00	7,176.48		2,423.52	-
Defined Contribution Retirement Program (DCRP)	9,600.00	7,700.00	5,268.44		2,431.56	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	233,963.00	233,963.00	222,632.39	-	11,330.61	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	4,360,273.00	4,360,273.00	4,036,977.83	70,592.20	252,702.97	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Public and Private Programs Off-Set by Revenues						
Matching Funds for Grants	100.00	100.00			100.00	-
Municipal Alliance and Alcoholism and Drug Abuse-County	6,319.00	6,319.00	6,319.00		-	-
Municipal Alliance and Alcoholism and Drug Abuse-Local	1,579.75	1,579.75	1,579.75		-	-
Alcohol Education & Rehabilitation Fund	-	1,716.17	1,716.17		-	-
Recycling Tonnage Program	9,533.53	9,533.53	9,533.53		-	-
Clean Communities	-	28,840.78	28,840.78		-	-
ACM JIF Safety Incentive Program	-	2,250.00	2,250.00		-	-
ACM JIF EPL/CYBER Risk Management	725.00	725.00	725.00		-	-
Community Development Block Grant - Municipal Building	5.82	5.82	5.82		-	-
Spotted Lanternfly Reimbursement Grant	-	20,000.00	20,000.00		-	-
Local Recreation Improvement Grant - FY 2024	-	66,000.00	66,000.00		-	-
Total Public and Private Programs Off-Set by Revenues	18,263.10	137,070.05	136,970.05	-	100.00	-
Total Operations - Excluded from "CAPS"	18,263.10	137,070.05	136,970.05	-	100.00	-
Detail:						
Salaries & Wages	-	-	-	-	-	-
Other Expenses	18,263.10	137,070.05	136,970.05	-	100.00	-

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(C) Capital Improvements Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-
Total Capital Improvements	25,000.00	25,000.00	25,000.00	-	-
(D) Debt Service Payment of Bond Principal	270,000.00	270,000.00	270,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	4,444.00	4,444.00	4,444.00	-	-
Interest on Bonds	12,725.00	12,725.00	12,725.00	-	-
Interest on Notes	59,833.80	59,833.80	59,833.80	-	-
Total Debt Service	347,002.80	347,002.80	347,002.80	-	-
(E) Deferred Charges Capital Ordinance #2017-01	108,000.00	108,000.00	108,000.00	-	-
Total Deferred Charges	108,000.00	108,000.00	108,000.00	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	498,265.90	617,072.85	616,972.85	-	-
SUBTOTAL GENERAL APPROPRIATIONS	4,858,538.90	4,977,345.85	4,653,950.68	252,802.97	-
(M) Reserve for Uncollected Taxes	598,058.25	598,058.25	598,058.25	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 5,456,597.15	5,575,404.10	5,252,008.93	252,802.97	-
Budget Appropriations by 40A:4-87 Emergency		5,456,597.15 118,806.95 -		Cancelled Overexpended	- - -
		5,575,404.10			
Reserve for Uncollected Taxes Federal and State Grants Deferred Charges Capital Improvement Fund Disbursements		598,058.25 136,970.05 108,000.00 25,000.00 4,383,980.63			
		5,252,008.93			

EXHIBIT - B
TRUST FUND

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**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 6,561.74	4,589.54
	<u>6,561.74</u>	<u>4,589.54</u>
<u>Other Funds</u>		
Cash and Investments	953,385.12	921,532.08
Due from Current Fund	-	22,854.35
	<u>953,385.12</u>	<u>944,386.43</u>
	<u>\$ 959,946.86</u>	<u>948,975.97</u>

