

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 25, 2025

NEW ISSUE (BOOK-ENTRY)

RATING: NOT RATED

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township (as defined herein) with certain covenants described herein, interest on the Notes (as defined herein) (i) is not includable in gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47 (N.J.S.A. 54A:1-1 et seq.), as amended and supplemented. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Township in its Tax Certificate (as defined herein), assume continuing compliance by the Township with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

TOWNSHIP OF HILLSIDE IN THE COUNTY OF UNION STATE OF NEW JERSEY

\$12,224,914

BOND ANTICIPATION NOTES, SERIES 2025

(NON-CALLABLE)

Dated: Date of Delivery

Maturity Date: December 15, 2026

Coupon: _____%

Yield: _____%

CUSIP*: 432673_____

The \$12,224,914 aggregate principal amount of Bond Anticipation Notes, Series 2025 (the "Notes"), dated December 16, 2025 and maturing on December 15, 2026, are general obligations of the Township of Hillside, in the County of Union (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, for which the full faith and credit of the Township are pledged, and are payable in the first instance from the proceeds of the sale of the bonds or notes issued in anticipation of bonds, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property located within the Township for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The Notes will be issued in fully registered book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form (without certificates) in denominations of 5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants.

The Notes will bear interest at the rate set forth above, commencing on their date of delivery. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity of the Notes at the offices of the Township or a duly designated paying agent.

While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, Cede & Co., 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 (as defined herein) of the Notes. See "BOOK-ENTRY SYSTEM" herein.

The Notes are authorized by, and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); and (ii) various bond ordinances duly adopted by the Township Council of the Township on the dates set forth herein, approved by the Mayor, and published as required by law.

The Notes are being issued to refund, on a current basis, a \$12,224,914 principal portion of outstanding bond anticipation notes of the Township issued in the aggregate principal amount of \$12,354,604 on December 18, 2024 and maturing on December 17, 2025 (the "Prior Notes") (with the remaining principal portion of such Prior Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$129,690).

The Notes are not subject to redemption prior to their stated date of maturity. See "DESCRIPTION OF THE NOTES" under the subheading entitled "Optional Redemption".

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

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

The Notes are offered when, as and if issued and delivered to the Underwriter subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Township, and certain other conditions. NW Financial Group, LLC, Bloomfield, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, Gracia R. Montilus, Esq., Hillside, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about December 16, 2025.

ELECTRONIC BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE MUNICIPAL ADVISOR, ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE TOWNSHIP, ON WEDNESDAY, DECEMBER 3, 2025, VIA ELECTRONIC MAIL AT TEISMEIER@NWFINANCIAL.COM, OR VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC AT HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of the Noteholders only at the time of issuance of the Notes and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**TOWNSHIP OF HILLSIDE
IN THE COUNTY OF UNION
STATE OF NEW JERSEY**

MAYOR

Dahlia Vertreese

TOWNSHIP COUNCIL

Craig M. Epps, Council President
Robert Rios, Council Vice President
Andrea Hyatt
Lisa Bonanno
Dr. Angela Garretson
Daryl Joyner
David Feuerstein

BUSINESS ADMINISTRATOR

Hope M. Smith, MPA, QPA

TOWNSHIP CLERK

Rayna E. Harris

CHIEF FINANCIAL OFFICER

Glynn Jones

TOWNSHIP ATTORNEY

Gracia R. Montilus, Esq.
Hillside, New Jersey

TOWNSHIP AUDITOR

Suplee, Clooney & Company LLC
Westfield, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township of Hillside, in the County of Union, State of New Jersey (the "Township") to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Township. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Township, The Depository Trust Company, Brooklyn, New York ("DTC"), and other sources deemed reliable by the Township; however, no representation or warranty is made as to its accuracy or completeness and, as to the information from sources other than the Township, such information is not to be construed as a representation or warranty by the Township.

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or owners of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstance, 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. The Township has not confirmed the accuracy or completeness of information related to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, 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 may not be reproduced or used in whole or in part for any other purpose. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information, except as expressly stated otherwise, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the Township. No representation is made that past experience, as is shown by the financial and other information included herein, will necessarily continue or be repeated in the future.

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

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

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF HILLSIDE
IN THE COUNTY OF UNION, STATE OF NEW JERSEY**

RELATING TO

**\$12,224,914
BOND ANTICIPATION NOTES, SERIES 2025**

(NON-CALLABLE)

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Hillside (the "Township"), in the County of Union (the "County"), a municipal corporation organized and existing under the laws of the State of New Jersey (the "State"), in connection with the offering, sale and issuance of the Township's \$12,224,914 aggregate principal amount of Bond Anticipation Notes, Series 2025, dated December 16, 2025 and maturing on December 15, 2026 (the "Notes"). This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Township Council of the Township, executed by and on behalf of the Township by its Chief Financial Officer, and is to be distributed in connection with the offering, sale and issuance of the Notes.

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

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

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

DESCRIPTION OF THE NOTES

General Description

The Notes shall be dated the date of delivery thereof and shall bear interest at the rate as indicated on the front cover page of this Official Statement, and are payable upon the maturity date thereof. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry form and, when issued, will be issued with one certificate for the principal amount of the Notes and will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC

will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent (the "Paying Agent") on the date of maturity of the Notes by wire transfer of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial ownership interests in the Notes will be made in book-entry form, without certificates, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and/or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or the Paying Agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants and Indirect Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

Optional Redemption

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

Authorization for the Issuance of the Notes

The Notes are authorized by, and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); and (ii) various bond ordinances duly adopted by the Township Council of the Township on the dates set forth in the chart on the following page under the subheading "Purpose of the Notes", approved by the Mayor, and published as required by law.

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

Purpose of the Notes

The Notes are being issued to refund, on a current basis, a \$12,224,914 principal portion of outstanding bond anticipation notes of the Township issued in the aggregate principal amount of \$12,354,604 on December 18, 2024 and maturing on December 17, 2025 (the "Prior Notes") (with the remaining principal portion of such Prior Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$129,690).

The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township Council of the Township, which bond ordinances are described in the following table by Ordinance Number, Description and Date of Final Adoption and the Amount of Note Proceeds to be Used for such improvements or purposes. The bond ordinances are as follows:

\$12,224,914
Bond Anticipation Notes, Series 2025

Ordinance Number	Description and Date of Final Adoption	Amount of Note Proceeds to be Used
O-22-26	Providing for the reconstruction and renovation of the Margaret M. Roche Memorial Swimming Pool, finally adopted October 12, 2022	\$ 3,631,310
O-23-14	Providing for various 2023 acquisitions and capital improvements, finally adopted October 10, 2023	2,969,521
O-24-09	Providing for the construction of a public library, finally adopted April 9, 2024	4,190,000
O-24-17	Providing for various 2024 acquisitions and capital improvements, finally adopted November 12, 2024	<u>1,434,083</u>
TOTAL:		<u>\$ 12,224,914</u>

Payment of Notes

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

SECURITY AND PAYMENT FOR THE NOTES

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

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

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

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 (the "Governor") 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.

AMERICAN RESCUE PLAN ACT OF 2021

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 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 Plan included various forms of financial relief including up to a \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan, in part, provided funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan included \$350 billion in relief funds to public entities, such as the Township.

The Township received \$1,149,627 in Federal aid under the Plan in 2021 and received another \$1,149,627 in 2022. Generally, according to the Plan, the allowable use of the funds to be provided to the Township include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure. The deadline to commit the funds was December 31, 2024, and the deadline to spend the funds is December 31, 2026.

CLIMATE

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

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. No assurances can be given that the Township’s efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Township.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the Township as of the date hereof.

MARKET PROTECTION

The Township does not anticipate issuing any additional debt in 2025.

BOOK-ENTRY SYSTEM*

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a

* Source: The Depository Trust Company.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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.

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

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying 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 on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Township or the Paying Agent, upon direction of the Township, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Note certificate 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.

Discontinuance of Book-Entry System

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

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

The Township, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of

obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Township Council of the Township and, if applicable, approval by the Mayor prior to publication. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Township.

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

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

Short Term Financing

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

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

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

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including temporary emergency appropriations, emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, 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. Refunding bonds issued to pay, fund or refund outstanding bonds may be issued in accordance with N.J.A.C. 5:30-2.5 and, therefore, no approval is required by the Local Finance Board, in the Division of Local Government Services, New Jersey

Department of Community Affairs (the "Local Finance Board"); however, the details of the sale, issuance and delivery of the refunding bonds will be delivered to the Local Finance Board within ten (10) days of the delivery of the refunding bonds.

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

There are statutory requirements which limit the amount of debt which the Township is permitted to authorize. The authorized bonded indebtedness of a local unit is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Township for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation – Extensions of Credit" herein.

As shown in APPENDIX A, the Township has not exceeded its statutory debt limit.

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

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

As shown in APPENDIX A, the Township has not exceeded its debt limit.

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

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

a local newspaper within thirty (30) days of the Township Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles in the United States.

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

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

Investment of Municipal Funds

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

DEBT INFORMATION OF THE TOWNSHIP

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

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Township conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is

followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Township does not record obligations for accumulated unused vacation and sick pay.

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

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

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

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

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

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

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997, the Local Finance Board has developed regulations that allow “eligible” and “qualifying” municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, since the Township is a Faulkner Act or Optional Municipal Charter Law Municipality, it was not eligible for local examination of its budget in 2025. The Township introduced its 2025 budget in June of 2025 and plans on adopting its 2025 budget in December of 2025 in accordance with the procedures described under the heading entitled, “FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)”

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

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

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

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the “Cap Law” (the “Cap Law”). The Cap Law provides that the Township shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Township may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Township for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year’s final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored “Cap” banking to the Local Budget Law. Municipalities are permitted to appropriate available “Cap Bank” in either of the next two (2) succeeding years’ final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “Cap”.

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%), plus one (1) vote.

