

NEW ISSUE
BOOK-ENTRY ONLY

NOT RATED

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

\$4,604,267

**BOROUGH OF MILLTOWN
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2025**

Consisting of:

**\$3,883,267 General Improvement Bond Anticipation Notes
\$476,000 Water/Sewer Utility Bond Anticipation Notes, and
\$245,000 Electric Utility Bond Anticipation Notes
(Non-Callable) (Bank-Qualified)**

Coupon: ___% Yield: ___% CUSIP: _____

Dated: Date of Delivery

Due: December 3, 2026

The \$4,604,267 Bond Anticipation Notes, Series 2025 consisting of \$3,883,267 General Improvement Bond Anticipation Notes (the “General Improvement Notes”); \$476,000 Water/Sewer Utility Bond Anticipation Notes (the “Water/Sewer Utility Notes”); and \$245,000 Electric Utility Bond Anticipation Notes (the “Electric Utility Notes” and together with the General Improvement Notes and Water/Sewer Utility Notes, the “Notes”) of the Borough of Milltown, in the County of Middlesex, New Jersey (the “Borough”) will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), Brooklyn, New York, which will act as Securities Depository. The certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (including any necessary odd denominations) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

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

Proceeds of the Notes, along with other available funds of the Borough, will be used to: (i) refund, on a current basis, the Borough’s \$3,404,767 bond anticipation notes, dated December 9, 2024 and maturing December 9, 2025 (the “Prior Notes”); (ii) provide \$1,640,000 in new money to temporarily finance various general capital improvements in and by the Borough; and (iii) pay the costs of issuing the Notes.

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

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

The Notes are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by Dilworth Paxson LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about December 4, 2025.

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE NOTES,
WILL BE RECEIVED ON NOVEMBER 20, 2025.**

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**BOROUGH OF MILLTOWN
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
39 WASHINGTON AVENUE
MILLTOWN, NJ 08850
(732) 828-2100**

MAYOR
George Murray

BOROUGH COUNCIL
Phil Zambrana, Council President
Frank Manco
David Potter
Gary Posnansky
John Collins
Patricia Payne

BOROUGH ADMINISTRATOR
Frederick Carr

CHIEF FINANCIAL OFFICER
Joseph Zanga

TAX COLLECTOR
Kelly McCormick, CTC

BOROUGH CLERK
Gretchen McCarthy

BOROUGH ATTORNEY
Peter A. Vignuolo, Esq.
Milltown, New Jersey

INDEPENDENT AUDITORS
PKF O'Connor Davies, LLP
Cranford, New Jersey

BOND COUNSEL
Dilworth Paxon LLP
Freehold, New Jersey

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

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Notes other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation of warranty by the Purchaser or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

This document does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough.

TABLE OF CONTENTS

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

Official Statement
of
BOROUGH OF MILLTOWN
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
\$4,604,267 BOND ANTICIPATION NOTES, SERIES 2025
Consisting of:
\$3,883,267 General Improvement Bond Anticipation Notes
\$476,000 Water/Sewer Utility Bond Anticipation Notes, and
\$245,000 Electric Utility Bond Anticipation Notes

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Milltown (the “Borough”), in the County of Middlesex (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$4,604,267 Bond Anticipation Notes by the Borough consisting of \$3,883,267 General Improvement Bond Anticipation Notes (the “General Improvement Notes”); \$476,000 Water/Sewer Utility Bond Anticipation Notes (the “Water/Sewer Utility Notes”); and \$245,000 Electric Utility Bond Anticipation Notes (the “Electric Utility Notes” and together with the General Improvement Notes and Water/Sewer Utility Notes, the “Notes”).

THE NOTES

General Description

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

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

Denominations and Place of Payment

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

Book-Entry-Only System

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

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns

Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Discontinuance of Book-Entry Only System

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

Optional Redemption

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

AUTHORIZATION AND USE OF PROCEEDS

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

Proceeds of the Notes, along with other available funds of the Borough in the amount of \$440,500, will be used to: (i) refund, on a current basis, the Borough's \$3,404,767 bond anticipation notes, dated December 9, 2024 and maturing December 9, 2025 (the "Prior Notes"); (ii) provide \$1,640,000 in new money to temporarily finance various general capital improvements in and by the Borough; and (iii) pay the costs of issuing the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond

ordinances duly adopted by the Borough, which bond ordinances are described in the following tables by ordinance number and amount of Prior Notes refunded:

General Improvement Bond Anticipation Note Ordinance				
Ordinance Number	Description	Amount of Prior Notes Being Refunded	Amount of New Money	Total Amount of Notes to be Issued
1399/1415	2014 Capital Improvement Program, finally adopted on July 28, 2014 and amended June 8, 2015.	\$89,500	\$0	\$89,500
1431	Acquisition of a New Fire Truck and Canopy Tent, finally adopted on July 11, 2016.	213,000	0	213,000
1452	Phases II and III Improvements to Wilson Avenue, finally adopted on October 10, 2017.	20,000	0	20,000
1477	Improvements to Tracey Drive, finally adopted on October 15, 2019.	120,000	0	120,000
1508	Roadway Improvements to Clayton Court, finally adopted on March 28, 2022.	115,767	0	115,767
1512	2022 Capital improvements and Acquisitions, finally adopted on June 27, 2022.	1,285,000	0	1,285,000
1523	Various Roadway Improvements, finally adopted on May 22, 2023.	100,000	0	100,000
1538	Various Roadway Improvements, finally adopted on June 10, 2024.	300,000	0	300,000
1545	Acquisition of a Pumper Truck and Various Fire Equipment, finally adopted on July 31, 2024.	0	1,140,000	1,140,000
1561	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted on June 9, 2025.	<u>0</u>	<u>500,000</u>	<u>500,000</u>
SUB TOTAL:		<u>\$2,243,267</u>	<u>\$1,640,000</u>	<u>\$3,883,267</u>

Water/Sewer Utility Bond Anticipation Note Ordinance				
Ordinance Number	Description	Amount of Prior Notes Being Refunded	Amount of New Money	Total Amount of Notes to be Issued
1478	Improvements to the Church Street Pump Station Force Main, finally adopted on October 15, 2019.	\$76,000	\$0	\$76,000
1525	Various 2023 Water Utility Capital Improvements and Acquisitions, finally adopted on May 22, 2023.	<u>400,000</u>	<u>0</u>	<u>400,000</u>
SUB TOTAL:		<u>\$476,000</u>	<u>\$0</u>	<u>\$476,000</u>

Electric Utility Bond Anticipation Note Ordinances				
Ordinance Number	Description	Amount of Prior Notes Being Refunded	Amount of New Money	Total Amount of Notes to be Issued
1360/1408	Design, Permitting and Construction of an Electrical Substantiation, finally adopted on August 27, 2012 and amended August 24, 2015.	\$160,000	\$0	\$160,000
1513	Acquisition of a Pickup Truck, finally adopted on June 27, 2022.	<u>85,000</u>	<u>0</u>	<u>85,000</u>
SUB TOTAL:		<u>\$245,000</u>	<u>\$0</u>	<u>\$245,000</u>
GRAND TOTAL:				<u>\$4,604,267</u>

SECURITY FOR THE NOTES

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

The Borough

The Borough, primarily a residential community, is located in the center of Middlesex County. See Appendix “A” for general information regarding the Borough.

MARKET PROTECTION

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

CERTAIN RISK FACTORS

Recent Healthcare Developments

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

To date, the overall finances and operations of the Borough have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies

in the future, nor how any such event may materially adversely impact municipalities, including the Borough. The Borough cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID- 19 pandemic. The Borough received \$729,225.82 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Weather Related Matters

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

Cybersecurity

The Borough relies upon a large and complex technology environment to conduct its various operations. As a result, the Borough faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Borough maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Borough could cause material disruption of the Borough’s finances and operations.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district’s debt limitation and the self-liquidating portion of a utility’s debt, are

permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix “A”, the Borough has not exceeded its statutory debt limit as of December 31, 2024.

Exceptions to Debt Limits - Extensions of Credit

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

Short Term Financing

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

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

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

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

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

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

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

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

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

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

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

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

appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

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

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

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

Tax Appeals

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

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

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

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

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Income Taxes

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

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

State Taxes

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

Original Issue Premium

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

Certain Federal Tax Considerations

Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty

companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Notes.

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

Backup Withholding

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

Changes in Law and Post-Issuance Events

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

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

Section 265 Qualification

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

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

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

LEGALITY FOR INVESTMENT

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

CONTINUING DISCLOSURE

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

The Borough has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Borough appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

LITIGATION

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

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Notes, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors’ rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner’s creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding

against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

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

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

CERTIFICATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein relating to the Borough are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Notes, by certificates signed by an official of the Borough, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

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

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has

not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Borough and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

RATING

The Notes are not rated. On April 11, 2018, S&P Global Ratings, acting through Standard & Poor's Financial Services, LLC ("S&P"), assigned a rating of "AA-" to the Borough's \$14,900,000 General Obligation Bonds, Series 2018 dated and issued on May 10, 2018. S&P has no obligation to monitor or review such rating. Such rating does not apply to the Notes and S&P has not reviewed such rating in connection with the issuance of the Notes.

PURCHASER

The Notes have been purchased from the Borough at a public sale by _____ (the "Purchaser") at a price of \$_____ (the "Purchase Price"). The Purchaser has purchased the Notes in accordance with the Notice of Sale. The Purchase Price reflects the par amount of the Notes plus a bid premium of \$_____.

The Purchaser intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Purchaser reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Purchaser may offer and sell Notes to certain dealers (including dealers depositing Notes into investment trusts) at a yield higher than the public offering yield set forth on the cover page, and such public offering yield may be changed, from time to time, by the Purchaser without prior notice.

MUNICIPAL ADVISOR

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

APPROVAL OF LEGAL PROCEEDINGS

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

FINANCIAL STATEMENTS

Appendix "B" contains certain audited financial data of the Borough for the Borough's fiscal year ending December 31, 2024. The audited financial data was extracted from the report prepared by PKF O'Connor Davies, LLP, Cranford, New Jersey (the "Auditor"), to the extent and for the period set forth in their report appearing in Appendix "B". The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix "B" hereto) and, accordingly, we will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Borough's Chief Financial Officer, 39 Washington Avenue, Milltown, New Jersey 08850, telephone (732) 828-2100, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691 telephone (609) 291-0130.

MISCELLANEOUS

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

BOROUGH OF MILLTOWN, IN THE COUNTY OF MIDDLESEX, NEW JERSEY

Joseph Zanga
Chief Financial Officer

Dated: November __, 2025

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A
GENERAL INFORMATION REGARDING THE BOROUGH

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION REGARDING THE BOROUGH¹

The following material presents certain economic and demographic information of the Borough of Milltown (the "Borough").

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2024	3,905	3,752	153	3.9%
2023	3,886	3,751	135	3.5%
2022	3,834	3,710	124	3.2%
2021	3,785	3,560	225	5.9%
2020	3,762	3,463	299	7.9%
<u>County</u>				
2024	451,078	430,775	20,303	4.5%
2023	449,456	430,665	18,791	4.2%
2022	441,300	425,061	16,239	3.7%
2021	434,089	406,494	27,595	6.4%
2020	431,854	393,791	38,063	8.8%
<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

¹ Source: The Borough (unless otherwise indicated).

Income (as of 2023)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$119,958	\$109,028	\$101,050
Median Family Income	132,109	130,331	123,892
Per Capita Income	53,009	49,417	53,118

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

Population

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

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	7,170	1.89%	890,119	3.12%	9,500,851	2.28%
2020	7,037	2.09	863,162	6.58	9,288,994	5.65
2010	6,893	-1.53	809,858	7.96	8,791,894	4.49
2000	7,000	0.46	750,162	11.67	8,414,350	8.85
1990	6,968	-2.35	671,780	12.74	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Target Corporation	\$6,087,900	1.36%
HD Development of Maryland, Inc.	4,802,300	1.08%
Heritage Plaza, LLC c/o Exec Prop Mgt	4,375,600	0.98%
SB Building Associates	2,406,500	0.54%
Transcontinental Gas Pipeline Corp	2,208,500	0.49%
SB Milltown Industrial Realty World	1,275,000	0.29%
Henry Plaza, Inc.	1,217,500	0.27%
Peoples Plaza, LLC	1,200,000	0.27%
Arisa Realty, Co c/o Lipkis	1,133,600	0.25%
ALSOL Corp. Bergen & Bornstein	<u>1,130,000</u>	<u>0.25%</u>
Total	<u>\$25,836,900</u>	<u>5.79%</u>

Source: Borough of Milltown

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	\$30,124,543	\$29,592,626	98.23%
2023	29,462,105	29,219,675	99.18%
2022	29,330,119	28,988,583	98.84%
2021	28,737,452	28,518,874	99.24%
2020	28,004,239	27,437,942	97.98%

Source: Annual Audit Reports

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	\$2,105,163	\$271,183	\$2,376,346	7.89%
2023	1,835,126	223,928	2,059,054	6.99%
2022	1,876,042	346,924	2,222,966	7.58%
2021	1,841,166	247,280	2,088,445	7.27%
2020	1,841,159	298,402	2,139,562	7.64%

Source: Annual Audit Reports

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$3,400
2023	3,400
2022	3,400
2021	3,400
2020	3,400

Source: Annual Audit Reports

[Remainder of page intentionally left blank]

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2025	\$1.729	\$4.257	\$0.965	\$6.951
2024	1.694	4.088	0.972	6.754
2023	1.663	4.023	0.945	6.631
2022	1.631	4.077	0.893	6.601
2021	1.604	3.999	0.861	6.464

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$446,356,400	\$1,353,005,153	32.99%	\$0	\$1,353,005,153
2024	444,879,500	1,232,694,652	36.09	0	1,232,694,652
2023	443,301,000	1,192,310,382	37.18	0	1,192,310,382
2022	444,241,700	1,132,980,617	39.21	0	1,132,980,617
2021	444,040,800	1,025,261,602	43.31	0	1,025,261,602