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 5,447.65	4,589.54
Due to Current Fund	1,114.09	-
	<u>6,561.74</u>	<u>4,589.54</u>
<u>Other Funds</u>		
Due to State of New Jersey	3,956.00	2,334.00
Due to Current Fund	164,570.19	138,148.70
Accounts Payable	-	22,854.35
Reserve for Construction Code	44,354.75	7,327.28
Deposits for Tax Title Lien Certificates	15,600.00	35,200.00
Reserve for Recreation Trust	109,523.16	75,231.76
Reserve for Payroll	-	-
Reserve for Planning Board Escrows	608,602.60	657,764.90
Reserve for Municipal Alliance	1,094.58	1,094.58
Reserve for Fire Safety	5,683.84	4,430.86
	<u>953,385.12</u>	<u>944,386.43</u>
	<u>\$ 959,946.86</u>	<u>948,975.97</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Deferred Charges to Future Taxation -		
Funded	\$ 280,000.00	550,000.00
Unfunded	9,149,296.40	4,161,740.40
Deferred Charge -		
Overexpenditure of Capital Improvement Fund	99,076.00	-
Grants Receivable	500,000.00	500,000.00
Due from Current Fund	255,437.29	-
	<u>10,283,809.69</u>	<u>5,211,740.40</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	645,716.06	600,143.44
Bonds Payable	280,000.00	550,000.00
Bond Anticipation Notes	5,090,000.00	3,279,444.00
Improvement Authorizations:		
Funded	-	-
Unfunded	4,082,242.07	410,251.45
Due to Current Fund	-	138,118.95
Reserve to Pay Debt Service	15,859.87	4,866.87
Capital Improvement Fund	-	58,924.00
Fund Balance	169,991.69	169,991.69
	<u>\$ 10,283,809.69</u>	<u>5,211,740.40</u>

There were bonds and notes authorized but not issued at December 31,

2023	882,296.40
2024	4,059,296.40

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2024</u>	<u>2023</u>
Beginning Balance January 1	\$ 169,991.69	33,447.49
Increased by:		
Close Improvement Authorizations	-	136,544.20
Decreased by:		
Appropriation to Budget Revenue	-	-
Ending Balance December 31	<u>\$ 169,991.69</u>	<u>169,991.69</u>

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

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GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2024</u>	<u>2023</u>
General Fixed Assets:		
Land	\$ 270,563.00	340,463.00
Buildings	3,250,154.16	2,653,692.01
Machinery and Equipment	<u>5,462,562.16</u>	<u>4,865,972.98</u>
Total General Fixed Assets	<u><u>8,983,279.32</u></u>	<u><u>7,860,127.99</u></u>
Investment in General Fixed Assets	\$ <u><u>8,983,279.32</u></u>	<u><u>7,860,127.99</u></u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Dennis include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Dennis, as required by N.J.S. 40A:5-5.

The Township of Dennis is a mainland community located in the County of Cape May, State of New Jersey. The population according to the 2020 census is 6,285.

The Township of Dennis is incorporated and operates under a Mayor and Committee form of government. The Mayor is the chief executive officer of the Township and is appointed by Township Committee.

Component units are legally separate organizations for which the township is 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 organization; 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. Component units may also include organizations that are fiscally dependent on the township in that the township approves the budget, the issuance of debt or the levying of taxes. The Township of Dennis has component units consisting of three fire districts as defined by Governmental Accounting Standards Board (GASB).

B. Description of Funds

The accounting policies of the Township of Dennis 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 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 the respect to public funds. Under this method of accounting, the Township of Dennis accounts for its financial transactions through the following separate funds:

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

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

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in 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 policies in New Jersey follow.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund, 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 when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance 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. Appropriation reserves covering unencumbered 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis. The Township charges appropriations in their annual budget and transfers these funds to a dedicated trust fund for Sick Pay.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the municipality to resell foreclosed property, in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded at the market value at the time of acquisition.

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.

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.