The Division of Local Government Services has advised that counties and municipalities must comply with both budget “Cap” and the tax levy limitation. Neither the tax levy limitation nor the “Cap Law”,

however, limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes, including the Notes.

Deferral of Current Expenses

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.2, -55.3. Additionally, a special emergency appropriation may be made to fund a deficit in prior year operations experienced by any municipality, utility or enterprise during, or in the fiscal year immediately following, a fiscal year in which a public health emergency pursuant to the "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), or a state of emergency, pursuant to P.L.1942, c.251 (C.App.A:9-33 et seq.), or both, has been declared by the Governor in response to COVID-19, the adoption of which shall be subject to approval of the Director. Such special emergency appropriation related to the COVID-19 pandemic may be amortized over five (5) years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the immediately preceding fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

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

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

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

$$\begin{array}{rcl} \text{Total of Local, County,} & - & \text{Anticipated Revenues} \\ \text{and School Levies} & & = & \text{Cash Required from Taxes to Support} \\ & & & \text{Local Municipal Budget and Other Taxes} \\ \\ \hline \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & = & \text{Amount to be} \\ \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Raised by} \\ & & \text{Taxation} \end{array}$$

Anticipation of Miscellaneous Revenues

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

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

CAPITAL IMPROVEMENT PROGRAM

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

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

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

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

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

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

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

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

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

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review or the 1st day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. The Tax Court of New Jersey appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX MATTERS

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Notes in order for the interest on the Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes. The Township will represent in a tax certificate (the "Tax Certificate") relating to the Notes that it reasonably expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Township ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the representations and covenants made by the Township in its Tax Certificate, interest on the Notes is not includable in gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Additional Federal Income Tax Consequences Relating to the Notes

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income tax credit, recipients of certain Social Security and 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 insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is further of the opinion that, under existing laws of the State, interest on the Notes and any gain on the sale thereof are not includable in gross income of the owners thereof under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47 (N.J.S.A. 54A:1-1 et seq.), as amended and

supplemented. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Notes.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes or the marketability of the Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

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 Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance and delivery of the Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation thereof, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest paid or to be paid on the Notes 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 Notes.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes do not constitute "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

LEGALITY FOR INVESTMENT

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

RISK TO HOLDERS OF NOTES

It is understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

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

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such code.

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

THE TOWNSHIP HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE AND THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE TOWNSHIP EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)

If the Township defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Township in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Township is so in default. Once a judgment is entered by the Superior Court to the effect that the Township is in default, the Municipal Finance Commission (the "Commission") would become operative in the Township. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality

which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

CERTIFICATES OF THE TOWNSHIP

Upon the delivery of the Notes, the original purchaser of the Notes shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Township, stating to the best knowledge of said officials, that this Official Statement, as of its date, did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Township from that set forth in or contemplated by this Official Statement to the date of issuance of the Notes. In addition, the original purchaser of the Notes shall also receive a certificate in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate, dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the principal of the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence nor boundaries of the Township, nor the title of any of the officers of the Township to their respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion with respect to the Notes will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed upon for the Township by the Township Attorney, Gracia R. Montilus, Esq., Hillside, New Jersey (the "Township Attorney"). The various legal opinions to be delivered concurrently with the delivery of the Notes 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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to: Glynn Jones, Chief Financial Officer, Township of Hillside, 1409 Liberty Avenue, Hillside, New Jersey 07205, Telephone: (848) 666-0932, E-mail: gjones@hillsidenj.us; the Township's Bond Counsel, Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, Telephone: (732) 855-6149, E-mail: ejohnson@wilentz.com; or the Township's Municipal Advisor, Timothy Eismeier, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, Telephone: (551) 655-7595, E-Mail: teismeier@nwfinancial.com.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Township with respect to the issuance of the Notes (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this 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.

LITIGATION

To the knowledge of the Township Attorney, after due inquiry, there is no litigation of any nature now pending or threatening, restraining or enjoining the issuance, execution or the delivery of the Notes offered for sale, or the levy and collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or collection of taxes to pay the principal of and interest on the Notes, or any action contesting the corporate existence or boundaries of the Township or the title of any of the present officers of the Township. Further, to the knowledge of the Township Attorney, after due inquiry, there is no litigation presently pending or threatened against the Township that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township, if adversely decided. The original purchaser of the Notes will receive a certificate or opinion of the Township Attorney to such effect upon the closing of the Notes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes (the "Notices"), as set forth in Section (b)(5)(i)(C) 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. The Notices will be filed by the Township or NW Financial Group, LLC, Bloomfield, New Jersey, the duly designated dissemination agent of the Township, with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access ("EMMA") system. The specific nature of the Notices will be detailed in a certificate (the "Disclosure Certificate") to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in APPENDIX D hereto. Such Disclosure Certificate will be delivered concurrently with the delivery of the Notes.

Within the five years immediately preceding the date of this Official Statement, the Township failed to file, in accordance with the Rule, timely notices of certain financial obligations. Such event notices and failure to file notices have since been filed with EMMA. The Township has appointed NW Financial Group, LLC, Bloomfield, New Jersey, to serve as continuing disclosure agent.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the heading entitled "TAX MATTERS" and the information provided in APPENDIX C hereto and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

The Municipal Advisor has participated in the review of this Official Statement and in the preparation of APPENDIX A, but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the headings entitled "MUNICIPAL ADVISOR" and "COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS" (as to the second paragraph only) and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

Suplee, Clooney & Company LLC, Westfield, New Jersey, the Auditor to the Township, has not participated in the preparation of the information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information under the heading entitled "FINANCIAL STATEMENTS" and the audited financial statements contained in APPENDIX B hereto and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

The Township Attorney has not participated in the preparation of the information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the sections under the headings entitled "APPROVAL OF LEGAL PROCEEDINGS" (as it relates to the Township Attorney) and "LITIGATION" and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

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

RATING

The Notes have not been rated. The Township currently maintains a long-term rating of A1 from Moody's Ratings. Such long-term rating is neither assigned nor applicable to the Notes.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the "Underwriter") at a price of \$ _____. The purchase price of the Notes reflects the par amount of the Notes in the amount of \$ _____, plus a bid premium in the amount of \$ _____.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

FINANCIAL STATEMENTS

The audited financial statements of the Township as of and for the years ended December 31, 2024 and 2023, together with the Notes to the Financial Statements for the years then ended, are presented in APPENDIX B to this Official Statement. The audited financial statements referred to above have been audited by Suplee, Clooney & Company LLC, Westfield, New Jersey, an independent auditor, as stated in its Independent Auditor's Report appearing in APPENDIX B hereto.

MISCELLANEOUS

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

This Official Statement is not to be construed as a contract or an agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstance, create any implication that there have been any changes in the affairs of the Township, the State or any of their agencies or authorities, since the date hereof.

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

**TOWNSHIP OF HILLSIDE
IN THE COUNTY OF UNION,
STATE OF NEW JERSEY**

**GLYNN JONES,
Chief Financial Officer**

DATED: December ____, 2025

APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
CONCERNING
THE TOWNSHIP OF HILLSIDE
IN THE COUNTY OF UNION, STATE OF NEW JERSEY**

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INFORMATION REGARDING THE TOWNSHIP OF HILLSIDE¹

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

General Information

The Township is a municipal corporation established in 1913. It is located in the County in the northern part of the State within close proximity to the New York metropolitan area. Interstate highways 22, 78, and the Garden State Parkway intersect the Township, with Routes 1 and 9 and the New Jersey Turnpike within close proximity.

Form of Government

The Township is governed by the Faulkner Act (formally known as the Optional Municipal Charter Law), under Mayor-Council form of New Jersey municipal government (plan 4), as implemented as of July 1, 1997. The Township is governed by a mayor and a seven-member Township Council. Four council members come from wards and three are elected at large, all elected to four-year terms in office on a staggered basis in non-partisan elections. The ward seats all come up for election together and the mayoral and at-large seats come up for vote together two years later.

Education

The Township’s public schools serve students in kindergarten through twelfth grade. Schools in the district are Abram P. Morris Early Childhood Center (grades PreK-1), Deanna G. Taylor Academy (grades 2-6), Hurden Looker School (grades 2-6), Ola Edwards Community School (grades 2-6), Walter O. Krumbiegel Middle School (grades 7-8), Hillside Innovation Academy (grades 7-8) and Hillside High School (grades 9-12).

A portion of Kean University is located in the Westminster section of the Township, on the grounds of the former Pingry School.

¹ Source: The Township, unless otherwise indicated.

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	12,013	11,353	660	5.5%
2023	11,908	11,308	600	5.0%
2022	11,709	11,148	561	4.8%
2021	11,690	10,697	993	8.5%
2020	11,829	10,496	1,333	11.3%
<u>County</u>				
2024	303,496	288,988	14,508	4.8%
2023	301,356	287,862	13,483	4.5%
2022	293,943	282,315	11,628	4.0%
2021	289,184	269,270	19,914	6.9%
2020	290,647	263,346	27,301	9.4%
<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	\$98,558	\$98,028	\$99,781
Per Capita Income	38,687	82,502	84,071

Source: U.S. Census Bureau, 2019-2023 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>
2020	22,456	4.9%	575,345	7.2%	9,288,994	5.6%
2010	21,404	-1.6	536,499	2.7	8,791,894	4.5
2000	21,747	3.3	522,541	5.8	8,414,350	8.9
1990	21,044	-1.8	493,819	-2.0	7,730,188	5.0
1980	21,440	-0.9	504,094	-7.2	7,365,001	2.7

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 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Hillside Rlty % Nomura #07852	\$14,415,000	1.58%
RXR 591 N Union Hillside Owner LLC	5,686,200	0.62%
HIC Realty Co % Industrial Prop Inc	4,979,700	0.55%
Vitamin Realty Associates, LLC	4,874,000	0.53%
1441 Chestnut Associates LLC	3,743,700	0.41%
635 Partners LLC	3,715,300	0.41%
1350 Liberty Ave LLC	3,128,200	0.34%
AH Realty Estate Company	3,025,000	0.33%
Amerco Real Estate Company	2,990,300	0.33%
Wessex LTD	2,765,500	0.30%
Total	<u>\$49,323,200</u>	<u>6.65%</u>

Source: 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	\$75,370,492	\$74,538,740	98.90%
2023	73,226,554	72,156,945	98.54%
2022	71,905,554	70,379,005	97.88%
2021	71,739,798	69,639,242	97.07%
2020	70,122,892	67,377,012	96.08%

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	\$1,156,136	\$ 731,193	\$1,887,329	2.50%
2023	1,119,205	1,034,612	2,153,816	2.94%
2022	1,184,953	1,469,510	2,654,463	3.69%
2021	1,145,699	3,897,016	5,042,725	7.03%
2020	1,171,644	4,482,637	5,654,281	8.06%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$320,400
2023	320,400
2022	320,400
2021	2,280,100
2020	2,280,100

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.