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

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Borough for 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	\$6,006,900	\$391,088,200	\$0	\$41,375,200	\$4,567,400	\$1,841,800	\$444,879,500
2023	6,207,400	389,254,600	0	41,588,900	4,567,400	1,682,700	443,301,000
2022	6,162,700	389,739,300	0	42,089,600	4,567,400	1,682,700	444,241,700
2021	6,224,200	389,421,900	0	42,144,600	4,567,400	1,682,700	444,040,800
2020	5,460,700	389,248,200	0	42,647,400	4,567,400	1,682,700	443,606,400

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$737,505	\$932,427	\$1,250,555	\$907,000	\$1,639,271
Miscellaneous Revenues	3,433,068	4,991,063	2,709,129	3,799,012	2,921,215
Receipts from Delinquent Taxes	185,000	200,000	150,000	200,682	250,000
Amount to be Raised by Taxation	<u>7,125,491</u>	<u>7,245,645</u>	<u>7,374,613</u>	<u>7,533,929</u>	<u>7,717,065</u>
Total Revenue:	<u>\$11,481,063</u>	<u>\$13,369,135</u>	<u>\$11,484,297</u>	<u>\$12,440,623</u>	<u>\$12,527,551</u>
<u>Appropriations</u>					
General Appropriations	\$7,699,937	\$8,054,060	\$8,580,425	\$8,892,740	\$9,232,809
Operations (Excluded from CAPS)	1,736,978	3,215,312	797,724	1,201,297	1,222,668
Deferred Charges and Statutory Expenditures	41,800	53,270	28,271	28,271	28,271
Capital Improvement Fund	40,000	95,000	100,000	175,000	30,000
Municipal Debt Service	1,316,654	1,318,102	1,352,877	1,513,315	1,373,803
Reserve for Uncollected Taxes	<u>645,694</u>	<u>633,391</u>	<u>625,000</u>	<u>630,000</u>	<u>640,000</u>
Total Appropriations:	<u>\$11,481,063</u>	<u>\$13,369,135</u>	<u>\$11,484,297</u>	<u>\$12,440,623</u>	<u>\$12,527,551</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

	<u>Fund Balance - Current Fund</u>	
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024	\$2,741,669	\$1,639,271
2023	1,129,044	907,000
2022	2,196,539	1,250,555
2021	1,478,272	932,427
2020	1,056,895	737,505

Source: Annual Audit Reports

Water & Sewer Utility Operating Fund

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

Fund Balance		
<u>Water/Sewer Utility Operating Fund</u>		
<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$313,869	\$212,000
2023	244,921	210,855
2022	264,416	200,000
2021	625,100	600,000
2020	761,979	725,000

Source: Annual Audit Reports

Electric Utility Operating Fund

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

Fund Balance		
<u>Electric Utility Operating Fund</u>		
<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$1,238,438	\$226,082
2023	1,223,334	200,017
2022	1,386,705	125,000
2021	1,524,125	125,000
2020	1,441,226	117,489

Source: Annual Audit Reports

[Remainder of page intentionally left blank]

Borough Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$7,780,000
Bond Anticipation Notes	2,558,767
Bonds and Notes Authorized but Not Issued	2,686,327
Other Bonds, Notes and Loans	58,434
Total:	<u>\$13,083,528</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	\$5,682,000
Bond Anticipation Notes	846,000
Bonds and Notes Authorized but Not Issued	247,979
Other Bonds, Notes and Loans	9,752,605
Total:	<u>\$16,528,584</u>

TOTAL GROSS DEBT

\$29,612,112

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	0
Self-Liquidating Debt	14,866,780
Total:	<u>\$14,866,780</u>

TOTAL NET DEBT

\$14,745,332

Source: Annual Debt Statement of the Borough

[Remainder of page intentionally left blank]

Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$0	100.00%	\$0
County	885,879,466	0.83%	<u>7,316,240</u>
Net Indirect Debt			\$7,316,240
Net Direct Debt			<u>14,745,332</u>
Total Net Direct and Indirect Debt			<u>\$22,061,572</u>

Source: Annual Debt Statement of the Borough

Debt Limit (as of December 31, 2024)

Average Equalized Valuation Basis (2022, 2023, 2024)	\$1,185,995,217
Permitted Debt Limitation (3 1/2%)	41,509,833
Less: Net Debt	<u>14,745,332</u>
Remaining Borrowing Power	<u>\$26,764,500</u>
Percentage of Net Debt to Average Equalized Valuation	1.243%
Gross Debt Per Capita based on 2020 population of 7,037	\$4,208
Net Debt Per Capita based on 2020 population of 7,037	\$2,095

Source: Annual Debt Statement of the Borough

Litigation

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

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

APPENDIX B
FINANCIAL INFORMATION REGARDING THE BOROUGH

[THIS PAGE INTENTIONALLY LEFT BLANK]



Borough of Milltown

The Greatest Little Town in the Land.



AUDIT REPORT

DECEMBER 31, 2024 AND 2023



Know Greater Value®

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
 <u>FINANCIAL STATEMENTS – REGULATORY BASIS</u> 	
<u>Exhibits</u>	
A Comparative Balance Sheets	4
A-1 Comparative Statement of Operations and Change in Fund Balance	6
A-2 Statement of Revenues	7
A-3 Statement of Expenditures	9
B Comparative Balance Sheet	15
C Comparative Balance Sheet	17
C-1 Statement of Fund Balance	18
D Balance Sheets	19
D-1 Comparative Statement of Operations and Change in Fund Balance - Utility Operating Fund	21
D-2 Statement of Fund Balance - Utility Capital Fund	22
D-3 Statement of Revenues - Utility Operating Fund	23
D-4 Statement of Expenditures - Utility Operating Fund	24
E Comparative Balance Sheets	25
E-1 Comparative Statement of Operations and Change in Fund Balance - Utility Operating Fund	27
E-2 Statement of Fund Balance - Utility Capital Fund	28
E-3 Statement of Revenues - Utility Operating Fund	29
E-4 Statement of Expenditures - Utility Operating Fund	30
F Governmental Fixed Assets	31
Notes To Financial Statements	32

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

[THIS PAGE INTENTIONALLY LEFT BLANK]



INDEPENDENT AUDITORS' REPORT

**Honorable Mayor and Members
of the Borough Council
Borough of Milltown
Middlesex County, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Borough of Milltown, County of Middlesex, New Jersey ("Borough") which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Borough as of December 31, 2024 and 2023, and the regulatory basis statement of operations and changes in fund balances for the years then ended, the regulatory basis statement of changes in fund balance, the regulatory basis statements of revenues and the regulatory basis statements of expenditures for the year ended December 31, 2024 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division") described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2024 and 2023, or its revenues, expenditures, and changes in fund balance thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and requirements prescribed by the Division. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, and to meet

**Honorable Mayor and Members
of the Borough Council
Borough of Milltown**

Page 2

our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and 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.

In performing an audit in accordance with GAAS and 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.

**Honorable Mayor and Members
of the Borough Council
Borough of Milltown**

Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 8, 2025

Robert E. Provost

Robert E. Provost, CPA
Registered Municipal Accountant, No. 582

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<u>ASSETS AND DEFERRED CHARGES</u>		
Current Fund:		
Cash and Cash Equivalents - Treasurer	\$ 6,464,352.08	\$ 4,610,143.79
Cash - Petty Cash	550.00	550.00
Cash - Change Fund	<u>350.00</u>	<u> </u>
	<u>6,465,252.08</u>	<u>4,610,693.79</u>
Receivables with Offsetting Reserves:		
Delinquent Taxes	271,183.10	223,928.07
Tax Title Liens	2,105,163.21	1,835,126.36
Property Acquired for Taxation	3,400.00	3,400.00
Revenue Accounts Receivable	8,890.40	6,622.08
Interfunds Receivable		1,870,102.57
Due from Township of East Brunswick	<u>8,450.00</u>	<u>8,450.00</u>
	<u>2,397,086.71</u>	<u>3,947,629.08</u>
Deferred Charges - Special Emergencies	<u>56,542.28</u>	<u>84,813.28</u>
Total Current Fund	<u>8,918,881.07</u>	<u>8,643,136.15</u>
Grant Fund:		
Cash and Cash Equivalents - Treasurer	234,526.96	
Grants Receivable	<u>3,242,403.20</u>	<u>2,134,906.20</u>
Total Grant Fund	<u>3,476,930.16</u>	<u>2,134,906.20</u>
	<u>\$ 12,395,811.23</u>	<u>\$ 10,778,042.35</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
DECEMBER 31, 2024 AND 2023**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 727,261.89	\$ 568,600.96
Reserve for Encumbrances	126,729.44	136,092.89
Prepaid Taxes	177,163.69	213,163.12
Various Reserves	218,675.82	219,102.82
Commitments Payable	151,922.34	151,697.34
Due County for Added & Omitted Taxes	9,826.55	8,160.73
Local School Tax Payable	2,361,570.57	2,183,276.08
Reserve for Municipal Relief Fund Aid		40,383.44
Tax Overpayments	4,412.61	
Due to State of NJ per Ch. 20, P.L. 1971	2,561.96	1,666.96
Interfunds Payable		44,319.18
	<hr/>	<hr/>
	3,780,124.87	3,566,463.52
Reserve for Receivables	2,397,086.71	3,947,629.08
Fund Balance	<hr/>	<hr/>
	2,741,669.49	1,129,043.55
Total Current Fund	<hr/>	<hr/>
	8,918,881.07	8,643,136.15
Grant Fund:		
Reserve for Grants:		
Appropriated	1,172,278.04	606,297.69
Unappropriated	47,592.27	46,018.32
Bank Overdraft		857,399.48
Reserve for Encumbrances	<hr/>	<hr/>
	2,257,059.85	625,190.71
Total Grant Fund	<hr/>	<hr/>
	3,476,930.16	2,134,906.20
	<hr/>	<hr/>
	\$ 12,395,811.23	\$ 10,778,042.35

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
YEARS ENDED DECEMBER 31, 2024 AND 2023**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>2024</u>	<u>2023</u>
Fund Balance Utilized	\$ 907,000.00	\$ 1,250,554.76
Miscellaneous Revenues Anticipated	6,628,160.39	3,112,436.93
Receipts from Delinquent Taxes	223,911.30	413,665.54
Receipts from Current Taxes	29,592,626.18	29,219,674.79
Nonbudget Revenue	84,867.70	402,633.79
Other Credits to Income:		
Interfunds Returned	1,194,899.57	
Unexpended Balances of Appropriation Reserves	547,603.87	311,473.34
Transfers from Tax Special Charges		316,887.89
	<hr/>	<hr/>
Total Revenue and Other Income	39,179,069.01	35,027,327.04
	<hr/>	<hr/>
<u>EXPENDITURES AND OTHER CHARGES</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages	4,553,300.00	4,465,650.00
Other Expenses	6,476,798.78	3,768,597.47
Deferred Charges and Statutory Expenditures	1,389,271.00	1,263,271.00
Municipal Debt Service	1,513,255.01	1,350,872.93
Capital Improvements	175,000.00	100,000.00
County Tax	4,324,787.30	4,188,869.86
County Share of Added and Omitted Taxes	9,826.55	8,160.73
Local District School Taxes	18,188,090.00	17,831,461.00
Refund of Prior Year Revenue	29,114.43	
Interfunds Advanced		1,867,384.80
	<hr/>	<hr/>
Total Expenditures and Other Charges	36,659,443.07	34,844,267.79
	<hr/>	<hr/>
Statutory Excess to Fund Balance	2,519,625.94	183,059.25
Balance - January 1	1,129,043.55	2,196,539.06
	<hr/>	<hr/>
	3,648,669.49	2,379,598.31
Decreased by:		
Utilization as Anticipated Revenue	907,000.00	1,250,554.76
	<hr/>	<hr/>
Balance - December 31	\$ 2,741,669.49	\$ 1,129,043.55
	<hr/>	<hr/>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Anticipated 2024	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 907,000.00		\$ 907,000.00	
Miscellaneous Revenue Anticipated:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	2,400.00		5,625.00	\$ 3,225.00
Fees and Permits	35,000.00		40,433.90	5,433.90
Fines and Costs:				
Municipal Court	65,000.00		178,936.61	113,936.61
Interest and Costs on Taxes	175,000.00		58,197.96	(116,802.04)
Interest on Investments and Deposits	25,000.00		430,453.63	405,453.63
Swimming Pool Fees	175,000.00		234,862.00	59,862.00
Recreation Fees	90,000.00		107,805.00	17,805.00
	<u>567,400.00</u>	<u>-</u>	<u>1,056,314.10</u>	<u>488,914.10</u>
State Aid with Offsetting Appropriations:				
Municipal Relief Fund Aid	40,383.00		40,383.44	0.44
Energy Receipts Tax (P.L.1997, Chapters 162 & 167)	391,786.00		391,786.00	
Dedicated Uniform Construction Code Fees Offset with Appropriations (NJS 40A:4-36 & NJAC 5:23-417):				
Uniform Construction Code Fees	70,000.00		105,415.00	35,415.00
Public and Private Revenues:				
Middlesex County - CDBG Grant		\$ 59,419.00	59,419.00	
Recycling Tonnage Grant	11,775.13		11,775.13	
Community Energy Plan Grant		10,000.00	10,000.00	
Recycling Enhancement Grant	10,434.97		10,434.97	
NJ Pop-Up Party Prevention Grant		17,643.03	17,643.03	
Clean Communities Program	18,376.65		18,376.65	
LEAP Grant - Street Sweeping Services	225,000.00		225,000.00	
Stormwater Assistance Grant		10,000.00	10,000.00	
American Rescue Plan - Fire Fighter Grant	75,000.00		75,000.00	
DCA Fire Truck Replacement Grant		200,000.00	200,000.00	
DCA Water Improvement Grant - 2023		1,000,000.00	1,000,000.00	
DCA Water Improvement Grant - 2024		1,000,000.00	1,000,000.00	
	<u>340,586.75</u>	<u>2,297,062.03</u>	<u>2,637,648.78</u>	<u>-</u>
Other Special Items:				
Anticipated Utility Operating Surplus - Electric	1,000,000.00		1,000,000.00	
Payment in lieu of Taxes - Arisa Redevelopment	400,000.00		408,893.98	8,893.98
Cell Tower Lease	79,318.25		77,087.72	(2,230.53)
Cable Television Franchise Fees	87,000.00		88,093.37	1,093.37
Prior Year Interfunds Liquidated	675,203.00		675,203.00	
Reserve for Payment of Notes	147,335.00		147,335.00	
	<u>2,388,856.25</u>	<u>-</u>	<u>2,396,613.07</u>	<u>7,756.82</u>
Total Miscellaneous Revenue	<u>3,799,012.00</u>	<u>2,297,062.03</u>	<u>6,628,160.39</u>	<u>532,085.92</u>
Receipts from Delinquent Taxes and Special Charges	<u>200,681.75</u>		<u>223,911.30</u>	<u>23,229.55</u>
Subtotal General Revenues	\$ <u>4,906,693.75</u>	\$ <u>2,297,062.03</u>	\$ <u>7,759,071.69</u>	\$ <u>555,315.47</u>