General Fixed Assets -- The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Expenditures for construction in progress are recorded in the Capital fund 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.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The Township is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes -- It is the policy of the Township of Dennis to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Dennis to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

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

F. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2024:

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No.99, "Omnibus 2022". This statement, and the requirements related to leases, PPP's and SBITAs which is effective for fiscal years beginning after June 15, 2022, and all reporting periods, thereafter, may have an effect on the Township's financial statements. This statement, and the requirements related financial guarantees and the classification and reporting of derivative instruments which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the Township's financial reporting for the year ended December 31, 2024.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the Township's financial reporting for the year ended December 31, 2024.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the Township's financial reporting for the year ended December 31, 2024.

G. Recent Accounting Pronouncements Not Yet Effective

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement, which is effective for fiscal years beginning after June 15, 2024, and all reporting periods, thereafter, will not have any significant effect on the Township's financial reporting.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter, will not have any significant effect on the Township's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter, will not have any significant effect on the Township's financial reporting.

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the township is required to establish a reserve for uncollected taxes. The 2024 and 2023 statutory budgets included a reserve for uncollected taxes in the amount of \$598,058.25 and \$599,192.95. To balance the budget, the township is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2024 and 2023 statutory budgets was \$700,000.00 and \$750,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2024 and 2023 calendar years:

<u>Budget Category</u>	<u>2024</u>	<u>2023</u>
<u>Current Fund:</u>		
Engineering Services		
Other Expenses	\$ (10,000.00)	
State and Federal Aid Coordinator		
Other Expenses	(15,000.00)	
Municipal Court		
Other Expenses	24,000.00	
Planning and Zoning		
Other Expenses	15,800.00	
Insurance		
Employee Group Health	60,000.00	
Code Enforcement Officer		
Other Expenses		(13,000.00)
Department of Public Works		
Salaries and Wages	(55,000.00)	(30,000.00)
Other Expenses	10,000.00	
Public Buildings and Grounds		
Other Expenses		25,000.00
Recreation		
Salaries and Wages		(19,200.00)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2024 and 2023, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2024</u>	<u>2023</u>
Clean Communities Program	\$ 28,840.78	\$ 25,392.43
Alcohol Education and Rehabilitation	1,716.17	4,023.63
CMC ARPA Infrastructure Grant		400,000.00
NJDEP Municipal Stormwater Assistance Grant		15,000.00
Spotted Lanternfly Reimbursement Grant	20,000.00	15,000.00
NJDOT Municipal Aid - Resurface Halbe Lane		169,430.00
ACMJIF Safety Incentive Program		2,250.00
Small Cities ADA - Recreation Playgrounds		347,485.00
DCA Community Service Block Grant Program - CDBG Senior HVAC		15,402.00
NJDOT Municipal Aid - Sunny & Shady Lanes		170,085.00
ACM JIF Safety Incentive Program	2,250.00	
Local Recreation Improvement Grant - FY 2024	66,000.00	

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township did not have any special emergencies as of December 31, 2024.

NOTE 3: INVESTMENTS

Pursuant to the Enabling Act, the funds of the Township may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Township may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2024, and 2023, the Township did not have any investments.

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the Township can invest in any one issuer.

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the township relative to the happening of a future condition. As of December 31, 2024, \$12,914.57 of the township's bank balance of \$5,731,131.71 was exposed to custodial credit risk. As of December 31, 2023, \$15,434.71 of the township's bank balance of \$5,170,996.44 was exposed to custodial credit risk.

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

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2024, and 2023:

	Balance 12/31/2022	Additions	Adjustments/ Retirements	Balance 12/31/2023
Land	\$ 340,463.00			340,463.00
Building	2,667,192.01		(13,500.00)	2,653,692.01
Machinery and Equipment	2,230,552.25	2,635,420.73		4,865,972.98
	<u>\$ 5,238,207.26</u>	<u>2,635,420.73</u>	<u>(13,500.00)</u>	<u>7,860,127.99</u>
	Balance 12/31/2023	Additions	Adjustments/ Retirements	Balance 12/31/2024
Land	\$ 340,463.00		(69,900.00)	270,563.00
Building	2,653,692.01	665,192.63	(68,730.48)	3,250,154.16
Machinery and Equipment	4,865,972.98	983,880.20	(387,291.02)	5,462,562.16
	<u>\$ 7,860,127.99</u>	<u>1,649,072.83</u>	<u>(525,921.50)</u>	<u>8,983,279.32</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023
Bond Anticipation				
Notes payable:				
General	\$ 2,578,444.00	1,779,444.00	2,578,444.00	1,779,444.00
General ***	-	1,500,000.00		1,500,000.00
	<u>\$ 2,578,444.00</u>	<u>3,279,444.00</u>	<u>2,578,444.00</u>	<u>3,279,444.00</u>