<u>Year</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
2024	3.488%	0.107%	3.411%	1.199%	0.048%	8.253%
2023	3.282	0.096	3.439	1.153	0.043	8.013
2022	3.220	0.089	3.408	1.182	0.040	7.939
2021	3.202	0.082	3.387	1.179	0.037	7.890
2020	3.214	0.075	3.414	1.105	0.033	7.841

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	\$912,473,100	\$3,525,784,776	25.88%	\$544,700	\$3,526,329,476
2023	904,937,000	2,918,210,255	31.01	602,695	2,918,812,950
2022	904,041,800	2,608,314,484	34.66	648,273	2,608,962,757
2021	900,562,350	2,397,025,153	37.57	696,055	2,397,721,208
2020	893,550,300	2,199,237,755	40.63	760,273	2,199,998,028

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	\$8,570,800	\$695,525,000	0	\$84,480,300	\$113,013,800	\$10,883,200	\$912,473,100
2023	9,612,300	695,642,400	0	75,785,300	113,013,800	10,883,200	904,937,000
2022	9,382,300	694,297,300	0	75,764,200	113,714,800	10,883,200	904,041,800
2021	9,277,400	691,592,850	0	75,575,200	113,233,700	10,883,200	900,562,350
2020	9,816,200	689,565,100	0	70,090,000	113,195,800	10,883,200	893,550,300

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$1,773,500	\$3,075,000	\$6,252,000	\$5,000,000	\$3,056,000
Miscellaneous Revenues	12,438,91	13,055,972	14,401,036	11,698,118	15,663,848
Receipts from Delinquent Taxes	1,619,000	2,138,000	2,000,000	1,235,429	883,660
Amount to be Raised by Taxation	<u>29,586,995</u>	<u>29,925,383</u>	<u>30,582,685</u>	<u>32,814,865</u>	<u>37,359,672</u>
Total Revenue:	<u>\$45,418,413</u>	<u>\$48,194,355</u>	<u>\$53,235,721</u>	<u>\$50,748,412</u>	<u>\$50,963,180</u>
<u>Appropriations</u>					
General Appropriations	\$37,936,022	\$38,971,378	\$40,433,832	\$42,542,085	\$45,074,616
Operations (Excluded from CAPS)	3,294,573	5,334,160	8,727,062	4,599,063	8,353,086
Deferred Charges and Statutory Expenditures	146,312	146,312	0	0	0
Judgments	200,00	200,000	200,000	0	0
Capital Improvement Fund	100,000	100,000	370,000	450,000	350,000
Municipal Debt Service	986,506	1,142,505	1,934,308	2,040,191	2,289,262
Reserve for Uncollected Taxes	<u>2,755,000</u>	<u>2,300,000</u>	<u>1,570,519</u>	<u>1,117,073</u>	<u>896,216</u>
Total Appropriations:	<u>\$45,418,413</u>	<u>\$48,194,355</u>	<u>\$53,235,721</u>	<u>\$50,748,412</u>	<u>\$50,963,180</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.

Fund Balance - Current Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$3,307,174	\$3,056,000
2023	6,492,264	5,000,000
2022	10,743,659	6,252,000
2021	6,762,850	3,075,000
2020	3,621,346	1,773,500

Source: Annual Audit Reports of the Township

Swim Pool Utility Operating Fund

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

	Fund Balance	
	<u>Swim Pool Utility Operating Fund</u>	
<u>Year</u>	Balance	Utilized in Budget
	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$18,445	\$0
2023	18,445	0
2022	18,445	0
2021	18,445	0
2020	18,445	0

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$13,915,000
Bond Anticipation Notes	12,637,521
Bonds and Notes Authorized but Not Issued	18,363,766
Other Bonds, Notes and Loans	481,606
Total:	<u>\$45,397,893</u>

Local School District Debt

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

Self-Liquidating Debt

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

TOTAL GROSS DEBT

\$45,397,893

Less: Statutory Deductions

General Purpose Debt	119,840
Local School District Debt	0
Self-Liquidating Debt	0
Total:	<u>\$0</u>

TOTAL NET DEBT

\$45,278,053

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 ³	\$482,595,178	3.23%	<u>15,587,824</u>
Net Indirect Debt			\$15,587,824
Net Direct Debt			<u>45,278,053</u>
Total Net Direct and Indirect Debt			<u>\$60,865,877</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$3,017,436,505
Permitted Debt Limitation (3 1/2%)	105,610,277
Less: Net Debt	45,278,053
Remaining Borrowing Power	<u>\$60,332,224</u>
Percentage of Net Debt to Average Equalized Valuation	1.501%
Gross Debt Per Capita based on 2020 population of 22,456	\$2,021
Net Debt Per Capita based on 2020 population of 22,456	\$2,016

Source: Annual Debt Statement of the Township

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Township's annual audit report.

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

³ County of Union 2024 Outstanding Debt

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE
TOWNSHIP OF HILLSIDE
FOR THE YEARS ENDING DECEMBER 31, 2024 AND 2023**

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SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Hillside
County of Union
Hillside, New Jersey 07205

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards State of New Jersey OMB Circular 15-08 and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

SUPLEE, CLOONEY & COMPANY LLC

In performing an audit in accordance with GAAS, Government Auditing Standards State of New Jersey OMB Circular 15-08 and audit requirements prescribed by the Division, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2025 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ John R. Swisher
John R.. Swisher, C.P.A., R.M.A.

October 31, 2025

TOWNSHIP OF HILLSIDE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>A S S E T S</u>		
Current Fund		
Cash - Treasurer	\$ 8,595,565.93	\$ 14,968,025.76
Cash - Change Fund	690.00	690.00
Due From State of New Jersey:		
Senior Citizens and Veterans Deductions	157,871.96	153,327.27
	<u>\$ 8,754,127.89</u>	<u>\$ 15,122,043.03</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	\$ 731,193.03	\$ 1,034,611.58
Tax Title Liens Receivable	1,156,135.75	1,119,204.88
Sewer Charges Receivable	11,692.12	7,965.10
Foreclosed Property	320,400.00	320,400.00
Revenue Accounts Receivable	46,339.78	490,370.87
Prepaid School Taxes	3.90	3.94
Interfunds Receivable	794,452.17	20,662.64
	<u>\$ 3,060,216.75</u>	<u>\$ 2,993,219.01</u>
Deferred Charges:		
Overexpenditure of Appropriations	\$ 6,253.63	\$ 16,891.74
Overexpenditure of Appropriation Reserves	68.88	10,041.83
Expenditure Without an Appropriation	56,271.19	70,986.67
Emergency Authorization 40A: 4-46		546,751.29
	<u>\$ 62,593.70</u>	<u>\$ 644,671.53</u>
	<u>\$ 11,876,938.34</u>	<u>\$ 18,759,933.57</u>
Grant Fund:		
Grants Receivable	\$ 6,838,959.46	\$ 5,932,536.39
Deferred Charge:		
Overexpenditure of Appropriated Grant Reserves	133,669.82	7,209.26
Due Current Fund		75,617.56
Due Trust Other Fund		256,355.00
Due Swim Pool Capital Fund	22,952.50	22,952.50
	<u>\$ 6,995,581.78</u>	<u>\$ 6,294,670.71</u>
	<u>\$ 18,872,520.12</u>	<u>\$ 25,054,604.28</u>

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>		
Liabilities:		
Appropriation Reserves	\$ 3,324,521.46	\$ 2,915,874.01
Sewer Overpayments	11,934.53	2,851.61
Tax Overpayments	230,585.67	72,914.12
Prepaid Taxes	318,626.06	357,400.50
Encumbrances Payable	386,230.31	503,543.31
Accounts Payable	239,130.91	244,165.75
County Taxes Payable	4,737.66	1,847.64
Interfunds Payable	701,196.60	4,421,115.57
Reserve For:		
Hurricane Sandy	72,136.30	72,136.30
Retirement	53,001.99	53,001.99
Fire Penalties and Assessments	30,256.65	30,256.65
Codification of Ordinances	189.38	189.38
Sale of Municipal Assets	10,500.00	10,500.00
Municipal Relief Aid		450,047.32
Insurance Damages	76,810.86	76,810.86
PILOT Due County		12,105.46
Unallocated Receipts - Net	49,689.45	49,689.45
	\$ 5,509,547.83	\$ 9,274,449.92
 Reserve for Receivables and Other Assets	 3,060,216.75	 2,993,219.01
Fund Balance	3,307,173.76	6,492,264.64
	\$ 11,876,938.34	\$ 18,759,933.57
 Grant Fund:		
Due Current Fund	\$ 14,268.67	\$
Due Trust Other Fund	123,773.90	
Encumbrances Payable	682.41	202,081.00
Due State of New Jersey	6,193.03	6,193.03
Reserve for:		
Grants - Appropriated	6,035,263.68	6,049,742.69
Grants - Unappropriated	815,400.09	36,653.99
	\$ 6,995,581.78	\$ 6,294,670.71
	\$ 18,872,520.12	\$ 25,054,604.28