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Anticipated <u>2024</u>	N.J.S.A. <u>40A:4-87</u>	<u>Realized</u>	<u>Excess</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including				
Reserve for Uncollected Taxes	\$ 7,136,492.00		\$ 7,302,485.33	\$ 165,993.33
Municipal Library Levy	397,437.00		397,437.00	
	<u>7,533,929.00</u>	<u>-</u>	<u>7,699,922.33</u>	<u>165,993.33</u>
Budget Totals	12,440,622.75	\$ 2,297,062.03	15,458,994.02	721,308.80
Nonbudget Revenues			84,867.70	84,867.70
	<u>\$ 12,440,622.75</u>	<u>\$ 2,297,062.03</u>	<u>\$ 15,543,861.72</u>	<u>\$ 806,176.50</u>

Detail of Realized Revenue - Delinquent taxes
Collection of Prior Year Taxes

\$ 223,911.30
\$ 223,911.30

Detail of Realized Revenue - Miscellaneous
Revenue Accounts Receivable
Grants Receivable

\$ 3,990,511.61
2,637,648.78
\$ 6,628,160.39

Analysis of Nonbudgeted Revenues:

Senior Citizen Activities	\$ 2,785.00
Fees and Billing	26,328.90
Inspection Fines	1,000.00
Recycling	1,557.40
Sale of Assets	41,201.00
Miscellaneous	11,995.40
Above	<u>\$ 84,867.70</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
<u>GENERAL GOVERNMENT FUNCTIONS</u>						
General Administration:						
Salaries and Wages	\$ 51,000.00	\$ 36,000.00	\$ 32,360.47		\$ 3,639.53	
Other Expenses	2,600.00	2,600.00	2,573.39		26.61	
Mayor and Council:						
Salaries and Wages	9,750.00	9,750.00	9,662.52		87.48	
Other Expenses	2,800.00	2,800.00	2,195.00	\$ 199.66	405.34	
Municipal Clerk:						
Salaries and Wages	106,000.00	106,000.00	100,703.23		5,296.77	
Other Expenses	23,000.00	30,000.00	29,078.88		921.12	
Local Access Channel	5,000.00	5,000.00			5,000.00	
Financial Administration:						
Salaries and Wages	68,000.00	63,000.00	56,421.62		6,578.38	
Other Expenses	79,229.00	94,229.00	80,123.38	8,098.29	6,007.33	
Payroll Processing Services:						
Other Expenses	7,500.00	7,500.00	6,117.78		1,382.22	
Audit Services:						
Other Expenses	31,000.00	31,000.00	29,000.00		2,000.00	
IT Administration:						
Other Expenses	87,000.00	102,000.00	94,055.54		7,944.46	
Collection of Taxes:						
Salaries and Wages	85,000.00	85,000.00	80,852.44		4,147.56	
Other Expenses	14,800.00	17,800.00	8,564.76	513.80	8,721.44	
Assessment of Taxes:						
Salaries and Wages	30,000.00	30,000.00	27,752.06		2,247.94	
Other Expenses	4,300.00	4,300.00	1,652.44		2,647.56	
Legal Services:						
Other Expenses	215,000.00	240,000.00	233,889.24	1,892.50	4,218.26	
Engineering Services and Costs:						
Misc. Other Expenses	35,000.00	25,000.00	22,340.75		2,659.25	
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):						
Planning Board:						
Salaries and Wages	7,500.00	7,500.00	7,500.00			
Other Expenses	50,300.00	20,300.00	10,773.88	87.50	9,438.62	
Zoning Board:						
Salaries and Wages	85,000.00	85,000.00	82,785.96		2,214.04	
Other Expenses	5,000.00	5,000.00	1,259.49	756.03	2,984.48	

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
<u>INSURANCE</u>						
Liability Insurance	\$ 160,000.00	\$ 115,000.00	\$ 111,678.39	\$	3,321.61	
Workers' Compensation	100,000.00	100,000.00	98,374.95		1,625.05	
Employee Group Health Insurance	740,000.00	740,000.00	727,197.09	\$ 440.96	12,361.95	
Unemployment Insurance	10,000.00	10,000.00	10,000.00			
Health Benefits Waiver	50,000.00	40,000.00	32,769.84		7,230.16	
<u>PUBLIC SAFETY FUNCTIONS</u>						
Police:						
Salaries and Wages	2,230,000.00	2,297,000.00	2,290,542.55		6,457.45	
Other Expenses	190,000.00	190,000.00	176,377.03	2,530.54	11,092.43	
Crossing Guards:						
Salaries and Wages	119,000.00	109,000.00	105,200.27		3,799.73	
Other Expenses	4,500.00	4,500.00	871.60		3,628.40	
Police Dispatch/911:						
Salaries and Wages	165,000.00	175,000.00	175,000.00			
Other Expenses	1,500.00	1,500.00		385.00	1,115.00	
Emergency Management Services:						
Other Expenses	30,000.00	30,000.00	5,258.92	125.00	24,616.08	
First Aid Organization:						
Contribution	45,000.00	45,000.00	45,000.00			
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383):						
Other Expenses	100,000.00	100,000.00	55,947.79	13,402.99	30,649.22	
Municipal Prosecutor:						
Other Expenses	19,000.00	19,000.00	18,690.00		310.00	
Municipal Court:						
Salaries and Wages	77,000.00	70,000.00	59,724.65		10,275.35	
Other Expenses	14,040.00	14,040.00	4,542.13	832.63	8,665.24	
Public Defender (P.L. 1997, C.256):						
Other Expenses	3,000.00	3,000.00	2,440.00		560.00	
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	475,000.00	475,000.00	465,174.81		9,825.19	
Other Expenses	77,960.00	77,960.00	32,331.68	13,920.22	31,708.10	
Street Cleaning:						
Other Expenses	1,500.00	1,500.00	100.00	375.00	1,025.00	

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
<u>PUBLIC WORKS FUNCTIONS (CONTINUED)</u>						
Garbage and Trash Removal:						
Salaries and Wages	\$ 355,000.00	\$ 340,000.00	\$ 323,713.53		\$ 16,286.47	
Other Expenses	272,500.00	272,500.00	238,336.10	\$ 2,210.00	31,953.90	
O.S.H.A Requirement:						
Other Expenses	4,000.00	4,000.00	2,053.25		1,946.75	
Recycling:						
Other Expenses	7,050.00	7,050.00	4,906.71		2,143.29	
Public Buildings and Grounds:						
Salaries and Wages	20,000.00	20,000.00	16,490.63		3,509.37	
Other Expenses	82,600.00	92,600.00	79,381.53	7,346.69	5,871.78	
Vehicle Maintenance:						
Salaries and Wages	98,000.00	98,000.00	95,942.79		2,057.21	
Other Expenses	200,000.00	200,000.00	122,292.97	35,343.85	42,363.18	
Snow Removal:						
Other Expenses	10,000.00	10,000.00	3,737.11	1,468.50	4,794.39	
Environmental Commission:						
Other Expenses	900.00	900.00	515.00		385.00	
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Board of Health:						
Salaries and Wages	8,550.00	8,550.00	8,426.97		123.03	
Other Expenses	2,100.00	2,100.00	618.00		1,482.00	
Property Clean-Ups:						
Other Expenses	5,000.00	5,000.00			5,000.00	
<u>PARK AND RECREATION FUNCTIONS</u>						
Department of Recreation:						
Salaries and Wages	127,000.00	137,000.00	134,069.16		2,930.84	
Other Expenses	57,600.00	57,600.00	47,747.02		9,852.98	
Celebration of Public Events:						
Other Expenses	7,300.00	7,300.00	7,300.00			
Office on Aging (Social Services):						
Salaries and Wages	90,000.00	80,000.00	76,128.73		3,871.27	
Other Expenses	26,950.00	26,950.00	23,020.88	1,550.85	2,378.27	
Pool Expenses:						
Salaries and Wages	190,000.00	180,000.00	179,697.40		302.60	
Other Expenses	89,750.00	89,750.00	67,392.08	6,717.73	15,640.19	
Parks and Playgrounds:						
Salaries and Wages	57,000.00	57,000.00	54,387.33		2,612.67	
Other Expenses	22,000.00	12,000.00	6,843.76	1,000.00	4,156.24	
Milltown Revitalization Donation:						
Other Expenses	5,000.00	5,000.00			5,000.00	

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone	\$ 25,000.00	\$ 25,000.00	\$ 18,374.96	\$ 447.88	\$ 6,177.16	
Gasoline	35,000.00	45,000.00	43,896.71		1,103.29	
Natural Gas Heating	14,000.00	14,000.00	11,506.33		2,493.67	
<u>UNCLASSIFIED</u>						
Terminal Leave:						
Salaries and Wages	10,000.00	10,000.00	10,000.00			
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Construction Official (Chief Admin. Of Enforcement Agency):						
Salaries and Wages	82,000.00	82,000.00	79,680.52		2,319.48	
Other Expenses	31,000.00	31,000.00	2,103.64	26,749.32	2,147.04	
Total Operations within "CAPS"	<u>7,552,579.00</u>	<u>7,547,579.00</u>	<u>6,995,447.64</u>	<u>126,394.94</u>	<u>425,736.42</u>	
<u>CONTINGENT</u>	<u>1,000.00</u>	<u>1,000.00</u>			<u>1,000.00</u>	
Total Operations Including Contingent - within "CAPS"	<u>7,553,579.00</u>	<u>7,548,579.00</u>	<u>6,995,447.64</u>	<u>126,394.94</u>	<u>426,736.42</u>	
Detail:						
Salaries and Wages	4,538,300.00	4,553,300.00	4,464,717.64	-	88,582.36	
Other Expenses (Including Contingent)	3,015,279.00	2,995,279.00	2,530,730.00	126,394.94	338,154.06	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	232,000.00	237,000.00	200,000.00		37,000.00	
Social Security System (O.A.S.I.)	350,000.00	350,000.00	345,437.50		4,562.50	
Police and Firemen's Retirement System of NJ	754,000.00	754,000.00	753,599.88		400.12	
Defined Contribution Retirement Plan	20,000.00	20,000.00	340.27		19,659.73	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>1,356,000.00</u>	<u>1,361,000.00</u>	<u>1,299,377.65</u>		<u>61,622.35</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>8,909,579.00</u>	<u>8,909,579.00</u>	<u>8,294,825.29</u>	<u>126,394.94</u>	<u>488,358.77</u>	

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
Other Operations - Excluded from "CAPS":						
Municipal Library	\$ 397,437.00	\$ 397,437.00	\$ 381,296.05		\$ 16,140.95	
Length of Service Award Program (LOSAP)	70,000.00	70,000.00	65,273.91		4,726.09	
Deficit in Trust Reserves	5,771.00	5,771.00	5,771.00			
NJDEP/Stormwater Permit (NJSA 40A:4-45.3(cc)):						
Engineering - Other Expenses	10,000.00	10,000.00	2,446.75		7,553.25	
<u>Total Other Operations - Excluded from "CAPS"</u>	<u>483,208.00</u>	<u>483,208.00</u>	<u>454,787.71</u>		<u>28,420.29</u>	
Interlocal Municipal Service Agreements:						
Middlesex County Improvement Authority:						
Public Health Service Contract:						
Other Expenses	43,038.00	43,038.00	43,037.80		0.20	
MCIA:						
Recycling Program - Other Expenses	225,000.00	225,000.00	166,300.71	\$ 315.00	58,384.29	
Township of Woodbridge - Animal Control:						
Other Expenses	18,000.00	18,000.00	9,700.00		8,300.00	
South River Court Administration:						
Other Expenses	50,625.00	50,625.00	50,625.00			
Mobile Data Terminal System - South Brunswick:						
Other Expenses	14,000.00	14,000.00			14,000.00	
<u>Total Interlocal Municipal Service Agreements</u>	<u>350,663.00</u>	<u>350,663.00</u>	<u>269,663.51</u>	<u>315.00</u>	<u>80,684.49</u>	
OPERATIONS - EXCLUDED FROM "CAPS"						
Public and Private Programs Offset by Revenues:						
CDBG Grant		59,419.00	59,419.00			
Recycling Tonnage Grant	11,775.13	11,775.13	11,775.13			
Recycling Enhancement Grant	10,434.97	10,434.97	10,434.97			
NJ DCA Water Improvement Grant		2,000,000.00	2,000,000.00			
American Rescue Plan - Firefighter Grant	75,000.00	75,000.00	75,000.00			
LEAP Street Sweeping Grant	225,000.00	225,000.00	225,000.00			
State of NJ Pop-up Party Prevention		17,643.03	17,643.03			
Clean Communities Program	18,376.65	18,376.65	18,376.65			
NJ DCA Fire Truck Replacement		200,000.00	200,000.00			
Storm Water Assistance Grant		10,000.00	10,000.00			
Community Energy Plan Grant		10,000.00	10,000.00			
Matching Funds for Grants	10,000.00	10,000.00			10,000.00	
<u>Total Public and Private Programs Offset by Revenues</u>	<u>350,586.75</u>	<u>2,647,648.78</u>	<u>2,637,648.78</u>		<u>10,000.00</u>	
<u>Total Operations - Excluded from "CAPS"</u>	<u>1,184,457.75</u>	<u>3,481,519.78</u>	<u>3,362,100.00</u>	<u>315.00</u>	<u>119,104.78</u>	
Detail:						
Other Expenses	1,184,457.75	3,481,519.78	3,362,100.00	315.00	119,104.78	