*** Held by the Current Fund

	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024
Bond Anticipation				
Notes payable:				
General	\$ 1,779,444.00	3,590,000.00	1,779,444.00	3,590,000.00
General ***	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
	<u>\$ 3,279,444.00</u>	<u>5,090,000.00</u>	<u>3,279,444.00</u>	<u>5,090,000.00</u>

*** Held by the Current Fund

The Capital Bond Anticipation Note was issued in the amount of \$3,590,000.00 on March 13, 2024, and due and payable on March 12, 2025, with interest at 4.000%. The Capital Bond Anticipation Note in the amount of \$1,500,000.00 was held by the Current Fund. As of December 31, 2024, the township has authorized but not issued bonds in the amount of \$4,059,296.40 in the General Capital Fund.

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

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2024, and 2023 consisted of the following:

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 45,243.25	8,763.61		54,006.86	
General Capital Fund					
Bonds Payable	810,000.00		260,000.00	550,000.00	270,000.00
Total long-term liabilities	<u>\$ 855,243.25</u>	<u>8,763.61</u>	<u>260,000.00</u>	<u>604,006.86</u>	<u>270,000.00</u>
	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 54,006.86	10,111.49		64,118.35	
General Capital Fund					
Bonds Payable	550,000.00		270,000.00	280,000.00	280,000.00
Total long-term liabilities	<u>\$ 604,006.86</u>	<u>10,111.49</u>	<u>270,000.00</u>	<u>344,118.35</u>	<u>280,000.00</u>

Description of Bonds and Loans Payable

At December 31, 2024, bonds payable in the General Capital Fund consisted of the following individual issues:

\$2,400,000.00 General Improvement Bonds dated October 6, 2015, due in annual installments beginning October 1, 2016, through October 1, 2025, bearing interest at various rates from 2.000% to 2.375% per annum. The balance remaining as of December 31, 2024, is \$280,000.00.

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding

Year Ending December 31	General Capital Fund	
	Principal	Interest
2025	\$ 280,000.00	6,650.00
	<u>\$ 280,000.00</u>	<u>6,650.00</u>

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

<u>Summary of Municipal Debt</u>	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 5,370,000.00	\$ 3,829,444.00	\$ 3,388,444.00
Total Issued	<u>5,370,000.00</u>	<u>3,829,444.00</u>	<u>3,388,444.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	4,059,296.40	882,296.40	1,991,769.40
Total Authorized But Not Issued	<u>4,059,296.40</u>	<u>882,296.40</u>	<u>1,991,769.40</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 9,429,296.40</u>	<u>\$ 4,711,740.40</u>	<u>\$ 5,380,213.40</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.756%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	-	-
General Debt	9,429,296.40	15,859.87	9,413,436.53
	<u>\$ 9,429,296.40</u>	<u>15,859.87</u>	<u>9,413,436.53</u>

Net Debt \$9,413,436.53 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,244,488,144 = 0.756%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 43,557,085.00
Net Debt	9,413,436.53
Remaining Borrowing Power	<u>\$ 34,143,648.47</u>

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

NOTE 8: LEASE OBLIGATIONS

Operating Leases

In March 2021, the Township entered into an agreement to lease a postage machine for Township Hall under an operating lease. The term for the lease is 63 months and it will expire on June 17, 2026. The total monthly payment for the lease is \$57.00. The Township has the option to purchase this equipment at the termination of the lease for the fair market value.