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER <u>31, 2024</u>	YEAR ENDED DECEMBER <u>31, 2023</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance	\$ 5,000,000.00	\$ 6,252,000.00
Miscellaneous Revenues Anticipated	14,778,504.87	13,817,269.18
Receipts From Delinquent Taxes	996,495.36	1,521,838.96
Receipts From Current Taxes	74,538,740.44	72,156,945.09
Non-Budget Revenue	207,614.12	315,932.05
Other Credits to Income:		
Prepaid School Tax	0.04	0.04
Grants Cancelled - Net	3,660.07	
Unexpended Balance of Appropriation Reserves	2,110,429.81	1,654,925.28
<u>TOTAL REVENUE AND OTHER INCOME REALIZED</u>	<u>\$ 97,635,444.71</u>	<u>\$ 95,718,910.60</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Municipal Purposes	\$ 52,520,174.83	\$ 52,208,845.66
County Taxes	11,396,300.86	10,936,546.81
Local District School Tax	31,136,524.00	31,136,524.00
Interfunds Advanced	773,789.53	31.99
<u>TOTAL EXPENDITURES</u>	<u>\$ 95,826,789.22</u>	<u>\$ 94,281,948.46</u>
Excess in Revenue	\$ 1,808,655.49	\$ 1,436,962.14
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>6,253.63</u>	<u>563,643.03</u>
Regulatory Excess to Fund Balance	\$ 1,814,909.12	\$ 2,000,605.17
Fund Balance, January 1	6,492,264.64	10,743,659.47
	<u>\$ 8,307,173.76</u>	<u>\$ 12,744,264.64</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>5,000,000.00</u>	<u>6,252,000.00</u>
Fund Balance, December 31	<u>\$ 3,307,173.76</u>	<u>\$ 6,492,264.64</u>

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

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

	ANTICIPATED <u>BUDGET</u>	SPECIAL N.J.S. <u>40A:4-87</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Fund Balance Anticipated	\$ 5,000,000.00	\$ _____	\$ 5,000,000.00	\$ _____
Miscellaneous Revenues:				
Licenses:				
Other	27,000.00		28,286.25	1,286.25
Fees and Permits:				
Construction Code	13,198.46		346,333.60	333,135.14
Other	86,000.00		114,383.57	28,383.57
Fines and Costs:				
Municipal Court	279,000.00		316,099.83	37,099.83
Interest and Costs on Taxes	819,000.00		599,425.62	(219,574.38)
Interest on Investments and Deposits	267,000.00		264,437.16	(2,562.84)
Joint Sewer User Charges	3,870,000.00		4,089,832.90	219,832.90
Cable T.V. Franchise Fee	188,000.00		73,378.62	(114,621.38)
Ambulance Service Fees	360,000.00		422,071.86	62,071.86
Alarm Fees	58,000.00		20,243.37	(37,756.63)
Payment in Lieu of Taxes - Gargiulo	38,000.00		170,860.85	132,860.85
Energy Receipts Tax	4,366,149.00		4,366,149.47	0.47
Municipal Relief Aid	450,047.32		450,047.32	
Opioid Settlement	4,659.23		4,659.23	
Body Armor Fund	20,704.90		20,704.90	
NJ Forest Service Community Forestry Program - Leafing Out Grant		850,000.00	850,000.00	
NJBPU Clean Energy Grant		10,000.00	10,000.00	
FEMA - Hazardous Mitigation Grant		47,440.53	47,440.53	
DOT - Wilder Street		450,004.00	450,004.00	
COPS Hiring Program		1,250,000.00	1,250,000.00	
Union County Kids Recreation Grants 2024		30,000.00	30,000.00	
Local Recreation Improvement Grant		68,000.00	68,000.00	
Bulletproof Vest Program		23,776.28	23,776.28	
Rutgers Equity Alliance for Community Health (REACH) Program		19,500.00	19,500.00	
Summer Food Program 2024		39,543.00	39,543.00	
National Opioid Settlement FY2024		14,310.86	14,310.86	
Clean Communities 2024		44,261.55	44,261.55	
Infrastructure and Municipal Aid 2024		18,450.00	18,450.00	
NJ Forest Services-Leafing Out Education Program		12,500.00	12,500.00	
Body Armor Fund		4,795.80	4,795.80	
Uniform Fire Safety Act	48,000.00		40,691.00	(7,309.00)
2023 UCC Fees	416,359.43		416,359.43	
Sewer Trunk Surplus	287,000.00		51,957.87	(235,042.13)
Off-Duty Administrative Fees	100,000.00		100,000.00	
	\$ 11,698,118.34	\$ 2,882,582.02	\$ 14,778,504.87	\$ 197,804.51
Receipts From Delinquent Taxes	1,235,429.12		996,495.36	(238,933.76)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	31,841,928.08		32,150,051.93	308,123.85
Minimum Library Tax	972,937.00		972,937.00	
	32,814,865.08		33,122,988.93	308,123.85
<u>BUDGET TOTALS</u>	\$ 50,748,412.54	\$ 2,882,582.02	\$ 53,897,989.16	\$ 266,994.60
Non-Budget Revenue			207,614.12	207,614.12
	<u>\$ 50,748,412.54</u>	<u>\$ 2,882,582.02</u>	<u>\$ 54,105,603.28</u>	<u>\$ 474,608.72</u>

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

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

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Collected	\$ 74,538,740.44
Allocated to:	
School and County Taxes	<u>42,532,824.86</u>
Balance for Support of Municipal Budget Appropriations	\$ 32,005,915.58
Add: Reserve for Uncollected Taxes	<u>1,117,073.35</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 33,122,988.93</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 979,502.41
Tax Title Lien Collections	<u>16,992.95</u>
	<u>\$ 996,495.36</u>
Licenses - Other:	
Township Clerk	\$ 12,798.20
Board of Health	<u>15,643.05</u>
	28,441.25
Less: Refunds	<u>155.00</u>
	<u>\$ 28,286.25</u>
Fees and Permits - Other:	
Township Clerk	\$ 37.80
Fire Department	28,010.52
Police Department	29,488.00
Public Works	<u>44,585.00</u>
	\$ 114,783.57
Less: Refunds	<u>400.00</u>
	<u>\$ 114,383.57</u>

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

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

ANALYSIS OF REALIZED REVENUE

Uniform Construction Code Fees:		
Cash Receipts		\$ 763,963.03
Less: Refunds		<u>1,270.00</u>
		\$ <u><u>762,693.03</u></u>
Payment in Lieu of Taxes - Gargiulo		\$ 181,067.40
Less: PILOT Due County		<u>10,206.55</u>
		\$ <u><u>170,860.85</u></u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
GovDeals Sale of Property	\$ 96,333.32	
Senior Citizen Administrative Fee	1,406.00	
Void Checks	14,453.13	
Miscellaneous	<u>59,307.52</u>	
		\$ 171,499.97
Animal Control Statutory Excess		<u>2,297.20</u>
		173,797.17
Tax Collector		<u>33,841.95</u>
		207,639.12
Less: Refunds		<u>25.00</u>
		\$ <u><u>207,614.12</u></u>

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

TOWNSHIP OF HILLSIDE
CURRENT FUND

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

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	\$	PAID OR CHARGED	RESERVED		
GENERAL GOVERNMENT							
Administrative and Executive:							
Salaries and Wages	233,920.00	233,920.00	\$	228,285.85	5,634.15	\$	
Other Expenses:	40,000.00	40,000.00		26,087.43	13,912.57		
Departmental Expenses							
Township Council:							
Salaries and Wages	86,500.00	86,500.00		86,041.63	458.37		
Other Expenses	12,000.00	12,000.00		10,697.71	1,302.29		
Township Clerk:							
Salaries and Wages	284,000.00	239,000.00		192,264.86	46,735.14		
Other Expenses:							
Miscellaneous	35,000.00	35,000.00		26,937.62	8,062.38		
Advertising	10,000.00	10,000.00		5,473.90	4,526.10		
Elections:							
Other Expenses	50,000.00	50,000.00		26,444.27	23,555.73		
Financial Administration:							
Salaries and Wages	485,000.00	485,000.00		474,894.96	10,105.04		
Other Expenses	175,000.00	175,000.00		147,597.14	27,402.86		
Annual Audit	80,000.00	80,000.00		80,000.00			
Computer Service Department:							
Other Expenses	40,000.00	40,000.00		27,775.58	12,224.42		
Collection of Taxes:							
Salaries and Wages	175,000.00	175,000.00		171,344.33	3,655.67		
Other Expenses	65,000.00	65,000.00		45,702.78	19,297.22		
Assessment of Taxes:							
Salaries and Wages	85,000.00	75,000.00		53,750.07	21,249.93		
Other Expenses:							
Miscellaneous	12,000.00	12,000.00		2,562.69	9,437.31		
Legal Services and Costs:							
Salaries and Wages	140,000.00	140,000.00		137,185.10	2,814.90		
Other Expenses	335,000.00	315,000.00		88,105.77	226,894.23		
Municipal Prosecutor:							
Salaries and Wages	35,000.00	35,000.00		29,261.34	5,738.66		
Other Expenses	2,000.00	2,000.00			2,000.00		
Engineering Services:							
Other Expenses - General	220,000.00	235,000.00		220,668.07	14,331.93		
Buildings and Grounds:							
Salaries and Wages	180,000.00	120,000.00		65,291.58	54,708.42		
Other Expenses	110,000.00	110,000.00		107,763.96	2,236.04		
Municipal Land Use Law (N.J.S.A. 40:550-1):							
Planning Board:							
Salaries and Wages	2,500.00	2,500.00			2,500.00		
Other Expenses	60,000.00	60,000.00		20,358.83	39,641.17		