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00			
Preliminary Expenses - Miller/Bog Brook	70,000.00	70,000.00	24,480.50	\$ 19.50	\$ 45,500.00	
Police Vehicles	75,000.00	75,000.00	701.66		74,298.34	
Total Capital Improvements Excluded from "CAPS"	175,000.00	175,000.00	55,182.16	19.50	119,798.34	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	665,000.00	665,000.00	665,000.00			
Payment of Bond Anticipation Notes and Capital Notes	445,000.00	445,000.00	445,000.00			
Interest on Bonds	289,907.00	289,907.00	289,907.00			
Interest on Notes	96,038.00	96,038.00	95,978.11			\$ 59.89
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	17,370.00	17,370.00	17,369.90			0.10
Total Municipal Debt Service - Excluded from "CAPS"	1,513,315.00	1,513,315.00	1,513,255.01			59.99
<u>DEFERRED CHARGES:</u>						
Special Emergency Authorizations- 5 Years (N.J.S. 40A:4-55)	28,271.00	28,271.00	28,271.00			
Total Deferred Charges - Excluded from "CAPS"	28,271.00	28,271.00	28,271.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,901,043.75	5,198,105.78	4,958,808.17	334.50	238,903.12	59.99
Total General Appropriations - Excluded from "CAPS"	2,901,043.75	5,198,105.78	4,958,808.17	334.50	238,903.12	59.99
Subtotal General Appropriations	11,810,622.75	14,107,684.78	13,253,633.46	126,729.44	727,261.89	59.99
Reserve for Uncollected Taxes	630,000.00	630,000.00	630,000.00			
Total General Appropriations	\$ 12,440,622.75	\$ 14,737,684.78	\$ 13,883,633.46	\$ 126,729.44	\$ 727,261.89	\$ 59.99
		Below	Below			Below
<u>Detail:</u>						
Budget as Adopted		\$ 12,440,622.75				
Added by NJSA 40A:4-87		2,297,062.03				
Total Budget After Modification		14,737,684.78				
Cash Disbursed			\$ 10,587,713.68			
Reserve for Uncollected Taxes		(630,000.00)	630,000.00			
Grant Fund Appropriated Reserves			2,637,648.78			
Deferred Charge - Special Emergency			28,271.00			
Cancelled		(59.99)				
		\$ 14,107,624.79	\$ 13,883,633.46			

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**TRUST FUND
COMPARATIVE BALANCE SHEETS -
REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Animal Control Fund:		
Cash, Treasurer	\$ <u>2,319.51</u>	\$ <u>5,101.35</u>
Total Animal Control Fund	<u>2,319.51</u>	<u>5,101.35</u>
Trust-Other Fund:		
Cash, Treasurer	876,311.48	889,324.92
Due from Municipal Court	100.00	100.00
Interfunds Receivable	<u> </u>	<u>26,272.00</u>
Total Trust-Other Fund	<u>876,411.48</u>	<u>915,696.92</u>
Unemployment Fund:		
Cash, Treasurer	<u>73,147.19</u>	<u>61,128.95</u>
Total Unemployment Fund	<u>73,147.19</u>	<u>61,128.95</u>
Payroll Trust Fund:		
Cash, Treasurer	79,375.42	38,542.92
Interfunds Receivable	<u> </u>	49,650.18
Accounts Receivable	<u>4,205.85</u>	<u>4,205.85</u>
Total Payroll Trust Fund	<u>83,581.27</u>	<u>92,398.95</u>
Public Assistance Trust Fund:		
Cash, Treasurer	<u>9,000.40</u>	<u>9,000.47</u>
Total Public Assistance Trust Fund	<u>9,000.40</u>	<u>9,000.47</u>
Law Enforcement Trust Fund:		
Cash, Treasurer	<u>11,590.41</u>	<u>11,191.78</u>
Total Law Enforcement Trust Fund	<u>11,590.41</u>	<u>11,191.78</u>
	<u>\$ 1,056,050.26</u>	<u>\$ 1,094,518.42</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**TRUST FUND
COMPARATIVE BALANCE SHEETS -
REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Animal Control Fund:		
Reserve for Animal Control	\$ 2,290.11	\$ 5,101.35
Due to State of New Jersey	29.40	0.00
Total Animal Control Fund	<u>2,319.51</u>	<u>5,101.35</u>
Trust-Other Fund:		
Reserve for Various Deposits	855,973.52	861,591.31
Reserve for Encumbrances	20,437.96	23,032.04
Interfunds Payable		31,073.57
Total Trust-Other Fund	<u>876,411.48</u>	<u>915,696.92</u>
Trust - Unemployment:		
Reserve for Unemployment Compensation	<u>73,147.19</u>	<u>61,128.95</u>
Total Trust-Unemployment Fund	<u>73,147.19</u>	<u>61,128.95</u>
Payroll Trust Fund:		
Payroll Deductions Payable	83,581.27	91,870.28
Interfunds Payable		528.67
Total Payroll Trust Fund	<u>83,581.27</u>	<u>92,398.95</u>
Public Assistance Trust Fund:		
Reserve for Public Assistance	<u>9,000.40</u>	<u>9,000.47</u>
Total Public Assistance Trust Fund	<u>9,000.40</u>	<u>9,000.47</u>
Law Enforcement Trust Fund:		
Reserve for Law Enforcement	<u>11,590.41</u>	<u>11,191.78</u>
Total Law Enforcement Trust Fund	<u>11,590.41</u>	<u>11,191.78</u>
	<u>\$ 1,056,050.26</u>	<u>\$ 1,094,518.42</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE BALANCE SHEET - REGULATORY BASIS
GENERAL CAPITAL FUND
DECEMBER 31, 2024 AND 2023**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Cash, Treasurer	\$ 245,796.62	\$ 1,319,642.70
Grants Receivable	1,883,446.76	1,184,764.26
Library Contribution Receivable	25,000.00	25,000.00
Deferred Charges to Future Taxation:		
Funded	7,838,434.01	8,519,395.42
Unfunded	<u>5,235,673.62</u>	<u>3,939,173.62</u>
Total	<u>\$ 15,228,351.01</u>	<u>\$ 14,987,976.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
General Serial Bonds	\$ 7,780,000.00	\$ 8,445,000.00
Bond Anticipation Notes	2,558,767.00	2,203,767.00
NJDEP Green Trust Loan	58,434.01	74,395.42
Reserve for Encumbrances	1,869,533.06	655,754.57
Interfunds Payable		400,000.00
Improvement Authorizations:		
Funded	1,069,568.68	1,393,367.36
Unfunded	1,582,461.08	1,255,474.25
Schedule of:		
Capital Improvement Fund	131,517.74	193,937.74
Reserve for Grants Receivable	127,050.00	127,050.00
Various Reserves	11,428.58	208,763.58
Fund Balance	<u>39,590.86</u>	<u>30,466.08</u>
Total	<u>\$ 15,228,351.01</u>	<u>\$ 14,987,976.00</u>

There were Bonds and Notes Authorized but Not Issued at December 31, 2024 and December 31, 2023 in the amount of \$2,686,327.06 and \$1,744,827.06, respectively.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

Balance - December 31, 2023	\$ 30,466.08
Increased by:	
Premium on Sale of Bond Anticipation Notes	<u>9,124.78</u>
Balance - December 31, 2024	<u>\$ 39,590.86</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER AND SEWER UTILITY FUND
DECEMBER 31, 2024 AND 2023**

<u>ASSETS AND DEFERRED CHARGES</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Cash, Treasurer	\$ 767,235.31	\$ 1,269,691.01
Interfunds Receivable	55,649.99	8,283.81
	<u>822,885.30</u>	<u>1,277,974.82</u>
Receivables and Inventory with Offsetting Reserves:		
Consumer Accounts Receivable	536,809.37	370,288.21
Inventory	25,694.19	25,694.19
	<u>562,503.56</u>	<u>395,982.40</u>
Deferred Charges:		
Over-Expenditure of 2023 Budget Appropriations		4,187.11
Over-Expenditure of 2022 Budget Appropriations		29,358.27
		<u>33,545.38</u>
 Total Operating Fund	 <u>1,385,388.86</u>	 <u>1,707,502.60</u>
Capital Fund:		
Cash, Treasurer	225,579.66	294,733.30
Fixed Capital	21,162,063.60	20,011,992.12
Fixed Capital Authorized and Uncompleted	93,814.62	1,207,886.10
 Total Capital Fund	 <u>21,481,457.88</u>	 <u>21,514,611.52</u>
	 <u>\$ 22,866,846.74</u>	 <u>\$ 23,222,114.12</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER AND SEWER UTILITY FUND
DECEMBER 31, 2024 AND 2023**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Appropriation Reserves	\$ 187,181.36	\$ 469,716.46
Reserve for Encumbrances	160,418.08	198,402.23
Interfunds Payable		86,739.00
Consumer Overpayments	6,492.44	13,182.43
Commitments Payable	120,884.17	123,435.17
Reserve for Unexpended ARP Funds		136,554.82
Accrued Interest on Bonds, Loans and Notes	<u>34,040.42</u>	<u>38,568.63</u>
	<u>509,016.47</u>	<u>1,066,598.74</u>
Reserve for Receivables and Inventory	562,503.56	395,982.40
Fund Balance	<u>313,868.83</u>	<u>244,921.46</u>
Total Operating Fund	<u>1,385,388.86</u>	<u>1,707,502.60</u>
Capital Fund:		
Serial Bonds Payable	2,153,000.00	2,463,000.00
Bond Anticipation Notes	551,000.00	226,000.00
New Jersey Infrastructure Bank Loan:		
Federal	2,206,162.23	2,431,006.42
State	1,157,611.00	1,274,626.00
Interfund Payable	55,649.99	
Improvement Authorizations:		
Funded	10,959.87	58,627.38
Unfunded	82,854.75	524,340.88
Capital Improvement Fund	175,087.05	155,087.05
Reserve for:		
Paint Water Tower	50,000.00	50,000.00
Debt Service	4,007.00	4,007.00
Amortization	13,970,326.29	13,207,467.10
Deferred Reserve for Amortization	1,064,799.70	1,064,799.70
Fund Balance	<u>55,649.99</u>	<u>55,649.99</u>
Total Capital Fund	<u>21,481,457.88</u>	<u>21,514,611.52</u>
	<u>\$ 22,866,846.74</u>	<u>\$ 23,222,114.12</u>

There were Water-Sewer Utility Bonds and Notes Authorized but Not Issued at December 31, 2024 and 2023 in the amount of \$152,979.00 and \$552,979.00, respectively.

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
WATER AND SEWER UTILITY OPERATING FUND
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 210,854.57	\$ 200,000.00
Water Rents	3,395,594.66	3,132,775.76
Water Tower Rental Fees	114,034.70	117,240.20
Water Capital Surplus	55,649.99	
Nonbudget Revenue	23,333.00	23,371.48
American Rescue Plan Grant	136,554.82	364,612.91
Other Credits to Income:		
Unexpended Balances of Appropriation Reserves	337,163.64	114,463.23
Total Revenue and Other Income	4,273,185.38	3,952,463.58
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	2,892,300.00	2,714,000.00
Capital Improvements	56,000.00	60,000.00
Debt Service	874,538.06	877,145.11
Deferred Charges and Statutory Expenditures	170,545.38	125,000.00
Total Expenditures	3,993,383.44	3,776,145.11
Excess in Revenue over Expenditures	279,801.94	176,318.47
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Years-		
Over-Expenditure of Budget Appropriation		4,187.11
Statutory Excess to Fund Balance	279,801.94	180,505.58
Balance - January 1	244,921.46	264,415.88
Decreased By:	524,723.40	444,921.46
Utilization as Anticipated Revenue	210,854.57	200,000.00
Balance - December 31	\$ 313,868.83	\$ 244,921.46

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**STATEMENT OF FUND BALANCE - REGULATORY BASIS
WATER AND SEWER UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2024**

Balance - December 31, 2023	\$ 55,649.99
Decreased by:	
Budgeted Revenue in Water and Sewer Operating Fund	<u>55,649.99</u>
Balance - December 31, 2024	<u>\$ -</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**STATEMENT OF REVENUES - REGULATORY BASIS
WATER AND SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Anticipated</u>	<u>Realized</u>	<u>(Deficit)</u>
Operating Fund Balance Anticipated	\$ 210,854.57	\$ 210,854.57	
Water-Sewer Rents	3,476,300.00	3,395,594.66	\$ (80,705.34)
Water Tower Rental Fees	117,000.00	114,034.70	(2,965.30)
American Rescue Plan Grant	136,554.82	136,554.82	
Water Capital Surplus	<u>55,649.99</u>	<u>55,649.99</u>	
	3,996,359.38	3,912,688.74	(83,670.64)
Nonbudget Revenue	<u> </u>	<u>23,333.00</u>	<u>23,333.00</u>
	<u>\$ 3,996,359.38</u>	<u>\$ 3,936,021.74</u>	<u>\$ (60,337.64)</u>
Nonbudget Revenue:			
Interest and Costs		\$ 20,054.46	
Final Billing Fee		2,425.01	
Tax Sale Cost		<u>853.53</u>	
		<u>\$ 23,333.00</u>	

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER AND SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>- Expended -</u>		<u>Cancelled</u>
				<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATING</u>						
Salaries and Wages	\$ 615,000.00	\$ 615,000.00	\$ 608,760.82		\$ 6,239.18	
Other Expenses - Operating	897,300.00	897,300.00	721,994.38	\$ 160,418.08	14,887.54	
Water Purchase - City of New Brunswick	600,000.00	600,000.00	449,638.97		150,361.03	
Sewer Disposal - City of New Brunswick	770,000.00	770,000.00	754,360.72		15,639.28	
Terminal Leave	10,000.00	10,000.00	10,000.00			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating	2,892,300.00	2,892,300.00	2,544,754.89	160,418.08	187,127.03	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00			
Capital Outlay	36,000.00	36,000.00	36,000.00			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Improvements	56,000.00	56,000.00	56,000.00			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>DEBT SERVICE</u>						
Payment of Bond Principal	310,000.00	310,000.00	310,000.00			
Payment of Bond Anticipation Notes and Capital Notes	75,000.00	75,000.00	75,000.00			
Interest on Bonds	80,149.00	80,149.00	80,149.46			\$ 77.54
Interest on Notes	11,000.00	11,000.00	10,689.06			310.94
NJEIT Program - Principal & Interest	401,365.00	401,365.00	398,777.54			2,587.46
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Debt Service	877,514.00	877,514.00	874,538.06			2,975.94
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Deferred Charges:						
Overexpenditure of Appropriations	33,545.38	33,545.38	33,545.38			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	80,000.00	80,000.00	80,000.00			
Social Security System (O.A.S.I.)	47,000.00	47,000.00	46,945.67		54.33	
Unemployment Compensation Insurance (NJSA 43:21 et. Seq.)	10,000.00	10,000.00	10,000.00			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Charges and Statutory Expenditures	170,545.38	170,545.38	170,491.05		54.33	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Water and Sewer Utility Appropriations	\$ 3,996,359.38	\$ 3,996,359.38	\$ 3,645,784.00	\$ 160,418.08	\$ 187,181.36	\$ 2,975.94
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Detail:</u>						
Cash Disbursed			\$ 3,578,198.20			
Deferred Charges			33,545.38			
Accrued Interest On Bonds, Loans and Notes			34,040.42			
		<hr/>	<hr/>			
		(2,975.94)				
		<hr/>	<hr/>			
		\$ 3,993,383.44	\$ 3,645,784.00			
		<hr/>	<hr/>			