The total operating lease payments in 2024 and 2023 were \$684.00 and \$684.00 respectively.

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2024.

Year	Operating
2025	\$ 684.00
2026	342.00
Total minimum lease payments	1,026.00
Less amount representing interest	-
Present value of minimum lease payments	\$ 1,026.00

NOTE 9: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2024 and 2023, which were appropriated and included as anticipated revenue in their respective funds for the year ending December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Current Fund	\$ 1,115,000.00	700,000.00

NOTE 10: SCHOOL TAXES

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>12/31/2024</u>	<u>12/31/2023</u>
Balance of Tax	\$ 6,149,801.48	\$ 5,595,815.98
Deferred	3,650,000.00	3,650,000.00
Tax Payable	\$ 2,499,801.48	\$ 1,945,815.98

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

NOTE 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/2024	Balance 12/31/2023
Prepaid Taxes	\$ 734,136.16	\$ 751,673.24
Cash Liability for Taxes Collected in Advance	\$ 734,136.16	\$ 751,673.24

NOTE 12: PENSION FUNDS

Description of Plans

Substantially all of the township's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at -

<http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 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 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.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008, under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries, with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43: 15c-1 et seq. Currently there are eight individuals enrolled in DCRP.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 17.11% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2024, 2023, and 2022 were \$118,663.00, \$116,111.00, and \$129,498.00.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The total payroll for the year ended December 31, 2024, and 2023 was \$1,124,361.48 and \$1,077,782.24. Payroll covered by PERS was \$789,116.00 and \$744,262.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the Township's pension liabilities. However, due to the fact that the Township reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the Township's pension liabilities as June 30, 2023:

Public Employees' Retirement System

The Township has a liability of \$1,285,989 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, that was rolled forward to June 30, 2023. 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, 2023, the Township's proportion would be 0.00887845720%, which would be a decrease of 3.57% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Township would have recognized pension expense of (\$254,997). At December 31, 2023, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 12,296	\$ (5,257)
Changes of assumptions	2,825	(77,936)
Changes in proportion	6,995	(304,685)
Net difference between projected and actual earnings on pension plan investments	5,922	
Total	<u>\$ 28,038</u>	<u>\$ (387,878)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ 523,264
2025	(82,422)
2026	(663,267)
2027	(124,035)
2028	(13,380)
Total	<u>\$ (359,840)</u>

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining 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 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 were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease -6.00%	Current Discount Rate -7.00%	1% Increase -8.00%
Township's proportionate share of the net pension liability	\$ 1,550,711	1,285,989.00	1,060,919.81

Pension plan fiduciary net position.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

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

NOTE 14: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The Township offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at:

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post-retirement 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.

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.

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

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2023, were \$3,461,898,890 and \$11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022, through June 30, 2023. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2023 is as follows:

	June 30, 2023	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 14,889,576,786	5,549,494
Plan Fiduciary Net Position (Deficit)	(116,962,691)	(43,593)
Net OPEB Liability	<u>\$ 15,006,539,477</u>	<u>5,593,087</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.79%

At June 30, 2023 the Township's proportionate share of the Collective Net OPEB Liability was \$5,593,087. The Township's proportion of the Collective Net OPEB Liability was 0.037271% which was an increase from the prior year of 16.48%.

For the year ended June 30, 2023, the Township's Total OPEB Expense was \$(136,344.)

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

The total OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The 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:

Investment Rate of Return

Including Inflation rate 3.65%

Salary increases*:

PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	6.55
	5	5.75
	10	4.75
	15	3.75
	20	3.15
	25	2.85
	>=29	2.75

PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	16.25
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

Mortality:

Pre-Retirement Healthy 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

Post-Retirement Healthy Mortality:

Chapter 330 Retirees: PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Chapter 330 Current Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Current Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 to June 30, 2021, respectively.