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

TOWNSHIP OF HILLSIDE
CURRENT FUND

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

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	\$	PAID OR CHARGED	RESERVED		
Office of Economic Development:							
Salaries and Wages	80,000.00	80,000.00	\$	73,116.80	\$	6,883.20	\$
Other Expenses	4,000.00	4,000.00				4,000.00	
Zoning Costs:							
Salaries and Wages	2,500.00	2,500.00				2,500.00	
Other Expenses	5,000.00	5,000.00		3,113.36		1,886.64	
Alcohol Beverage Control:							
Other Expenses	8,000.00	8,000.00		3,573.00		4,427.00	
Postage:							
Other Expenses	45,000.00	45,000.00		22,562.04		22,437.96	
Insurance:							
Other Insurance Premiums	850,000.00	850,000.00		810,000.00		40,000.00	
Workers Compensation Insurance Trust Fund	475,000.00	445,000.00		299,520.22		145,479.78	
Group Insurance Plan for Employees	6,155,500.00	6,155,500.00		5,629,867.56		525,632.44	
Unemployment Insurance	90,000.00	170,000.00		63,240.58		106,759.42	
New Jersey State Disability Insurance	49,000.00	49,000.00		(661.43)		49,661.43	
PUBLIC SAFETY							
Fire:							
Salaries and Wages	6,783,920.00	6,833,920.00		6,840,173.63			6,253.63
Other Expenses:							
Miscellaneous	220,000.00	240,000.00		231,787.98		8,212.02	
Ambulance Services	40,000.00	40,000.00		26,347.68		13,652.32	
Uniform Fire Safety Act:							
Fire Official:							
Salaries and Wages	75,000.00	75,000.00		75,000.00			
Other Expenses	12,000.00	12,000.00		10,370.22		1,629.78	
Police:							
Salaries and Wages	8,717,250.00	8,622,250.00		8,382,412.73		239,837.27	
Other Expenses:							
Departmental Expenses	280,000.00	280,000.00		249,534.83		30,465.17	
Traffic Lights:							
Other Expenses	75,000.00	75,000.00		68,257.99		6,742.01	
School Crossing Guards:							
Salaries and Wages	245,000.00	185,000.00		160,950.00		24,050.00	
Garage Service and Repair:							
Salaries and Wages	105,000.00	105,000.00		97,700.44		7,299.56	
Other Expenses	100,000.00	120,000.00		99,342.20		20,657.80	
Office of Emergency Management:							
Salaries and Wages	9,000.00	9,000.00		8,999.38		0.62	
Other Expenses	15,000.00	15,000.00		4,198.00		10,802.00	
STREETS AND ROADS							
Road Repairs and Maintenance:							
Salaries and Wages	1,595,000.00	1,605,000.00		1,593,065.66		11,934.34	
Other Expenses	325,000.00	375,000.00		336,757.93		38,242.07	

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

TOWNSHIP OF HILLSIDE
CURRENT FUND

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

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION		PAID OR CHARGED	RESERVED		
	\$	2,725,000.00 \$	2,725,000.00 \$	2,313,504.13 \$	411,495.87 \$	\$	
<u>SANITATION</u>							
Garbage, Trash, and Recycling Collection:							
Other Expenses	60,000.00	60,000.00	48,526.10	11,473.90			
Sewer System:							
Other Expenses	50,000.00	50,000.00	47,854.12	2,145.88			
<u>HEALTH AND WELFARE</u>							
Board of Health:							
Salaries and Wages	225,000.00	195,000.00	141,842.88	53,157.12			
Other Expenses	30,000.00	30,000.00	17,815.11	12,184.89			
Dog License Registration:							
Other Expenses	78,000.00	78,000.00	65,000.00	13,000.00			
<u>RECREATION AND EDUCATION</u>							
Community Recreation Commission:							
Salaries and Wages	263,000.00	263,000.00	249,089.01	13,910.99			
Other Expenses	44,000.00	44,000.00	35,469.53	8,530.47			
Senior Citizens:							
Salaries and Wages	200,000.00	200,000.00	179,770.70	20,229.30			
Other Expenses	19,000.00	24,000.00	18,477.55	5,522.45			
Celebration of Public Events:							
Mayor and Administration:							
Other Expenses	12,000.00	12,000.00	1,500.00	10,500.00			
Municipal Court:							
Salaries and Wages	350,000.00	350,000.00	328,153.04	21,846.96			
Other Expenses	60,000.00	60,000.00	29,640.66	30,359.34			
Public Defender:							
Other Expenses	18,000.00	18,000.00	15,675.00	2,325.00			
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET</u>							
<u>BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>							
Sub-Officials:							
Building Inspector:							
Salaries and Wages	490,000.00	490,000.00	464,388.76	25,611.24			
Other Expenses	15,000.00	15,000.00	10,447.33	4,552.67			
<u>UNCLASSIFIED</u>							
Utilities - All (Includes Gasoline)	745,000.00	745,000.00	544,755.71	200,244.29			
Street Lighting	355,000.00	355,000.00	352,333.89	2,666.11			
Fire Hydrant Service	300,000.00	360,000.00	339,011.81	20,988.19			

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

TOWNSHIP OF HILLSIDE
CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED	OVER-
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED	EXPENDITURE
UNCLASSIFIED						
Temporary and Summer Employees:						
Salaries and Wages	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$	\$	\$
Accumulated Leave Compensation	500,000.00	500,000.00	232,662.77	267,337.23		
Salaries and Wages	110,000.00	110,000.00		110,000.00		
Salary Adjustment Account	35,979,090.00	35,959,090.00	32,835,644.37	3,129,699.26		6,253.63
TOTAL OPERATIONS WITHIN "CAPS"						
CONTINGENT						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 35,979,090.00	\$ 35,959,090.00	\$ 32,835,644.37	\$ 3,129,699.26	\$	\$ 6,253.63
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Deferred Charges:						
Emergency Authorizations	\$ 546,751.29	\$ 546,751.29	\$ 546,751.29	\$	\$	\$
Overexpenditure of 2023 Appropriations	16,891.74	16,891.74	16,891.74			
Overexpenditure of Appropriation Reserves	10,041.83	10,041.83	10,041.83			
Overexpenditure of Trust Reserves	1,002.00	1,002.00	1,002.00			
Overexpenditure of Grant Reserves	7,209.26	7,209.26	7,209.26			
Expenditure without an Appropriation	70,986.67	70,986.67	70,986.67			
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	753,300.00	753,300.00	747,505.38	5,794.62		
Social Security (O.A.S.I.)	720,000.00	740,000.00	703,437.37	36,562.63		
Consolidated Police and Firemen's Pension Fund	90.00	90.00		90.00		
Police and Firemen's Retirement System of N.J.	4,423,722.00	4,423,722.00	4,423,722.00			
Defined Retirement Contribution Plan	13,000.00	13,000.00	9,847.18	3,152.82		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 6,562,984.79	\$ 6,562,984.79	\$ 6,537,394.72	\$ 45,600.07	\$	\$ 6,253.63
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 42,542,084.79	\$ 42,542,084.79	\$ 39,373,039.09	\$ 3,175,299.33	\$	\$ 6,253.63
GENERAL APPROPRIATIONS-OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library	\$ 972,937.00	\$ 972,937.00	\$ 972,936.75	\$ 0.25	\$	\$
Joint Trunk Sewer	3,405,762.00	3,405,762.00	3,405,762.00			
Reserve for Tax Appeals	10,000.00	10,000.00		10,000.00		
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Union County Fire and EMS Dispatch Services	59,000.00	59,000.00	14,397.43	44,602.57		
Union County Health Officer	26,000.00	26,000.00	12,930.69	13,069.31		

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED	OVER-
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED	EXPENDITURE
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES						
Summer Food Service Program (NJSA 40A:4-87 + \$39,543.00)		\$ 39,543.00	\$ 39,543.00	\$	\$	\$
Clean Communities Program (NJSA 40A:4-87 + \$44,261.55)	20,704.90	44,261.55	44,261.55			
Opioid Settlement 2023		20,704.90	20,704.90			
Infrastructure & Municipal Aid 2023 Match (NJSA 40A:4-87 + \$36,900.00)	4,659.23	14,310.86	36,900.00			
Body Armor Replacement Fund		4,659.23	4,659.23			
Kids Recreation Fund-UC Open Space (NJSA 40A:4-87 + \$30,000.00)		30,000.00	30,000.00			
NJ Forest Services-Leading Out Education Program 2024 (NJSA 40A:4-87 + \$850,000.00)		850,000.00	850,000.00			
NJ Forest Services-Leading Out Education Program (NJSA 40A:4-87 + \$12,500.00)		12,500.00	12,500.00			
Clean Energy Program NJBP 2024 (NJSA 40A:4-87 + \$10,000.00)		10,000.00	10,000.00			
COPSHringProgram-USDeptofJustice (NJSA 40A:4-87 + \$1,250,000.00)		1,250,000.00	1,250,000.00			
DOT-Wilderness (NJSA 40A:4-87 + \$450,004.00)		450,004.00	450,004.00			
2024 Body Armor (NJSA 40A:4-87 + \$4,795.00)		4,795.80	4,795.80			
2024 Local Recreation Improvement (NJSA 40A:4-87 + \$68,000.00)		68,000.00	68,000.00			
2024 Patrick Leahy Bulletproof Vest Partnership (NJSA 40A:4-87 + \$23,776.28)		23,776.28	23,776.28			
FEMA - Hazardous Mitigation Grant (NJSA 40A:4-87 + \$47,440.53)		47,440.53	47,440.53			
Rutgers Equity Alliance for Community Health Grants Program (NJSA 40A:4-87 + \$19,500.00)		19,500.00	19,500.00			
Matching Funds for Grants	100,000.00	81,550.00	81,550.00			
TOTAL OPERATIONS-EXCLUDED FROM "CAPS"	\$ 4,599,063.13	\$ 7,481,645.15	\$ 7,332,423.02	\$ 149,222.13	\$	\$
CAPITAL IMPROVEMENT FUND - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	450,000.00	450,000.00	450,000.00			
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"						
Payment of Bond Principal	1,135,000.00	1,135,000.00	1,135,000.00			\$
Interest on Notes	538,662.51	538,662.51	538,662.51			
N.J. Environmental Infrastructure Loan Program:	285,252.57	285,252.57	285,252.56		0.01	
Principal	62,626.19	62,626.19	62,626.19			
Interest	8,150.00	8,150.00	8,150.00			
N.J. Department of Community Affairs - Demolition Loan						
Principal	10,500.00	10,500.00	10,500.00			
TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"	\$ 2,040,191.27	\$ 2,040,191.27	\$ 2,040,191.26	\$	\$ 0.01	\$