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
ELECTRIC UTILITY FUND
DECEMBER 31, 2024 AND 2023**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Cash, Treasurer	\$ 3,382,973.30	\$ 4,510,386.74
Change Fund	100.00	100.00
	<u>3,383,073.30</u>	<u>4,510,486.74</u>
Receivables and Inventory with Offsetting Reserves:		
Consumer Accounts Receivable	574,200.78	584,981.02
Inventory	102,457.50	102,457.50
	<u>676,658.28</u>	<u>687,438.52</u>
Deferred Charges - Over-Expenditure of 2023 Budget Appropriations		<u>7,795.14</u>
Total Operating Fund	<u>4,059,731.58</u>	<u>5,205,720.40</u>
Capital Fund:		
Cash, Treasurer	363,760.24	354,656.92
Fixed Capital	25,421,824.55	24,679,912.67
Fixed Capital Authorized and Uncompleted	162,663.17	1,304,575.05
Grant Receivable - Open Space	6,154.50	6,154.50
Total Capital Fund	<u>25,954,402.46</u>	<u>26,345,299.14</u>
	<u>\$ 30,014,134.04</u>	<u>\$ 31,551,019.54</u>

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
ELECTRIC UTILITY FUND
DECEMBER 31, 2024 AND 2023**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Appropriation Reserves	\$ 1,256,128.54	\$ 636,549.23
Reserve for Encumbrances	558,378.54	919,592.17
Consumer Overpayments	17,143.01	15,792.57
Consumer Deposits	167,529.88	168,083.38
Interfunds Payable		1,391,648.14
Commitments Payable	99,657.35	113,598.35
Accrued Interest on Bonds, Loans and Notes	45,797.92	49,683.72
	<u>2,144,635.24</u>	<u>3,294,947.56</u>
Reserve for Receivables and Inventory	676,658.28	687,438.52
Fund Balance	<u>1,238,438.06</u>	<u>1,223,334.32</u>
Total Operating Fund	<u>4,059,731.58</u>	<u>5,205,720.40</u>
Capital Fund:		
Serial Bonds Payable	3,529,000.00	3,794,000.00
Bond Anticipation Notes	295,000.00	260,000.00
New Jersey Infrastructure Bank Loan:		
Federal	4,173,831.81	4,572,475.87
State	2,215,000.00	2,380,000.00
Improvement Authorizations:		
Funded	148,892.56	147,835.22
Unfunded	13,770.61	488,454.61
Capital Improvement Fund	12,321.81	12,321.81
Reserve for:		
Encumbrances		2,270.02
Extension of Electrical Line	7,700.00	7,700.00
Electrical System Improvements	3,512.25	3,512.25
Amortization	11,682,669.96	10,804,025.90
Deferred Reserve for Amortization	3,593,985.95	3,593,985.95
Fund Balance	<u>278,717.51</u>	<u>278,717.51</u>
Total Capital Fund	<u>25,954,402.46</u>	<u>26,345,299.14</u>
	<u>\$ 30,014,134.04</u>	<u>\$ 31,551,019.54</u>

There were Electric Utility Bonds and Notes Authorized but Not Issued at December 31, 2024 and 2023 in the amount of \$95,000.00 and \$580,000.00, respectively.

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
ELECTRIC UTILITY OPERATING FUND
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Anticipated Surplus	\$ 200,017.14	\$ 125,000.00
Electric Charges	7,083,132.78	7,257,235.01
Nonbudget Revenues	49,161.00	42,967.69
Unexpended Balance of Appropriation Reserves	1,339,229.39	1,181,280.20
Cancellation of Accrued Interest		<u>13,523.84</u>
Total Revenue and Other Income	<u>8,671,540.31</u>	<u>8,620,006.74</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	6,074,000.00	6,038,700.00
Capital Improvements	50,000.00	50,000.00
Debt Service	1,094,624.29	1,164,677.82
Deferred Charges and Statutory Expenditures	<u>237,795.14</u>	<u>237,795.14</u>
Total Expenditures	<u>7,456,419.43</u>	<u>7,491,172.96</u>
Excess in Revenue over Expenditures	1,215,120.88	1,128,833.78
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Years-		
Over-Expenditure of Budget Appropriation		<u>7,795.14</u>
Statutory Excess to Fund Balance	1,215,120.88	1,136,628.92
Fund Balance, January 1	<u>1,223,334.32</u>	<u>1,386,705.40</u>
	2,438,455.20	2,523,334.32
Decreased by:		
Anticipated Surplus	200,017.14	125,000.00
Surplus - Prior Years - General Budget	<u>1,000,000.00</u>	<u>1,175,000.00</u>
	<u>1,200,017.14</u>	<u>1,300,000.00</u>
Fund Balance, December 31	<u>\$ 1,238,438.06</u>	<u>\$ 1,223,334.32</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**STATEMENT OF FUND BALANCE - REGULATORY BASIS
ELECTRIC UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2024**

Balance - December 31, 2024 and 2023	\$ <u><u>278,717.51</u></u>
--------------------------------------	-----------------------------

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**STATEMENT OF REVENUES - REGULATORY BASIS
ELECTRIC UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Anticipated</u>	<u>Realized</u>	<u>(Deficit) or Excess</u>
Operating Surplus Anticipated	\$ 200,017.14	\$ 200,017.14	
Electric, Light and Power Sales	<u>7,257,000.00</u>	<u>7,083,132.78</u>	\$ <u>(173,867.22)</u>
	7,457,017.14	7,283,149.92	(173,867.22)
Nonbudget Revenue	<u> </u>	<u>49,161.00</u>	<u>49,161.00</u>
	<u>\$ 7,457,017.14</u>	<u>\$ 7,332,310.92</u>	<u>\$ (124,706.22)</u>

ANALYSIS OF NONBUDGET REVENUE

Nonbudget Revenue:	
Interest & Costs	\$ 36,859.52
Final Billing	3,727.62
Tax Sale	7,620.00
Miscellaneous	<u>953.86</u>
	<u>\$ 49,161.00</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
ELECTRIC UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>- Expended -</u>			<u>Canceled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATING</u>						
Salaries and Wages	\$ 700,000.00	\$ 700,000.00	\$ 568,257.82		\$ 131,742.18	
Other Expenses	1,300,000.00	1,300,000.00	872,946.12	\$ 215,985.78	211,068.10	
Bulk Energy Purchase	4,064,000.00	4,064,000.00	2,917,195.09	342,392.76	804,412.15	
Terminal Leave	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>			
Total Operating	<u>6,074,000.00</u>	<u>6,074,000.00</u>	<u>4,368,399.03</u>	<u>558,378.54</u>	<u>1,147,222.43</u>	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Outlay	<u>50,000.00</u>	<u>50,000.00</u>			<u>50,000.00</u>	
Total Capital Improvements	<u>50,000.00</u>	<u>50,000.00</u>			<u>50,000.00</u>	
<u>DEBT SERVICE</u>						
Payment of Bond Principal	265,000.00	265,000.00	265,000.00			
Payment of Bond Anticipation Notes	50,000.00	50,000.00	50,000.00			
Interest on Bonds	126,636.00	126,636.00	126,596.12			\$ 39.88
Interest on Notes	12,000.00	12,000.00	11,442.81			557.19
NJI-Bank Principal and Interest	<u>641,586.00</u>	<u>641,586.00</u>	<u>641,585.36</u>			<u>0.64</u>
Total Debt Service	<u>1,095,222.00</u>	<u>1,095,222.00</u>	<u>1,094,624.29</u>			<u>597.71</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Deferred Charges:						
Emergency Authorizations	7,795.14	7,795.14	7,795.14			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	150,000.00	150,000.00	116,979.00		33,021.00	
Social Security System (O.A.S.I.)	70,000.00	70,000.00	44,114.89		25,885.11	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>			
Total Deferred Charges and Statutory Expenditures	<u>237,795.14</u>	<u>237,795.14</u>	<u>178,889.03</u>		<u>58,906.11</u>	
Total Electric Utility Appropriations	<u>\$ 7,457,017.14</u>	<u>\$ 7,457,017.14</u>	<u>\$ 5,641,912.35</u>	<u>\$ 558,378.54</u>	<u>\$ 1,256,128.54</u>	<u>\$ 597.71</u>
Detail:						
Cash Disbursed			\$ 5,418,136.98			
Deferred Charges			7,795.14			
Accrued Interest on Bonds, Loans and Notes			215,980.23			
		<u>(597.71)</u>				
		<u>\$ 7,456,419.43</u>	<u>\$ 5,641,912.35</u>			

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**GOVERNMENTAL FIXED ASSETS
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Governmental Fixed Assets:		
Land and Buildings	\$ 13,299,250.00	\$ 13,299,250.00
Vehicles	4,963,698.37	4,652,565.00
Machinery and Equipment	<u>4,813,565.89</u>	<u>4,401,774.38</u>
Total Governmental Fixed Assets	<u>\$ 23,076,514.26</u>	<u>\$ 22,353,589.38</u>
Investment in Governmental Fixed Assets	<u>\$ 23,076,514.26</u>	<u>\$ 22,353,589.38</u>

See Accompanying Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 1: FORM OF GOVERNMENT

The Borough of Milltown (the "Borough") operates under the legislative authority of N.J.S.A. 40A:60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six members serving three year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the operations of the municipal library, first aid organization or volunteer fire company or local school district.

B. Description of Funds

The accounting policies of the Borough 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 (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Various Deposits
- Payroll Trust Fund
- Public Assistance Trust Fund

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

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

Water and Sewer Utility Operating and Capital Fund - Resources and expenditures for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

Electric Utility Operating and Capital Fund - Resources and expenditures for the operations and acquisition of capital facilities of the municipally owned electric utility.

Governmental Fixed Assets – Governmental Fixed Assets system is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the general purpose financial statements required by GAAP.

C. Basis of Accounting and Measurement Focus

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for regulatory reimbursements and grant funds, which are due from other governmental units. Federal and State grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes, water and sewer, and electric consumer charges are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of water and sewer charges and electric charges, which should be recognized in the period they are earned and become measurable.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability.

Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund and Utility Operating Funds' operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective fund's balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets.

In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental Current Fund in an amount that would normally be liquidated with available financial resources.

Property Acquired for Taxes - 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 asset account group at the lower of cost or fair market value.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period 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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets, with the exception of the Water and Sewer Utility and Electric Utility Funds. Inventories for the respective years are presented on the balance sheet of the Water and Sewer Utility Fund and Electric Utility Fund for information purposes only. Inventories of the utility funds include tools and supplies associated with each Utility fund's necessary function and replacement parts throughout the Borough's utility structures. These inventories were not considered in the cost of operations for the respective years and were not audited as part of this report.

Governmental Fixed Assets – Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment acquired by the Water and Sewer Utility Fund and the Electric Utility Fund is recorded in its capital accounts at cost and is adjusted for dispositions and abandonment's. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund and the Electric Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility. Governmental fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and utilize an acquisition cost threshold, the maximum of which is \$5,000.00. Infrastructure assets are excluded from governmental fixed assets. Depreciation is not recorded in governmental fixed assets.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – The requirements of GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*” require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State’s Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB Statement No. 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of the audit, the 2024 Public Employees’ Retirement System Report and the 2024 Police and Firemen’s Retirement System Report were the most recent reports available and therefore these years were disclosed accordingly. Refer to Note 9 for these disclosures.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Disclosures About OPEB Liabilities – The Borough has included information relating to its allocated shares of net OPEB liabilities of the state sponsored, cost-sharing, multiple employer defined benefit OPEB plans in which it participates in Note 13 and the accompanying required supplementary information. GASB Statement No. 75 “*Accounting and Financial Reporting Postemployment Benefits Other Than Pensions*” has requirements similar to GASB Statement No. 68. The annual financial information related to postemployment benefits is released annually by the State’s Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB Statement No. 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of the audit, the 2023 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 12 for these disclosures.

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt: The Borough’s long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough’s long-term debt is provided in Note 3 to the financial statements.

Recent Accounting Standards

The Borough does not prepare its financial statements in accordance with accounting principles generally accepted in the United States. The adoption of these new standards will not adversely effect the reporting on the Borough’s financial condition.

The GASB issued Statement No. 100, “*Accounting Changes and Error Corrections*” in June 2022. This Statement will improve the clarity of accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter, with earlier application encouraged. The requirements of this Statement have been evaluated by the Borough and have been determined not to be applicable for the year ended December 31, 2024.

The GASB Statement No. 101, “*Compensated Absences*” in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, with earlier application encouraged. The requirements of this Statement have been evaluated by the Borough and have been determined not to be applicable for the year ended December 31, 2024. The Borough will continue to follow policies and procedures promulgated by New Jersey Administrative Code 5:30-15.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (Cont'd.)

The GASB Statement No. 102, "*Certain Risk Disclosures*", provides guidance on disclosures within government financial statements on risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Under this statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

The GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

The GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets*" in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Borough believes will most impact its financial statements. The Borough will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Leases

Borough as a Lessee

The Borough is a lessee for leases of Borough vehicles. The Borough acknowledges a lease obligation with an initial, collective value of \$10,000.00 or more. See Note 3 for detail.