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

Discount Rate

The discount rate for June 30, 2023 was 3.65%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

		1% Decrease -2.65%	Discount Rate (3.54%)	1% Increase (4.54%)
Collective				
Net OPEB Liability	\$	17,382,356	15,006,539,477	13,095,561,553
Proportionate Share				
Net OPEB Liability	\$	6,479	5,593,087	4,880,846

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

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

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

		<u>1% Decrease</u>	<u>Healthcare cost Trend Rate</u>	<u>1% Increase</u>
Collective				
Net OPEB Liability	\$	12,753,792,805	15,006,539,477	17,890,743,651
Proportionate Share				
Net OPEB Liability	\$	4,753,466	5,593,087	6,668,059

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

		<u>Collective Totals</u>		<u>Proportionate Share</u>	
		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	629,024,174	(4,075,285,752)	257,924	(1,518,900)
Changes of assumptions		1,943,909,895	(4,241,868,248)	724,515	(1,580,987)
Net difference between projected and actual earnings on OPEB plan investments		-	(2,476,129)		(923)
Changes in proportion and differences between contributions and proportionate share of contributions		-		1,891,961	(676,883)
Total	\$	<u>2,572,934,069</u>	<u>(8,319,630,129)</u>	<u>2,874,400</u>	<u>(3,777,693)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>		<u>Collective Totals</u>	<u>Proportionate Share</u>
2024	\$	(1,702,483,126.00)	(270,570.61)
2025		(1,394,440,795.00)	(221,614.35)
2026		(754,368,466.00)	(119,889.55)
2027		(353,621,247.00)	(56,199.98)
2028		(713,799,887.00)	(113,442.10)
Thereafter		(764,982,539.00)	(121,576.41)
Total	\$	<u>(5,683,696,060.00)</u>	<u>(903,293.00)</u>

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2023, are as follows:

Service cost	\$	597,135,801
Interest on Total OPEB Liability		581,375,849
Expected Investment Return		3,134,857
Administrative Expenses		12,616,744
Changes of Benefit Terms		23,039,435
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:		
Differences between Expected and Actual Experience		(899,529,226)
Changes in Assumptions		(803,252,884)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments		1,590,849
Total Collective OPEB Expense	\$	<u>(483,888,575)</u>

Schedule of Township's Share of Net OPEB Liability

		2023	2022	2021
Borough's Proportionate Share of Net OPEB Liability		0.037271%	0.031999%	0.029534%
Borough's Share of Net OPEB Liability	\$	5,593,087	5,167,709	5,316,055
Borough's Covered Payroll		744,262	660,483	661,182
Borough's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll		751.49%	782.41%	804.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		-0.79%	-0.36%	0.28%
		2020	2019	2018
Borough's Proportionate Share of Net OPEB Liability		0.031670%	0.027720%	0.027037%
Borough's Share of Net OPEB Liability	\$	5,735,904	3,830,695	4,235,784
Borough's Covered Payroll		785,287	786,942	803,297
Borough's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll		730.42%	486.78%	527.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		0.97%	1.97%	1.98%

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

NOTE 15: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation, personal and sick time. It is the Township's policy that upon township committee approval unused vacation time may be carried forward into the next succeeding year only. Personal days must be taken during the current calendar year. Any unused personal time may not be carried forward into the next succeeding year. Employees will be paid for earned but unused sick days upon retirement at a maximum of \$12,000.00. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$64,118.35 in 2024 and \$54,006.86 in 2023. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Effective January 1, 2002, the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The township does not accrue the liability.

NOTE 16: ECONOMIC DEPENDENCY

The Township of Dennis has a major source of revenue from the State of New Jersey in the form of the Energy Receipts Tax, Garden State Trust and Municipal Relief Fund. For 2024, the Township received \$1,928,437.85, which represents approximately 35% of budgeted revenues. Any significant reduction in this State aid would have a negative impact on the Township, specifically in the form of a significant effect on the local tax levy. The Township utilizes State Police protection. Any change in this would have a negative impact on the Township.