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

TOWNSHIP OF HILLSIDE
CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 7,089,254.40	\$ 9,971,836.42	\$ 9,822,614.28	\$ 149,222.13	\$ 0.01	\$
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 49,631,339.19	\$ 52,513,921.21	\$ 49,195,653.37	\$ 3,324,521.46	\$ 0.01	\$ 6,253.63
Reserve for Uncollected Taxes	1,117,073.35	1,117,073.35	1,117,073.35			
TOTAL GENERAL APPROPRIATIONS	\$ 50,748,412.54	\$ 53,630,994.56	\$ 50,312,726.72	\$ 3,324,521.46	\$ 0.01	\$ 6,253.63
Budget	\$ 50,748,412.54					
Appropriations by 40A-4-87		2,882,582.02				
		\$ 53,630,994.56				
Reserve for Uncollected Taxes			\$ 1,117,073.35			
Encumbrances Payable			386,230.31			
Reserve for Grants Appropriated			2,926,396.15			
Deferred Charges:						
Overexpenditure of 2022 Appropriations			16,891.74			
Overexpenditure of Appropriation Reserves			10,041.83			
Emergency Authorization 40A-4-46			546,751.29			
Overexpenditure of Trust Reserves			1,002.00			
Overexpenditure of Grant Reserves			7,209.26			
Expenditure without an Appropriation			70,986.67			
Disbursed - Net			45,230,144.12			
			\$ 50,312,726.72			

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

"B"

TOWNSHIP OF HILLSIDE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>A S S E T S</u>		
Animal Control Fund:		
Cash	\$ 14,484.16	\$ 32,072.14
Interfunds Receivable	25.20	33.20
	<u>\$ 14,509.36</u>	<u>\$ 32,105.34</u>
Other Trust Funds:		
Cash	\$ 8,062,126.96	\$ 5,256,337.40
Community Development Block Grants Receivable	386,604.64	268,529.64
Interfunds Receivable	123,773.90	2,872,435.98
Deferred Charges - Overexpenditure of Reserve		1,002.00
	<u>\$ 8,572,505.50</u>	<u>\$ 8,398,305.02</u>
	<u>\$ 8,587,014.86</u>	<u>\$ 8,430,410.36</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>		
Animal Control Fund:		
Reserve for Animal Control Fund Expenditures	\$ 12,128.00	\$ 9,329.70
Due State of New Jersey	90.20	113.00
Interfunds Payable	2,291.16	22,662.64
	<u>\$ 14,509.36</u>	<u>\$ 32,105.34</u>
Other Trust Funds:		
Reserve for:		
Community Development Block Grants	\$ 319,119.30	\$ 433,861.71
Facade Loan Repayment	35,134.28	35,134.28
Tax Sale Redemption	333,430.94	546,656.39
Retiree Prescription Account	36,595.70	36,595.70
State Unemployment Insurance	180,634.90	154,762.69
Flexible Spending Account	1,226.04	1,226.14
UEZ Second Generation Fund	1,467,929.06	1,076,004.62
UEZ Revolving Loan Escrow	7,241.78	7,241.78
Police Off-Duty Escrow	566,701.62	363,446.62
Local Law Enforcement Block Grant	628.02	628.02
Special Law Enforcement	10,078.67	12,428.98
Miscellaneous Trust Deposits	4,274,859.03	4,912,091.89
Federal Law Enforcement Trust	804.49	789.28
Building Department Escrow	506,106.39	506,048.93
Difference Account	7,102.89	
Green Acres Trust	400.00	
Payroll Deductions Payable	45,977.67	54,339.31
Interfunds Payable	777,917.54	256,431.50
Due County of Union	617.18	617.18
	<u>\$ 8,572,505.50</u>	<u>\$ 8,398,305.02</u>
	<u>\$ 8,587,014.86</u>	<u>\$ 8,430,410.36</u>

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

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

<u>REF.</u>	<u>BALANCE DECEMBER 31, 2024</u>	<u>BALANCE DECEMBER 31, 2023</u>
<u>ASSETS</u>		
Cash	\$ 15,088,495.07	\$ 12,075,095.54
Deferred Charges to Future Taxation:		
Funded	14,332,955.56	15,540,633.75
Unfunded	30,718,370.71	25,094,287.71
Grants Receivable	4,088,437.50	4,088,437.50
New Jersey Infrastructure Bank Receivable	8,720,000.00	8,720,000.00
Demolition Loan Receivable (State of NJ)	58,564.01	58,564.01
Interfunds Receivable	<u>654,166.44</u>	<u>1,432,180.93</u>
	<u>\$ 73,660,989.29</u>	<u>\$ 67,009,199.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>		
Interfunds Payable	\$	\$ 32,712.60
Demolition Loan Payable (State of NJ)	42,000.00	52,500.00
Capital Improvement Fund	267,494.46	100,411.46
Contracts Payable	1,237,467.40	860,320.30
Bond Anticipation Note	12,354,604.00	6,730,521.00
Bond Anticipation Note - NJ Infrastructure Bank	8,720,000.00	8,720,000.00
General Serial Bonds Payable	13,915,000.00	15,050,000.00
Infrastructure Loan Payable	434,519.57	496,697.76
Reserve for Construction of Salt Shed	89,321.76	89,321.76
Reserve to Pay Debt Service	237,780.04	141,908.31
Improvement Authorizations:		
Funded	10,574,522.45	10,307,599.49
Unfunded	25,646,690.92	24,321,810.10
Fund Balance	<u>141,588.69</u>	<u>105,396.66</u>
	<u>\$ 73,660,989.29</u>	<u>\$ 67,009,199.44</u>

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

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2023	\$	105,396.66
Increased by:		
Contracts Payable Canceled		<u>36,192.03</u>
Balance, December 31, 2024	\$	<u><u>141,588.69</u></u>

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

"D"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 29,076.79	\$ 422.52
Interfunds Receivable	105,015.63	33,127.07
	<u>\$ 134,092.42</u>	<u>\$ 33,549.59</u>
Capital Fund:		
Interfunds Receivable	\$ 17,523.90	\$ 10,584.06
Deferred Charge - Grant Receivable Cancelled		105,015.63
Fixed Capital	710,689.24	710,689.24
Fixed Capital Authorized and Uncompleted	281,926.39	281,926.39
	<u>\$ 1,010,139.53</u>	<u>\$ 1,108,215.32</u>
	<u>\$ 1,144,231.95</u>	<u>\$ 1,141,764.91</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Interfunds Payable	\$ 115,599.69	\$ 15,104.29
Fund Balance	18,492.73	18,445.30
	<u>\$ 134,092.42</u>	<u>\$ 33,549.59</u>
Capital Fund:		
Improvement Authorizations - Funded	\$ 2,273.90	\$ 2,273.90
Improvement Authorizations - Unfunded	100,600.00	100,600.00
Capital Improvement Fund	10,250.00	10,250.00
Reserve for:		
Amortization	790,689.24	790,689.24
Deferred Amortization	106,326.39	106,326.39
Interfunds Payable		98,075.79
	<u>\$ 1,010,139.53</u>	<u>\$ 1,108,215.32</u>
	<u>\$ 1,144,231.95</u>	<u>\$ 1,141,764.91</u>

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

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER <u>31, 2024</u>	YEAR ENDED DECEMBER <u>31, 2023</u>
<u>REVENUE AND OTHER INCOME</u>		
Miscellaneous Revenues	\$ <u>47.43</u>	\$ <u> </u>
<u>TOTAL INCOME</u>	\$ <u>47.43</u>	\$ <u> </u>
Regulatory Excess to Fund Balance	\$ 47.43	
Fund Balance, January 1	<u>18,445.30</u>	<u>18,445.30</u>
Fund Balance, December 31	\$ <u><u>18,492.73</u></u>	\$ <u><u>18,445.30</u></u>

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

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

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

	<u>BUDGET REVENUE</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Miscellaneous	\$ _____	\$ <u>47.43</u>	\$ <u>47.43</u>
Budget Totals	\$ <u>0.00</u>	\$ <u>47.43</u>	\$ <u>47.43</u>
Miscellaneous Cash Receipts		\$ <u>47.43</u>	
		\$ <u>47.43</u>	

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

TOWNSHIP OF HILLSIDE

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with Generally Accepted Accounting Principles (GAAP).

The Accounting policies of the Township of Hillside 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 respect to public funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Under this method of accounting, the financial transactions and accounts of the Township of Hillside are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account groups:

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

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

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

Swim Pool Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned Swim Pool Utility.

Public Assistance Trust Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

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

C. Basis of Accounting

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - New Jersey Administrative Code (N.J.A.C. 5:30-5.6), Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Township's most recent property revaluation.

The Township developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm.

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

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

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 are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Swim Pool Utility

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

Property and equipment purchased by the Swim Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value.

The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - Under GAAP, municipalities required to record their distributive shares of OPEB liability, deferred outflows of resources, and deferred inflows of resources in the statement of Net Position and total OPEB related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

Leases

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

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

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

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Hillside had the following cash and cash equivalents at December 31, 2024:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$32,588,426.55	(\$798,677.64)		\$31,789,748.91
Change Funds			\$690.00	690.00
Total Cash and Cash Equivalents	<u>\$32,588,426.55</u>	<u>(\$798,677.64)</u>	<u>\$690.00</u>	<u>\$31,790,438.91</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2024, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$32,588,426.55, \$250,000.00 was covered by Federal Depository Insurance, \$32,338,426.55 was covered under the provisions of NJGUDPA.