At commencement of a lease, the Borough initially measures the lease obligation at the present value of payments expected to be made during the lease term. Subsequently, the lease obligation is reduced by the principal portion of lease payments made. Key estimates and judgments related to leases include how the Borough determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Borough uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Borough uses its estimated incremental borrowing rate as the discount rate for leases.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Leases (Cont'd.)

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease obligation are composed of fixed payments and any purchase option price that the Borough is reasonably certain to exercise. The Borough monitors changes in circumstances that would require a remeasurement of its lease obligation and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease obligation.

Borough as a Lessor

The Borough is a lessor for leases of Borough owned cell towers with Verizon, T Mobile-Sprint and Gaelic Communications (now SBA) with lease agreements for 5 years with options to extend for four additional 5-year periods. The Borough acknowledges a lease with an initial, collective value of \$20,000.00 or more. See Note 19 for detail. The Borough initially measures the lease at the present value of payments expected to be received during the lease term. Key estimates and judgments to the lessor include (1) the discount rate using the lessee's estimated borrowing rate expected less receipts to present value, (2) the lease term including any non-cancellable period of the lease, and (3) the lease payments determined by the lease receipts included in the measurement of the lease that are composed of fixed payments from the lessee and any payment renewal option that the Borough is reasonably certain to exercise. The Borough monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease.

Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Estimates

The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION

A. Summary of Municipal Long-Term Debt for Capital Projects

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Borough's municipal debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
<u>Issued:</u>		
General:		
Bonds, Loans & Notes	\$ 10,397,201.01	\$ 10,723,162.42
Water and Sewer Utility:		
Bonds, Loans & Notes	6,067,773.23	6,394,632.42
Electric Utility:		
Bonds, Loans & Notes	10,212,831.81	11,006,475.87
Total Debt Issued	<u>26,677,806.05</u>	<u>28,124,270.71</u>
 <u>Authorized but Not Issued:</u>		
General:		
Bonds & Notes	2,686,327.06	1,744,827.06
Water and Sewer Utility:		
Bonds & Notes	152,979.00	552,979.00
Electric Utility:		
Bonds & Notes	95,000.00	580,000.00
Total Authorized but Not Issued	<u>2,934,306.06</u>	<u>2,877,806.06</u>
 Bonds & Notes Issued and Authorized but Not Issued	 <u>\$ 29,612,112.11</u>	 <u>\$ 31,002,076.77</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

A. Summary of Municipal Long-Term Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual debt issues which are outstanding at December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
<u>General Capital Debt:</u>		
\$2,250,000.00 General Obligation Refunding Bonds of 2013, due in a final annual installment of \$190,000.00 through August 2025, interest at 3.000%.	\$ 190,000.00	\$ 380,000.00
\$2,580,000.00 General Obligation Bonds of 2013, due in annual installments of \$130,000.00 to \$175,000.00 through December 2027, interest at 3.125% to 3.500%.	480,000.00	680,000.00
\$8,745,000.00 General Improvement Bonds of 2018, due in annual installments of \$310,000.00 to \$540,000.00 through May 2037, interest at 3.000% to 5.000%.	7,110,000.00	7,385,000.00
\$279,334.33 NJDEP Green Trust Loan of 2008, due in semi-annual installments of \$8,100.61 to \$8,598.93 through January 2028, interest at 2.000%.	58,434.01	74,395.42
\$2,203,767.00, Bond Anticipation Note, mature on December 8, 2025, interest at 4.00%.	<u>2,558,767.00</u>	<u>2,203,767.00</u>
Total General Capital Debt	<u>\$ 10,397,201.01</u>	<u>\$ 10,723,162.42</u>
<u>Water and Sewer Utility Capital Debt:</u>		
\$2,270,000.00 Water and Sewer Utility Refunding Bonds of 2013, due in annual installments of \$190,000.00 through August 2025, interest at 3.000%.	\$ 190,000.00	\$ 385,000.00
\$448,000.00 Water and Sewer Utility Bonds of 2013, due in annual installments of \$38,000.00 to \$40,000.00 through December 2027, interest at 3.125% to 3.500%.	118,000.00	158,000.00
\$2,295,000.00 Water and Sewer Improvement Bonds of 2018, due in annual installments of \$75,000.00 to \$150,000.00 through May 2038, interest at 3.000% to 5.000%.	1,845,000.00	1,920,000.00
\$745,000.00 NJ Infrastructure Bank Trust 2008 - State Portion, due in annual installments of \$45,000.00 to \$53,000.00 through August 2028, interest at 5.000%.	196,000.00	241,000.00
\$735,700.00 NJ Infrastructure Bank Trust 2008 - Federal Portion, due in semi-annual installments of \$908.38 to \$37,244.18 through August 2028. There is no interest on this loan.	150,338.60	188,793.74
\$530,000.00 NJ Infrastructure Bank Trust 2012 - State Portion, due in annual installments of \$28,966.00 to \$37,472.00 through August 2031, interest at 3.000% to 5.000%.	235,251.00	264,217.00

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

A. Summary of Municipal Long-Term Debt for Capital Projects (Cont'd.)

	<u>2024</u>	<u>2023</u>
<u>Water and Sewer Utility Capital Debt (Cont'd.):</u>		
\$578,569.00 NJ Infrastructure Bank Trust 2012 - Federal Portion, due in semi-annual installments of \$9,806.25 to \$19,612.75 through August 2031. There is no interest on this loan.	\$ 205,931.50	\$ 235,350.25
\$154,956.00 NJ Infrastructure Bank Trust 2013 - State Portion, due in annual installments of \$6,000.00 to \$8,681.00 through August 2028, interest at 2.460% to 3.000%.	31,360.00	39,409.00
\$446,990.00 NJ Infrastructure Bank Trust 2013 - Federal Portion, due in semi-annual installments of \$4,269.80 to \$15,152.20 through August 2032. There is no interest on this loan.	57,302.50	80,030.80
\$510,000.00 NJ Infrastructure Bank Trust 2016 - State Portion, due in annual installments of \$25,000.00 to \$40,000.00 through September 2036, interest at 4.000% to 5.000%.	365,000.00	390,000.00
\$1,489,752.00 NJ Infrastructure Bank Trust 2016 - Federal Portion, due in semi-annual installments of \$26,746.98 to \$53,493.96 through August 2035. There is no interest on this loan.	874,571.46	954,812.40
\$1,062,021.00 NJ Infrastructure Bank Trust 2022 - Federal Portion, due in semi-annual installments of \$18,000.35 to \$36,000.71 through August 2041. There is no interest on this loan.	918,018.17	972,019.23
\$350,000.00 NJ Infrastructure Bank Trust 2022 - State Portion, due in annual installments of \$15,000.00 to \$25,000.00 through August 2041, interest at 3.250% to 5.000%.	330,000.00	340,000.00
\$551,000.00, Bond Anticipation Note, mature on December 10, 2025, interest at 4.00%.	<u>551,000.00</u>	<u>226,000.00</u>
Total Water and Sewer Utility Capital Debt	<u>\$ 6,067,773.23</u>	<u>\$ 6,394,632.42</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

A. Summary of Municipal Long-Term Debt for Capital Projects (Cont'd.)

	<u>2024</u>	<u>2023</u>
<u>Electric Utility Capital Debt:</u>		
\$1,854,000.00 Electric Utility Bonds of 2013, due in annual installments of \$139,000.00 to \$140,000.00 through December 2027, interest at 3.125% to 3.500%.	\$ 419,000.00	\$ 559,000.00
\$3,860,000.00 Electric Utility Improvement Bonds of 2018, due in annual installments of \$125,000.00 to \$250,000.00 through May 2038, interest at 3.000% to 5.000%.	3,110,000.00	3,235,000.00
\$3,345,000.00 NJ Infrastructure Bank Trust 2016 - State Portion, due in annual installments of \$170,000.00 to \$230,000.00 through August 2035, interest at 2.000% to 4.000%.	2,215,000.00	2,380,000.00
\$7,840,000.00 NJ Infrastructure Bank Trust 2016 - Federal Portion, due in semi-annual installments of \$54,509.86 to \$265,762.71 through August 2035. There is no interest on this loan.	4,173,831.81	4,572,475.87
\$295,000.00 Bond Anticipation Note, mature on December 10, 2025, interest at 4.00%.	<u>295,000.00</u>	<u>260,000.00</u>
Total Electric Utility Capital Debt	<u>\$ 10,212,831.81</u>	<u>\$ 11,006,475.87</u>
Total Debt	<u>\$ 26,677,806.05</u>	<u>\$ 28,124,270.71</u>

B. Summary of Statutory Debt Condition – Annual Debt Statement 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 statutory net debt of:

<u>2024</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water and Sewer Utility Debt	\$ 6,220,752.23	\$ 6,220,752.23	
Electric Utility Debt	10,307,831.81	8,981,564.41	\$ 1,326,267.40
General Capital Debt	<u>13,083,528.07</u>		<u>13,083,528.07</u>
	<u>\$ 29,612,112.11</u>	<u>\$ 15,202,316.64</u>	<u>\$ 14,409,795.47</u>

Net Debt \$14,409,795.47 Divided By Average Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$ 1,185,995,217.00 = 1.215%

Average Equalized Valuation Basis

2022 Equalized Value of Real Property	\$1,132,980,617.00
2023 Equalized Value of Real Property	1,192,310,382.00
2024 Equalized Value of Real Property	<u>1,232,694,652.00</u>
Average Equalized Valuation	<u>\$1,185,995,217.00</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition – Annual Debt Statement 2024 (Cont'd.)

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

3.5% of Average Equalized Valuation Basis		\$	41,509,832.60
Net Debt			11,723,468.41
Remaining Borrowing Power		\$	29,786,364.19

C. Summary of Statutory Debt Condition - Annual Debt Statements

Deductions of Self-Liquidating Water and Sewer Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

		<u>2024</u>	
Cash Receipts from Fees, Rents or Other Charges for the Year		\$	3,936,021.74
Deductions:			
Operating and Maintenance Costs	\$ 3,029,300.00		
Debt Service	874,538.06		
			3,903,838.06
Excess in Revenues		\$	32,183.68

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Water and Sewer Utility Fund is as follows:

Excess in Revenues - Cash Basis (D-1)		\$	279,801.94
Add:			
Capital Improvement Funds	\$ 56,000.00		
Deferred Charges	33,545.38		
			89,545.38
			369,347.32
Deductions:			
Unexpended Balances of Appropriation Reserves			337,163.64
Excess in Revenues		\$	32,183.68

As there is an excess in revenue, all Water and Sewer Utility debt is deductible for debt statement purposes.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

C. Summary of Statutory Debt Condition - Annual Debt Statements

Deductions of Self-Liquidating Electric Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Electric Utility, per N.J.S.A. 40A:2-45 is as follows:

		<u>2024</u>
Cash Receipts from Fees, Rents or Other Charges for the Year	\$	7,332,310.92
Deductions:		
Operating and Maintenance Costs	\$	6,304,000.00
Debt Service		<u>1,094,624.29</u>
		<u>7,398,624.29</u>
(Deficit) in Revenues	\$	<u><u>(66,313.37)</u></u>

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Electric Utility Fund is as follows:

Excess in Revenues - Cash Basis (E-1)	\$	1,215,120.88
Add:		
Capital Improvement Funds	\$	50,000.00
Deferred Charges		<u>7,795.14</u>
		<u>57,795.14</u>
		1,272,916.02
Deductions:		
Unexpended Balance of Appropriation Reserves		<u>1,339,229.39</u>
(Deficit) in Revenues	\$	<u><u>(66,313.37)</u></u>

As there is a deficit in revenue, not all Electric Utility Debt is deductible for Debt Statement purposes.

A revised annual debt statement should be filed by the chief financial officer.

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

D. Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding, and New Jersey Department of Environmental Protection (NJDEP) - Green Trust Loan

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING

Year	General		Electric Utility		Water and Sewer Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 675,000.00	\$ 263,581.25	\$ 265,000.00	\$ 117,402.50	\$ 305,000.00	\$ 72,461.25	\$ 1,698,445.00
2026	695,000.00	231,662.50	265,000.00	106,777.50	185,000.00	60,011.25	1,543,451.25
2027	670,000.00	202,175.00	264,000.00	96,602.50	183,000.00	52,186.25	1,467,963.75
2028	540,000.00	178,725.00	245,000.00	85,562.50	145,000.00	45,781.25	1,240,068.75
2029	540,000.00	162,525.00	245,000.00	78,212.50	145,000.00	41,431.25	1,212,168.75
Subtotal	3,120,000.00	1,038,668.75	1,284,000.00	484,557.50	963,000.00	271,871.25	7,162,097.50
2030	540,000.00	146,325.00	245,000.00	70,862.50	145,000.00	37,081.25	1,184,268.75
2031	540,000.00	129,787.50	250,000.00	63,281.25	145,000.00	32,640.63	1,160,709.38
2032	540,000.00	112,575.00	250,000.00	55,312.50	150,000.00	27,937.50	1,135,825.00
2033	540,000.00	95,025.00	250,000.00	47,187.50	150,000.00	23,062.50	1,105,275.00
2034	500,000.00	77,812.50	250,000.00	38,906.25	150,000.00	18,093.75	1,034,812.50
Subtotal	2,660,000.00	561,525.00	1,245,000.00	275,550.00	740,000.00	138,815.63	5,620,890.63
2035	500,000.00	60,937.50	250,000.00	30,468.75	150,000.00	13,031.25	1,004,437.50
2036	500,000.00	43,750.00	250,000.00	21,875.00	100,000.00	8,750.00	924,375.00
2037	500,000.00	26,250.00	250,000.00	13,125.00	100,000.00	5,250.00	894,625.00
2038	500,000.00	8,750.00	250,000.00	4,375.00	100,000.00	1,750.00	864,875.00
Subtotal	2,000,000.00	139,687.50	1,000,000.00	69,843.75	450,000.00	28,781.25	3,688,312.50
	\$ 7,780,000.00	\$ 1,739,881.25	\$ 3,529,000.00	\$ 829,951.25	\$ 2,153,000.00	\$ 439,468.13	\$ 16,471,300.63

NJDEP GREEN TRUST - MILL POND PARK			
Year	Principal	Interest	Total
2025	\$ 16,282.23	\$ 1,087.67	\$ 17,369.90
2026	16,609.50	760.40	17,369.90
2027	16,943.35	426.55	17,369.90
2028	8,598.93	85.99	8,684.92
Subtotal	\$ 58,434.01	\$ 2,360.61	\$ 60,794.62

NJDEP Green Trust Loan of \$279,334.33 is for Improvements to Mill Pond Park - originating in 2008, principal and interest payable semi-annually commencing January 2009 through January 2028 at interest rate of 2.0.