NOTE 17: RISK MANAGEMENT

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

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2024 and 2023 the township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The township is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The township has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

NOTE 18: DEFERRED COMPENSATION

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

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

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

NOTE 19: CONTINGENT LIABILITIES

From time to time, the Township is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Township's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

NOTE 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2024, the following interfunds were included on the balance sheets of the various funds of the Township of Dennis:

	Due From	Due To
Current Fund:		
Dog Trust	\$ 1,114.09	
Other Trust	164,570.19	
General Capital Fund		255,437.29
Grant Fund		87,031.11
Grant Fund:		
Current Fund	87,031.11	
Trust Fund:		
Current Fund - Dog Trust		1,114.09
Current Fund - Other Trust		164,570.19
General Capital Fund:		
Current Fund	255,437.29	
	<u>\$ 508,152.68</u>	<u>508,152.68</u>

The interfund receivables and payables above resulted from collections and payments made by certain funds on behalf of other funds. During the year 2024, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

NOTE 21: SUBSEQUENT EVENTS

The Township has reviewed and evaluated all events and transactions that occurred between December 31, 2024, through April 30, 2025, the date that the financial statements were issued for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

APPENDIX C

FORM OF APPROVING LEGAL 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

September __, 2025

Mayor and Township Committee of the
Township of Dennis
Dennisville, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$7,000,000 General Obligation Bonds, Series 2025 (the "Bonds"), of the Township of Dennis (the "Township"), County of Cape May, 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 Committee and published as required by law, and a resolution duly adopted by the Township Committee on August 12, 2025.

The Bonds are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$3,590,000 on March 11, 2025 and maturing on September 17, 2025 (the "Prior Notes"), which Prior Notes were issued to temporarily finance the cost of various general capital improvements in and by the Township; (ii) permanently finance various capital improvements in and for the Township; 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, except that those Bonds in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 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 March and September (each an "Interest Payment Date"), commencing March 15, 2026, in each year until maturity or prior redemption, as applicable. The Bonds shall mature on September in each of the years, in the principal amounts and at the interest rates as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$385,000	%	2032	\$630,000	%
2027	455,000		2033	630,000	
2028	490,000		2034	630,000	
2029	525,000		2035	665,000	
2030	560,000		2036	665,000	
2031	595,000		2037	770,000	

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.

We are further of the opinion that the Notes constitute "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the 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

Mayor and Township Committee of the
Township of Dennis
September __, 2025
Page 4

responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

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

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the 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

CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of September __, 2025 (the "Disclosure Certificate") is executed and delivered by the Township of Dennis, County of Cape May, State of New Jersey (the "Township" or the "Issuer") in connection with the issuance of its \$7,000,000 General Obligation Bonds, Series 2025, dated September __, 2025 (the "Bonds"). The Bonds are being issued pursuant to bond ordinances duly adopted by the Township Committee of the Township and published as required by law, and a resolution duly adopted by the Township Committee of the Township on August 12, 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, 2025, 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, 2025, 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 September __, 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. Except for as specifically disclosed in the Official Statement, the Township has had no existing continuing disclosure obligations in the past 5 years.

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 Jessica Bishop, Chief Financial Officer
Township of Dennis
571 Petersburg Road
Dennisville, NJ 08214

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

initially: Jessica Bishop, Chief Financial Officer
Township of Dennis
571 Petersburg Road
Dennisville, NJ 08214

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.

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 DENNIS

JESSICA BISHOP,
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 Dennis, County of Cape May, State of New Jersey

Name of Bond Issue: \$7,000,000 General Obligation Bonds, Series 2025
Dated September __, 2025
(CUSIP Number _____)

Date of Issuance: September __, 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 September __, 2025 executed by the Township.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Township)

cc: Township of Dennis