B. Investments

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2024, the Township had no investments.

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

NOTE 3: GOVERNMENTAL DEBT

Long-Term Debt

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Issued:			
General:			
Bonds, Notes and Loans	\$26,746,123.57	\$22,335,252.96	\$20,554,261.51
Less: Cash on Hands to Pay Notes	237,780.04	141,908.31	141,908.31
Total Issued	<u>\$26,508,343.53</u>	<u>\$22,193,344.65</u>	<u>\$20,412,353.20</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	18,363,766.71	18,363,766.71	10,398,290.71
Swim Pool Utility:			
Bonds and Notes	100,600.00	100,600.00	100,600.00
Total Authorized But Not Issued	<u>18,464,366.71</u>	<u>18,464,366.71</u>	<u>10,498,890.71</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	<u>\$44,972,710.24</u>	<u>\$40,657,711.36</u>	<u>\$31,053,152.22</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

**SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2024)**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of 1.487%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Swim Pool Debt	\$100,600.00	\$100,600.00	
General Debt	<u>45,109,890.28</u>	<u>237,780.04</u>	<u>\$44,872,110.24</u>
	<u>\$45,210,490.28</u>	<u>\$338,380.04</u>	<u>\$44,872,110.24</u>

NET DEBT \$44,872,110.24 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$3,017,436,505.00 EQUALS 1.487%.

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

Equalized Valuation Basis* - December 31, 2024	\$3,017,436,505.00
3-1/2 of Equalized Valuation Basis	105,610,277.68
Net Debt	<u>44,872,110.24</u>
Remaining Borrowing Power	<u>\$60,738,167.44</u>

*Equalized Valuation Basis is the average of the equalized valuations of Real Estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Township for the last three (3) preceding years.

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2024, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$18,363,766.71</u>
Swim Pool Capital Fund	<u>\$ 100,600.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

	OUTSTANDING BALANCE DECEMBER <u>31, 2024</u>
\$7,530,000.00 2019 Bonds due in annual remaining installments of \$570,000.00 to \$610,000.00 through June 2033 at interest rates between 2.125% and 5.000%.	\$5,090,000.00
\$9,860,000.00 2022 Bonds due in annual remaining installments of \$545,000.00 to \$830,000.00 through May 2036 at an interest rate of 4.000%.	<u>\$8,825,000.00</u>
	<u>\$13,915,000.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2024

<u>YEAR</u>	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2025	\$1,115,000.00	\$488,418.76	\$1,603,418.76
2026	1,130,000.00	437,843.76	1,567,843.76
2027	1,150,000.00	395,068.76	1,545,068.76
2028	1,170,000.00	359,615.63	1,529,615.63
2029	1,195,000.00	322,556.25	1,517,556.25
2030-2034	5,750,000.00	975,400.00	6,725,400.00
2035-2037	<u>2,405,000.00</u>	<u>146,500.00</u>	<u>2,551,500.00</u>
	<u>\$13,915,000.00</u>	<u>\$3,125,403.16</u>	<u>\$17,040,403.16</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

The Township has entered into three Environmental Infrastructure Trust Loan Agreements with the State of New Jersey for the Joint Meeting of Essex and Union Counties project. The loans are payable over 20 years.

The first Environmental Infrastructure Trust loan, 2006A dated 11/09/06, consists of two parts, an interest bearing portion of \$105,000.00 (the Trust Loan) and a non-interest bearing portion of \$300,397.00 (the Fund Loan). The rate of Interest on the Trust Loan is variable ranging from 4.00% to 5.00%.

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

<u>Year</u>	<u>Trust Loan 2006A</u>		<u>Fund Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2025	\$9,466.94	\$752.56	\$20,594.94	\$31,444.94
2026	9,446.86	377.88	19,788.39	30,213.39
	<u>\$18,913.80</u>	<u>\$1,130.44</u>	<u>\$40,383.33</u>	<u>\$61,658.33</u>

The second Environmental Infrastructure Trust loan, 2010A dated 03/10/10, also consists of two parts, an interest-bearing portion of \$125,000.00 (the Trust Loan) and a non-interest bearing portion of \$122,926.00 (the Fund Loan). The rate of Interest on the Trust Loan is variable ranging from 4.00% to 5.00%.

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

<u>Year</u>	<u>Trust Loan 2010A</u>		<u>Fund Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2025	\$9,000.00	\$1,840.00	\$6,250.47	\$17,090.47
2026	9,000.00	1,480.00	6,250.47	16,730.47
2027	10,000.00	1,120.00	6,250.47	17,370.47
2028	9,000.00	720.00	6,250.47	15,970.47
2029	9,000.00	360.00	6,250.56	15,610.56
	<u>\$46,000.00</u>	<u>\$5,520.00</u>	<u>\$31,252.44</u>	<u>\$82,772.44</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS (CONTINUED)

The third Environmental Infrastructure Trust loan, 2015A-1 dated 05/28/15, also consists of two parts, an interest bearing portion of \$160,000.00 (the Trust Loan) and a non-interest bearing portion of \$389,341.00 (the Fund Loan). The rate of interest on the Trust Loan is variable ranging from 4.00% to 5.00%.

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

Year	Trust Loan JMECU		Fund Loan	Total
	Principal	Interest	Principal	
2025	\$10,000.00	\$4,200.00	\$19,797.00	\$33,997.00
2026	10,000.00	3,700.00	19,797.00	33,497.00
2027	10,000.00	3,200.00	19,797.00	32,997.00
2028	10,000.00	2,800.00	19,797.00	32,597.00
2029	10,000.00	2,400.00	19,797.00	32,197.00
2030-2034	50,000.00	6,000.00	98,985.00	154,985.00
	<u>\$100,000.00</u>	<u>\$22,300.00</u>	<u>\$197,970.00</u>	<u>\$320,270.00</u>

NEW JERSEY DEMOLITION LOAN

The Township has entered into A Demolition Loan Agreement with the State of New Jersey for the demolition of certain buildings within the Township in the amount of \$105,000.00. The loan is payable over 10 years and is interest-free with an annual payment of \$10,500.00 beginning May 1, 2019 and ending May 1, 2028. The loan balance at December 31, 2024 was \$42,000.00.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Short-Term Debt

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2024</u>
22-26	12/22/22	12/18/24	12/17/25	3.750%	\$ 3,761,000.00
23-14	12/20/23	12/18/24	12/17/25	3.750%	2,969,521.00
24-09	12/18/24	12/18/24	12/17/25	3.750%	4,190,000.00
24-17	12/18/24	12/18/24	12/17/25	3.750%	<u>1,434,083.00</u>
					<u>\$ 12,354,604.00</u>

At December 31, 2024 the Township's Capital Fund also reflects a New Jersey Infrastructure Bank (I-Bank) Note of \$8,720,000.00. The Note charges interest on funds drawn on short-term loans. The effective interest rate is set monthly to reflect costs associated with the I-Bank's borrowed funds blended with 0% interest funds appropriated to the I-Bank by the State for the Water Bank's Construction Financing Program. Loans may be structured to include all or part of construction period interest costs allowing borrowers to defer interest cost repayments for up to 36 months.

NOTE 4: FUND BALANCE APPROPRIATED

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

Current Fund	<u>\$3,056,000.00</u>
Swim Pool Utility Fund	<u>\$-0-</u>

NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, <u>2024</u>	BALANCE DECEMBER 31, <u>2023</u>
Prepaid Taxes	<u>\$318,626.06</u>	<u>\$357,400.50</u>

NOTE 6: PENSION PLANS

Plan Descriptions

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Vesting and Benefit Provisions

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

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

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

Certain portions of the cost are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$5,181,074.56 for 2024, \$5,106,628.93 for 2023 and \$4,529,154.35 for 2023.

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

Accounting and Financial Reporting for Pensions - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2024, the State reported a net pension liability of \$7,608,243.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The 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, 2024, the Township's proportion was 0.0559921759 percent, which was an increase of 0.0016942186 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of \$362,676.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2024 billing was \$725,707.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 152,407.00	\$ 20,255.00
Changes of assumptions	9,452.00	86,564.00
Net difference between projected and actual earnings on pension plan investments		352,773.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>335,765.00</u>	<u>509,402.00</u>
	<u>\$ 497,624.00</u>	<u>\$ 968,994.00</u>

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2025	(\$357,754.40)
2026	215,221.60
2027	(178,528.40)
2028	(117,742.40)
2029	<u>(32,566.40)</u>
	<u>(\$471,370.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2024 asset are summarized in the following table:

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

Discount Rate

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2024 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$10,109,484.00	\$7,608,243.00	\$5,479,700.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of June 30, 2024 was 0.0562508636% which was an increase of 0.0017467532 percent from its proportion measured as of June 30, 2023. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2024 and June 30, 2023 was \$24,529.00 and \$24,527.00, respectively.

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2024, the State reported a net pension liability of \$33,544,381.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The 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, 2024, the Township's proportion was 0.3248347300 percent, which was an increase of 0.0063795300 percent from its proportion measured as of June 30, 2023.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of \$1,551,184.00. The pension expense recognized in the Township's financial statements based on the April 1, 2024, billing was \$4,239,279.00.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 2,113,270.00	\$ 1,148,372.00
Changes of assumptions	53,027.00	985,143.00
Net difference between projected and actual earnings on pension plan investments		262,545.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>2,388,759.00</u>	<u>2,401,340.00</u>
	<u>\$ 4,555,056.00</u>	<u>\$ 4,797,400.00</u>

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

Year Ended		<u>Amount</u>
<u>June 30</u>		
2025	\$	(1,627,329.20)
2026		1,869,649.80
2027		(472,407.20)
2028		(220,721.20)
2029		191,602.80
Thereafter		<u>16,861.00</u>
	\$	<u>(242,344.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

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

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

The following presents the Township’s proportionate share of the net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the Township’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the PFRS pension liability	\$47,927,458.00	\$33,544,381.00	\$21,566,431.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2024 and 2023 is 0.3248345500% and 0.3184550000% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2024 and 2023 was \$760,795.00 and \$741,442.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2024 and 2023 was \$760,796.00 and \$741,442.00, respectively.