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

E. Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – New Jersey Infrastructure Bank (NJIBank)

Year	Electric Utility			Water and Sewer Utility			Total
	Federal - Principal	State - Principal	Interest	Federal - Principal	State - Principal	Interest	
2025	\$ 398,644.06	\$ 170,000.00	\$ 64,056.26	\$ 223,330.21	\$ 121,963.00	\$ 46,402.94	\$ 1,024,396.47
2026	398,644.06	180,000.00	57,256.26	224,844.18	130,580.00	46,571.28	1,037,895.78
2027	398,644.06	185,000.00	50,056.26	208,026.60	130,513.00	35,000.98	1,007,240.90
2028	398,644.06	195,000.00	42,656.26	206,083.11	131,838.00	29,805.66	1,004,027.09
2029	398,644.06	200,000.00	38,756.26	163,660.75	77,843.00	24,506.52	903,410.59
Subtotal	1,993,220.30	930,000.00	252,781.30	1,025,944.85	592,737.00	182,287.38	4,976,970.83
2030	398,644.06	200,000.00	34,756.26	163,660.75	82,472.00	21,571.22	901,104.29
2031	398,644.06	205,000.00	30,756.26	163,661.00	87,402.00	18,497.06	903,960.38
2032	398,644.06	210,000.00	26,400.00	134,242.00	50,000.00	15,175.00	834,461.06
2033	398,644.06	215,000.00	20,100.00	134,242.00	55,000.00	12,975.00	835,961.06
2034	398,644.06	225,000.00	13,650.00	134,242.00	55,000.00	10,575.00	837,111.06
Subtotal	1,993,220.30	1,055,000.00	125,662.52	730,047.75	329,874.00	78,793.28	4,312,597.85
2035	187,391.21	230,000.00	6,900.00	126,163.27	55,000.00	8,525.00	613,979.48
2036				54,001.06	60,000.00	6,450.00	120,451.06
2037				54,001.06	20,000.00	4,175.00	78,176.06
2038				54,001.06	25,000.00	3,500.00	
2039				54,001.06	25,000.00	2,625.00	81,626.06
Subtotal	187,391.21	230,000.00	6,900.00	342,167.51	185,000.00	25,275.00	894,232.66
2040				54,001.06	25,000.00	1,750.00	80,751.06
2041				54,001.06	25,000.00	875.00	79,876.06
Subtotal	-	-	-	108,002.12	50,000.00	2,625.00	160,627.12
	\$ 4,173,831.81	\$ 2,215,000.00	\$ 385,343.82	\$ 2,206,162.23	\$ 1,157,611.00	\$ 288,980.66	\$ 10,344,428.46

Lease Obligations

On September 14, 2020, the Borough entered into lease agreements for Borough police vehicles. An initial lease obligation was acknowledged in the amount of \$91,454.26. On April 3, 2020, the Borough entered into a lease agreement for telecommunications systems and services. An initial lease obligation was acknowledged in the amount of \$60,125.76. Each equipment's estimated useful life is 48 months as of the contract commencement date. The Borough also entered into various copier leases in prior years. The Borough's outstanding leases have interest rates ranging from 0.00% to 5.00%. The following is a summary of the lease obligation payments to maturity:

	Projected Future Liability
2025	\$ 14,996.96
2026	6,590.70
2027	4,218.96
2028	632.38
	\$ 26,439.00

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 4: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2024 and 2023 that were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2024 and 2023 were as follows:

	Fund Balance December 31, 2024	Utilized In Succeeding Budget	
Current Fund	\$ 2,741,669.49	\$ 1,639,271.00	
Water and Sewer Utility Fund	313,868.83	212,000.00	
Electric Utility Fund	1,238,438.06	226,082.00	
	Fund Balance December 31, 2023	Utilized In Succeeding Budget	
Current Fund	\$ 1,129,043.55	\$ 907,000.00	
Water and Sewer Utility Fund	244,921.46	210,854.57	
Electric Utility Fund	1,223,334.32	200,017.14	

Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. For 2024, due to COVID-19, certain deficits in revenues may also be deferred. At December 31, 2024, the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, <u>2023</u>	Amount Raised in <u>2024</u>	Balance December 31, <u>2024</u>
Current Fund:			
Special Emergency Appropriation			
COVID-19 Deficit in Revenues	\$ 84,813.28	\$ 28,271.00	\$ 56,542.28
Total	\$ 84,813.28	\$ 28,271.00	\$ 56,542.28

The Borough incurred an over-expenditure in the water and sewer utility fund in the prior year due to the unexpected timing of the completion of the 2022 NJI Bank Loan. At the time of the budget process, the NJEIT loan was not anticipated attributing to an over expenditure for the 2024 principal payment due on that loan.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS (CONT'D.)

A summary of the deferred charges to be raised in 2025 are below:

	Balance December 31, <u>2023</u>	Added in 2024 Budget <u>Appropriations</u>	Amount Raised in <u>Subsequent Budget</u>	Balance December 31, <u>2024</u>
Water Sewer Utility Fund:				
Over-Expenditure 2023 Budget	\$ 4,187.11		\$ 4,187.11	
Over-Expenditure 2022 Budget	<u>29,358.27</u>		<u>29,358.27</u>	
Total Water Sewer Utility Fund:	<u>\$ 33,545.38</u>	<u>-</u>	<u>\$ 33,545.38</u>	<u>-</u>
Electric Utility Fund:				
Over-Expenditure 2023 Budget	\$ 7,795.14		\$ 7,795.14	
Total Electric Utility Fund:	<u>\$ 7,795.14</u>	<u>\$ -</u>	<u>\$ 7,795.14</u>	<u>\$ -</u>

Note 6: CASH AND CASH EQUIVALENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the Borough deposits and invests its funds pursuant to its policies and an adopted cash management plan. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00 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 their deposits to the Governmental Units.

The Borough's book balances at December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Cash & Cash Equivalents	\$ 12,735,968.58	\$ 12,516,145.37
Petty Cash	550.00	650.00
Change Funds	<u>450.00</u>	
	<u>\$ 12,736,968.58</u>	<u>\$ 12,516,795.37</u>

Based upon GASB criteria, the Borough considers change funds and cash in banks as cash and cash equivalents. At December 31, 2024 and 2023, the bank balances of the Borough amounted to \$12,804,926.74 and \$12,838,922.60. Of the bank balance, \$250,000.00 was covered by Federal depository insurance for both years and \$12,407,255.08 and \$12,537,533.41, respectively, were covered under the provisions of NJGUDPA. \$136,888.37 and \$51,389.19 held in agency and payroll accounts are not covered by NJ GUDPA for the years ended December 31, 2024 and 2023, respectively.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 6: CASH AND CASH EQUIVALENTS (CONT'D)

Credit Risk – GASB Statement No. 40 “*Deposit and Investment Risk Disclosure*” requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough’s investment policy.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Borough’s deposits may not be returned. The government does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2024 and 2023, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough’s bank balances was considered exposed to custodial credit risk.

Concentration of Credit Risk – This is the risk associated with the amount of investments that the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Investments

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

New Jersey statutes establish the following securities as eligible for the investment of Borough funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Borough is a part and within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 6: CASH AND CASH EQUIVALENTS (CONT'D)

8. Agreements for the repurchase of fully collateralized securities, if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2024 and 2023, the Borough had no funds on deposit with the New Jersey Cash Management Fund.

Note 7: INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2024 and 2023, interfund receivables and payables that resulted from various interfund transactions are as follows:

Fund	December 31, 2024		December 31, 2023	
	Interfund Receivable	Interfund Payable	Interfund Receivable	Interfund Payable
Current Fund			\$ 1,870,102.57	\$ 44,319.18
Trust Fund			26,272.00	31,073.57
Payroll Trust Fund			49,650.18	528.67
General Capital Fund				400,000.00
Water and Sewer Utility Operating Fund	\$ 55,649.99		8,283.81	86,739.00
Water and Sewer Utility Capital Fund		\$ 55,649.99		
Electric Utility Operating Fund				1,391,648.14
	<u>\$ 55,649.99</u>	<u>\$ 55,649.99</u>	<u>\$ 1,954,308.56</u>	<u>\$ 1,954,308.56</u>

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D)

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

Note 9: PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. Public Employees' Retirement System (PERS) - The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, 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. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2024:

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

	<u>2024</u>
Inactive plan members or beneficiaries currently receiving benefits	193,915
Inactive plan members entitled to but not yet receiving benefits	646
Active plan members	<u>244,324</u>
 Total	 <u>438,885</u>
 Contributing Employers –	 1,691
Contributing Non-employers -	1

Pursuant to the provision of, P.L. 2011, Chapter 78, COLA increases were suspended for all current and future retirees of PERS.

Payrolls and Covered Wages – For the year ended December 31, 2024 the Borough's total payroll for all employees was \$6,579,182.68. Total PERS covered payroll was \$2,590,474.00. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PERS.

Specific Contribution Requirements and Benefit Provisions – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, Chapter 78, the member contribution rate was 7.00% in State fiscal year 2021. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was less than the actuarial determined amount. The Borough's cash basis contributions to the Plan for the years ended December 31, 2024 and 2023 were \$429,103.00 and \$426,979.00, respectively. Borough contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Borough payments to PERS for the years ending December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Normal Cost	\$ 71,935.00	\$ 73,313.00
Amortization of Accrued Liability	<u>325,417.00</u>	<u>322,324.00</u>
 Total Pension	 397,352.00	 395,637.00
NCGI Premiums	<u>17,788.00</u>	<u>17,439.00</u>
 Total Pension & NCGI	 415,140.00	 413,076.00
Additional Billings:		
Ch. 19, P.L. 2009	<u>13,963.00</u>	<u>13,903.00</u>
 Total PERS Payment	 <u>\$ 429,103.00</u>	 <u>\$ 426,979.00</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is the basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2024, the PERS reported a net pension liability of \$13,702,423,985.00 for its Local (Non-State) Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Borough was \$4,145,515.00 or 0.0305085437% which was a decrease of 0.000398121% from its proportion measured as of June 30, 2023. At June 30, 2023, the PERS reported a net pension liability of \$14,606,489,066.00 for its Local Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the Borough was \$4,476,637.00 or 0.0310240082%.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

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 was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
Through 2026	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 a 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 Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 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 a 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, 2022.

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 asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets 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. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	100.00%	

Discount Rate – The discount rate used to measure the total pension liabilities of PERS 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 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 Net Pension Liability to Changes in the Discount Rate – The following presents the collective 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 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:

	At 1% Decrease <u>6.00%</u>	At current discount rate <u>7.00%</u>	At 1% Increase <u>8.00%</u>
State	\$ 25,435,378,381.00	\$ 22,170,235,622.00	\$ 19,397,657,682.00
Local	18,207,152,620.00	13,702,423,985.00	9,868,924,715.00
	\$ 43,642,531,001.00	\$ 35,872,659,607.00	\$ 29,266,582,397.00
PERS Plan Total			
Borough's Share	\$ 5,508,370.23	\$ 4,145,515.00	\$ 2,985,732.71

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2024 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 30,497,816,419.00	\$ 43,115,494,090.00	\$ 73,613,310,509.00
Plan Fiduciary Net Position	<u>8,327,580,797.00</u>	<u>29,413,070,105.00</u>	<u>37,740,650,902.00</u>
	<u>\$ 22,170,235,622.00</u>	<u>\$ 13,702,423,985.00</u>	<u>\$ 35,872,659,607.00</u>

At December 31, 2024, the Borough's deferred outflow of resources and deferred inflow of resources related to PERS were from the following sources, if GASB Statement No. 68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expended and actual experience	\$ 83,042.00	\$ 11,037.00
Change in assumptions	5,150.00	47,166.00
Net difference between projected and actual earnings on pension plan investments		192,216.00
Change in proportion and differences between Borough contributions and proportionate share of contributions	100,685.00	223,900.00
Borough contributions subsequent to the measurement date	<u>415,140.00</u>	
	<u>\$ 604,017.00</u>	<u>\$ 474,319.00</u>

\$415,140.00 is reflected above as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows:

<u>Year Ending</u>	<u>Amount</u>
2025	\$ (199,376.00)
2026	83,417.00
2027	(110,283.00)
2028	(59,439.00)
2029	<u>239.00</u>
Total	<u>\$ (285,442.00)</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Additional Information

Collective balances at June 30, 2024

Collective deferred outflows of resources	\$1,079,580,780.00
Collective deferred inflows of resources	1,611,322,898.00
Collective net pension liability – Local group	13,702,423,985.00
 Borough's Proportion	 0.0305085437%

Collective Local Group pension benefit for the Local Group for the measurement period ended June 30, 2024 and 2023 was \$372,160,096.00 and \$79,181,803.00, respectively. The average of the expected remaining service lives of all plan members is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21 years for 2024, 2023, 2022, 2021, 2020, and 2019, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2024 and June 30, 2023 are \$1,393,655,054.00 and \$1,354,892,653.00, respectively.

B. Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2024:

	<u>2024</u>
Inactive plan members or beneficiaries currently receiving benefits	50,109
Inactive plan members entitled to but not yet receiving benefits	66
Active plan members	41,451
 Total	 91,626
 Contributing Employers -	 582
Contributing Non-employers -	1

Significant Legislation - Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

The State Legislature adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed regulations for adoption governing the methods, practices, and procedures for investment or reinvestments of money of PFRS.