At June 30, 2024 and 2023, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$6,613,204.00 and \$6,483,323.00, respectively.

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

Township's Proportionate Share of Net Pension Liability	\$33,544,381.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>6,613,204.00</u>
	<u>\$40,157,585.00</u>

Pension plan fiduciary net position

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

NOTE 7: COMPENSATED ABSENCES (UNAUDITED)

Under the existing policy of the Township, certain employees are allowed to accumulate unused vacation and sick pay over the life of their working careers, which may be taken as time off, or paid at the later date, at an agreed upon rate. At December 31, 2024, the current cost of such unpaid compensation was \$4,732,652.39. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has accumulated \$53,001.99 for this purpose in the Current Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 8: LITIGATION

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

NOTE 9: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51.

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2024, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: 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. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 11: RISK MANAGEMENT (CONTINUED)

The Township has also established a self-insurance program in accordance with New Jersey Statute Chapter 40:10. The statute enables the governing body of any local unit to provide insurance coverage for its exposure to a wide variety of property and liability casualty risks. The Township self-insures for workers compensation exposure. The Township has purchased a separate excess workers' compensation policy for coverage of losses in excess of \$450,000.00 per occurrence.

At December 31, 2024, the Township's exposure for claims incurred under the above self-insurance programs is not presently determinable.

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

Year	Contributions		Amount Reimbursed	Ending Balance
	Township	Employee		
2024	-0-	\$25,872.21	\$-0-	\$180,634.90
2023	-0-	27,521.65	1,305.81	154,762.69
2022	-0-	8,462.72	-0-	128,546.85

NOTE 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the Balance Sheets of the Township:

	BALANCE DECEMBER 31 <u>2024</u>	2025 BUDGET <u>APPROPRIATION</u>	AMOUNT DEFERRED TO FUTURE <u>YEARS</u>
Current Fund:			
Overexpenditure of 2024 Appropriations	6,253.63	6,253.63	-0-
Expenditure without an Appropriation	56,271.19	56,271.19	-0-
Overexpenditure of Appropriation Reserves	68.88	68.88	-0-
Overexpenditure of Grant Reserves	133,669.82	133,669.82	-0-

NOTE 13: DEFERRED COMPENSATION PLAN

The Township offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plans. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardship.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plans were amended to require that all amounts of compensation deferred under the Plans are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plans are held in trust, in annuity contracts or custodial accounts. All assets of the plans are held by independent administrators.

The accompanying financial statements do not include the Township's Deferred Compensation Plans activities.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

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

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
Current Fund	\$ 794,452.17	\$ 701,196.60
Grant Fund	22,952.50	138,042.57
Animal Control Trust Fund	25.20	2,291.16
Trust Other Fund	123,773.90	777,917.54
General Capital Fund	654,166.44	
Swim Pool Operating Fund	105,015.63	115,599.69
Swim Pool Capital Fund	17,523.90	
Public Assistance Trust Fund II	<u>17,137.82</u>	
	\$ <u>1,735,047.56</u>	\$ <u>1,735,047.56</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

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

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

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

Plan Description and Benefits Provided

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

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

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

Plan Description and Benefits Provided (Continued)

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

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

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

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

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

Total Net OPEB Liability

At June 30, 2024, the Plan reported a Liability of \$61,051,302.00 for the Township’s proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024.

The Township’s proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan’s nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024.

At June 30, 2024, the Township’s proportion was 0.340965 percent, which was a decrease of 0.0015306 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State reported OPEB expense of \$8,933,473.00. This OPEB expense was based on the OPEB plans June 30, 2024 measurement date.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$3,091,817.00	\$10,344,190.00
Changes of assumptions	10,206,622.00	10,134,131.00
Net difference between projected and actual earnings on OPEB plan investments		27,636.00
Changes in proportion	<u>34,103,712.00</u>	<u>3,519,717.00</u>
	<u>\$47,402,151.00</u>	<u>\$24,025,674.00</u>

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

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

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2025	\$2,284,435.00
2026	4,466,857.00
2027	5,833,265.00
2028	4,605,182.00
2029	5,153,751.00
Thereafter	<u>1,032,987.00</u>
	<u><u>\$23,376,477.00</u></u>

Actuarial Assumptions and Other Inputs

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

Salary Increases*:

Public Employees Retirement System (PERS):

Initial fiscal year applied
 Rate for all future years 2.75% to 6.55%

Police and Firemen’s Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

* Salary increases are based on years of service within the respective plan.

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

Actuarial Assumptions and Other Inputs (Continued)

Mortality

Pre-Retirement 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 Mortality

Chapter 330 Retirees	Pub-2010 "Safety" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
Other Retirees	Pub-2010 "General" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Health Care Trend Assumption

For Pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 19.38% in fiscal year 2026 and decreases to 4.50% in fiscal year 2034. For HMO, the trend rate is increasing to 20.15% in fiscal year 2026 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Sensitivity of the Township’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Township as of June 30, 2024, 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:

	<u>1.00%</u> <u>Decrease (2.93%)</u>	<u>At Discount</u> <u>Rate (3.93%)</u>	<u>1.00%</u> <u>Increase (4.93%)</u>
Township's proportionate share of the Net OPEB Liability	\$71,118,190.00	\$61,051,302.00	\$52,988,620.00

Sensitivity of the Township’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Township as of June 30, 2024, 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>1.00%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
Township's proportionate share of the Net OPEB Liability	\$51,636,940.00	\$61,051,302.00	\$73,155,530.00

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

OPEB Plan Fiduciary Net Position

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

NOTE 16: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2024:

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2024</u>
Land	\$ 4,142,200.00	\$	\$	\$ 4,142,200.00
Buildings	4,725,000.00			4,725,000.00
Machinery and Equipment	<u>8,453,405.00</u>	<u>1,886,295.00</u>	<u>476,689.00</u>	<u>9,863,011.00</u>
	<u>\$ 17,320,605.00</u>	<u>\$ 1,886,295.00</u>	<u>\$ 476,689.00</u>	<u>\$ 18,730,211.00</u>

NOTE 17: SUBSEQUENT EVENTS

The Township has evaluated material subsequent events occurring after the financial statement date through October 31, 2025 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following event requires disclosure:

On May 23, 2025, the Township entered into a loan agreement with the New Jersey Infrastructure Bank totaling \$503,886.00 and was used to fund the Township share of the Joint Meeting Capital Improvement Plan. The loan consists of two pieces, a Trust Loan of \$387,640.00 with interest ranging from 3.71% to 5.00% and a Fund loan of \$116,246.00 which is interest free. The loan will be paid off in increments ranging from \$15,107.54 to \$20,022.54 beginning 08/01/2025 and ending 08/01/2054.

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APPENDIX C

**FORM OF
APPROVING LEGAL OPINION OF BOND COUNSEL**

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

December ____, 2025

Mayor and Township Council
of the Township of Hillside
Hillside, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Council of the Township of Hillside, in the County of Union (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, sale, issuance, execution and delivery of the \$12,224,914 aggregate principal amount of Bond Anticipation Notes, Series 2025 (the "Notes") of the Township. The Notes are dated December 16, 2025, mature on December 15, 2026, and bear interest at the rate of ____ and ____ hundredths per centum (____%) per annum.

The Notes are issued in fully registered book-entry form, without coupons, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in book-entry form, without coupons, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC participants, which will, in turn, remit such payments to the beneficial owners of the Notes.

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

The Notes are authorized by, and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); and (ii) various bond ordinances duly adopted by the Township Council of the Township, approved by the Mayor, and published as required by law (the "Ordinances").

The Notes are being issued to refund, on a current basis, a \$12,224,914 principal portion of outstanding bond anticipation notes of the Township issued in the aggregate principal amount of \$12,354,604 on December 18, 2024 and maturing on December 17, 2025 (the “Prior Notes”) (with the remaining principal portion of such Prior Notes being paid by a 2025 budgetary appropriation of the Township in the amount of \$129,690).

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, sale, issuance, execution and delivery of the Notes pursuant to the Local Bond Law and the Ordinances; (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the Township enforceable in accordance with their terms; and (iii) the Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property located within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Township has covenanted in a tax certificate (the “Tax Certificate”) relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the aforementioned covenants and representations stated in its Tax Certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income of the owners of the Notes under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47 (N.J.S.A. 54A:1-1 et seq.), as amended and supplemented.

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

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

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

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APPENDIX D

**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY
MARKET DISCLOSURE REQUIREMENTS**

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CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

I, GLYNN JONES, Chief Financial Officer of the Township of Hillside, in the County of Union (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY, in connection with the authorization, sale, issuance, execution and delivery of the Township's \$12,224,914 aggregate principal amount of Bond Anticipation Notes, Series 2025, dated December 16, 2025 and maturing on December 15, 2026 (the "Notes"), that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township (or its duly appointed Dissemination Agent) will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) consummation of a merger, consolidation, or acquisition involving the Township, or sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined below) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Township, any of which reflect financial difficulties (collectively, the "Listed Events").

"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, through the EMMA system, consistent with the Rule.

If the Township (or its duly appointed Dissemination Agent) (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the Township (or its duly appointed Dissemination Agent) shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days after such determination.

The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NW Financial Group, LLC, Bloomfield, New Jersey. 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.

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

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

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

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

**TOWNSHIP OF HILLSIDE
IN THE COUNTY OF UNION,
STATE OF NEW JERSEY**

**GLYNN JONES,
Chief Financial Officer**

Acknowledged and Accepted by:

**NW FINANCIAL GROUP, LLC,
as Dissemination Agent**

Authorized Signatory