For the year ended December 31, 2024 the Borough's total payroll for all employees was \$6,579,182.68. Total PFRS covered payroll was \$1,791,149.00. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PFRS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 100% in State fiscal year 2021. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended June 30, 2024 and 2023 was \$648,680 and \$652,574.00, respectively.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Borough Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Borough payments to PFRS for the years ending December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Normal Cost	\$ 199,173.00	\$ 206,009.00
Amortization of Accrued Liability	<u>428,742.00</u>	<u>426,118.00</u>
Total Pension	627,915.00	632,127.00
NCGI Premiums	<u>20,765.00</u>	<u>20,447.00</u>
Total Pension & NCGI	648,680.00	652,574.00
Additional Billings:		
Ch. 19, P.L. 2009	<u>22,685.00</u>	<u>22,501.00</u>
Total PFRS Payment	<u>\$ 671,365.00</u>	<u>\$ 675,075.00</u>

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

At June 30, 2024, the PFRS reported a net pension liability of \$16,757,746,211.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$4,842,733.00 or 0.0468957100%. At June 30, 2023, the PFRS reported a net pension liability of \$17,508,597,135.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$5,416,273.00 or 0.0490214400%.

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 was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
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%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and a 102.5% adjustment for females. For healthy annuitants, mortality rates were based on Pub-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152.0% adjustment for males and a 109.3% 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.

In accordance with State statute, the long-term expected rate of return on pension 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 rate of return (expected returns, net of pension plans 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.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

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>Asset 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%
	100.00%	

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 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.

Components of Net Pension Liability – The components of the collective net pension liability of the participating employers for PFRS, including the State of New Jersey, at June 30, 2024 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 6,404,078,773.00	\$ 45,210,001,314.00	\$ 51,614,080,087.00
Plan Fiduciary Net Position	2,008,799,009.00	32,847,534,867.00	34,856,333,876.00
	\$ 4,395,279,764.00	\$ 12,362,466,447.00	\$ 16,757,746,211.00

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the collective 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 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:

	At 1% Decrease <u>6.00%</u>	At current discount rate <u>7.00%</u>	At 1% Increase <u>8.00%</u>
State	\$ 5,149,731,999.00	\$ 4,395,279,764.00	\$ 3,766,388,682.00
Local	<u>17,663,214,080.00</u>	<u>12,362,466,447.00</u>	<u>7,948,105,229.00</u>
PFRS Plan Total	<u>\$ 22,812,946,079.00</u>	<u>\$ 16,757,746,211.00</u>	<u>\$ 11,714,493,911.00</u>
Borough's Share	<u>\$ 6,919,188.02</u>	<u>\$ 4,842,733.00</u>	<u>\$ 3,113,500.99</u>

At December 31, 2024, the Borough's deferred outflow of resources and deferred inflow of resources related to PFRS were from the following sources, if GASB Statement No. 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expensed and actual experience	\$ 305,088.00	\$ 165,788.00
Change in assumptions	7,655.00	142,223.00
Net difference between projected and actual earnings on pension plan investments		37,903.00
Change in proportion and differences between Borough contributions and proportionate share of contributions	62,621.00	275,043.00
Borough contributions subsequent to the measurement date	<u>648,680.00</u>	
	<u>\$ 1,024,044.00</u>	<u>\$ 620,957.00</u>

\$648,680.00 is reflected above as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows:

Year Ending	Amount
2025	\$ (160,036.00)
2026	(122,235.00)
2027	166,298.00
2028	(46,614.00)
2029	(76,808.00)
2030	<u>(6,198.00)</u>
Total	<u>\$ (245,593.00)</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

Additional Information

Collective balances at June 30, 2024

Collective deferred outflows of resources	\$1,350,388,724.00
Collective deferred inflows of resources	1,421,121,200.00
Collective net pension liability – Local group	12,362,466,447.00
 Borough's Proportion	 0.04689552%

Collective pension expense for the Local Group for the measurement period ended June 30, 2024 and 2023 is \$775,608,387.00 and \$844,810,693.00, respectively. The average of the expected remaining service lives of all plan members is 6.09, 6.16, 6.22, 6.17, 5.90, and 5.92 years for 2024, 2023, 2022, 2021, 2020, and 2019, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2024 and June 30, 2023 are \$2,008,799,009.00 and \$1,800,709,171.00, respectively.

Special Funding Situation - The Borough is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define these relationships as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2024 was \$234,210,000.00. The portion of that contribution allocated to the Borough was \$109,834.00 or 0.04689552%. The June 30, 2024 State special funding situation pension expense of \$234,210,235.00 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,035,866,994.00 at June 30, 2024 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Borough's allocated shares of the special funding situation pension expense for the year ended June 30, 2024 and its share of the special funding situation NPL at that date was \$109,835.00 and \$954,734.00, respectively.

C. Defined Contribution Retirement System (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows: *Plan Membership and Contributing Employers*- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

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

There were no employees covered under DCRP at December 31, 2024.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 10: RISK MANAGEMENT

Property and Liability Insurance

The Borough, together with other governmental units, are members of the Middlesex County Municipal Joint Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ended December 31, 2024, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

At December 31, 2024, the fund reported for all year's combined, total assets \$104,626,924.25, liabilities and reserves of \$66,066,609.05 as well as case reserves of \$33,948,030.45, and fund balance of \$4,612,284.75. This represents the latest available information.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and prior two years:

<u>Year Ended</u> <u>December 31,</u>	<u>Employer</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	\$ 72,310.25	\$ 60,292.01	\$ 73,147.19
2023		86,101.91	61,128.95
2022	30,000.00	29,286.13	147,230.86

Note 11: ACCRUED SICK AND VACATION BENEFITS

The Borough of Milltown has contractual agreements with two unions, which allow employees, upon retirement, to be compensated for unused sick time. The contract with the P.B.A. states that employees hired after January 1, 1990 will not carryover or accumulate sick leave from year to year for retirement purposes. Employees who retire will receive a lump sum payment for unused sick time at the rate of one-half day for every full day earned and unused in an amount not to exceed \$15,000.00, credited on their employment records and certified by the Borough on the effective date of their retirement, at the prevailing rate of pay at the time of retirement.

Other union employees, upon retirement, will be compensated at the rate of one-half day for every full day earned and unused, at the current rate of pay at the time of retirement, but not to exceed \$12,000.00. A similar policy exists for nonunion employees.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 11: ACCRUED SICK AND VACATION BENEFITS (CONT'D.)

All vacation time earned by employees can be carried over and is to be paid to the employee, upon termination with the Borough, at the current rate of pay. The Borough's estimated total liability for unused sick and unused vacation time at December 31, 2024 and 2023 were \$622,939.81 and \$684,796.69 respectively. Management believes this amount approximates the calculation as required by GASB 16; however, the actual potential liability could ultimately be lower or greater than the reported amount.

The Borough has earmarked funds over the past several years for the ultimate payout of compensated absences upon retirement. The balances at December 31, 2024 and 2023 of \$241,846.93 and \$286,469.41 are included in Trust Other Fund reserve for accumulated absences. The auditor could not agree compensated absences included on the introduced budget to the internal accounting records.

Note 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan description and benefits provided

The Borough participates in the State Health Benefit Local Government Retired Employees Plan (Plan), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the State of New Jersey Division of Pension and Benefits. The Plan covers employees of local government employers that have adopted a resolution to participate in the Plan.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents. Rules governing the operation and administration of the program are found in Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999. Additional information about the Plan is available from the State of New Jersey, Division of Pensions and Benefits Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions.financial-reports.shtml>.

Plan Description: The Borough of Milltown contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Plan Coverage: All active employees, including their dependents, are eligible to participate in the SHBP, upon completion of a sixty day waiting period. Retirees with twenty five years or more of active service with the Borough are also eligible to participate in the SHBP.

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Eligible employees and retirees have the option of choosing from six medical benefit plans (NJ Direct15, NJ Direct10, or Horizon HMO) with rates ranging from \$600.20 for a single participant to \$2,782.86 for family coverage.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D.)

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

At December 31, 2023, the Borough's liability for its proportionate share of the net OPEB liability was \$9,705,780.00. The net OPEB liability as of December 31, 2023 was determined by an actuarial valuation as of June 30, 2023. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating local governments, actuarially determined. At December 31, 2023, the Borough's proportion was 0.064677 percent and had 59 participating members.

At June 30, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources if GASB Statement No. 75 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 447,580.00	\$2,635,773.00
Changes of assumptions	1,257,263.00	2,743,513.00
Changes in proportion	3,175,048.00	1,805,581.00
Net difference between projected and actual investment earnings on OPEB plan investments	1,601.00	1,601.00
 Total Borough's Share	 <u>\$4,879,891.00</u>	 <u>\$7,186,468.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in OPEB expense as follows, if the financial statements were prepared in accordance with generally accepted accounting principles:

<u>Year Ending</u>	<u>Amount</u>
2024	\$ (905,305.00)
2025	(666,078.00)
2026	(276,934.00)
2027	70,632.00
2028	(285,100.00)
Thereafter	(243,792.00)
Total	<u>\$ (2,306,577.00)</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Actuarial assumptions

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actual 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%
Investment rate of return	7.00%
Mortality:	Pub-2010 General Classification headcount
PERS/PFRS	weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

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

Discount Rate:

The discount rate for June 30, 2023 was 3.65%. 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.

Mortality Rates:

Mortality rates were based on the Pub-2010 General Classification Headcount Weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Sensitivity of the Borough's proportionate share of the Net OPEB Liability to Changes in the Discount Rate and healthcare cost trend rate:

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease <u>2.65%</u>	At discount rate <u>3.65%</u>	1% Increase <u>4.65%</u>
Total Net OPEB Liability	<u>\$ 17,382,355,978.00</u>	<u>\$ 15,006,539,477.00</u>	<u>\$ 13,095,561,553.00</u>
Borough's Share	<u>\$ 11,242,386.91</u>	<u>\$ 9,705,780.00</u>	<u>\$ 8,469,816.75</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total Net OPEB Liability	\$ 12,753,792,805.00	\$ 15,006,539,477.00	\$ 17,890,743,651.00
Borough's Share	\$ 8,248,770.97	\$ 9,705,780.00	\$ 11,571,196.82

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.82, 7.82, 7.87, 8.05, 8.14, and 8.04 years for the 2023, 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

Note 13: DEFERRED COMPENSATION TRUST FUND

The Borough offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S.A. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operations of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37. The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund.

The Borough authorized such modifications to their plan by resolution of the Borough council adopted September 10, 1997. The Deferred Compensation Plan is administered by the Nationwide Retirement Solutions.

Note 14: GOVERNMENTAL FIXED ASSETS

The Borough's governmental fixed assets are reported as follows:

	<u>Balance December 31, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2024</u>
Land and Buildings	\$ 13,299,250.00			\$ 13,299,250.00
Vehicles	4,652,565.00	\$ 391,133.37	\$ 80,000.00	4,963,698.37
Machinery and Equipment	4,401,774.38	436,791.51	25,000.00	4,813,565.89
	<u>\$ 22,353,589.38</u>	<u>\$ 827,924.88</u>	<u>\$ 105,000.00</u>	<u>\$ 23,076,514.26</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 15: COMMITMENTS AND CONTINGENCIES

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

Supplemental Insurance Assessments

During 2022, the Middlesex County Joint Insurance Fund (MCJIF) has advised the Borough that its individual share of the supplemental assessment for fund year 2022 is \$140,328.96. This is the latest information available from the MCJIF. The terms of the payment of the supplemental assessment are being reviewed by the Borough annually.

Contractual Commitments

As of December 31, 2024, the Borough of Milltown was a party to various construction contracts and commitments that totaled \$1,869,533.06 in its General Capital Fund. Public Works Complex – Flood Mitigation Project with total commitments of \$10,248.75; Construction, rehabilitation and repair of COAH housing with total commitments of \$1,450.00; Road Improvements with total commitments of \$26,600.60; Various Improvements and Acquisitions with total commitments of \$125,601.50; Various Road Improvements with total commitments of \$913,607.21; and Various Fire Equipment & Truck with total commitments of \$792,025.00. There were commitments for various expenditures totaling \$126,729.44, \$160,418.08, and \$558,378.54 in the Current, Water/Sewer Operating, and Electric Operating Funds, respectively.

Litigation

As of the date of this report, the Borough has litigation pending. There are a number of tort claim notices served on the Borough involving negligence litigation. These claims have been turned over to the Borough's insurance carrier and no determination as to the outcome of these matters can be made at this time.

Note 16: DEFERRED LOCAL SCHOOL DISTRICT TAXES

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows:

	Local School District Taxes		
	<u>Balance December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>Increase</u>
Balance of Tax*	\$ 8,575,789.57	\$ 8,397,495.08	\$ 178,294.49
Deferred	<u>6,214,219.00</u>	<u>6,214,219.00</u>	
Local School Tax Payable	<u>\$ 2,361,570.57</u>	<u>\$ 2,183,276.08</u>	<u>\$ 178,294.49</u>

* Required for school operations for the six-month period following December 31st.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 17: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

On November 2, 1999, the voters of the Borough approved a referendum authorizing the establishment of a Length of Service Awards Program (LOSAP). On November 2, 1999 the voters of the Borough approved the annual appropriation subject to a per member minimum of \$1,150.00 plus annual cost of living increase and a maximum of \$85,000.00. The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters and first aid members who are eligible to participate. The LOSAP funds are administered independently and distinct from the Borough and are subjected to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services.

Note 18: LONG TERM TAX EXEMPTIONS

The Borough has entered into a property tax abatement agreement in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. This agreement is authorized under various New Jersey state statutes. The following represent the Borough's tax abatement agreement:

<u>Entity Name</u>	<u>Commencement Date</u>	<u>Termination Date</u>	<u>Pilot Billing</u>	<u>Taxes if Billed In Full</u>	<u>Abated Taxes</u>
Arisa Realty Co., LLC	November 1, 2000	November 1, 2031	\$ 416,478.65	\$ 911,790.00	\$ 495,311.35
			<u>\$ 416,478.65</u>	<u>\$ 911,790.00</u>	<u>\$ 495,311.35</u>

Note 19: LESSOR REVENUE

The Borough entered into lease agreements with T-Mobile, Verizon, and Gaelic Communications for rental of space for cell tower equipment on the Borough's water tower located on Ryders Lane, Milltown and outside the Administrative building on Washington Avenue, Milltown. The rental agreement for T-Mobile rolled over and began March 2019 for \$3,600.00 per month and to increase 3% annually each March in four 5-year terms. The rental agreement for Verizon began November 2015 for \$4,000.00 per month and to increase 4% annually each December in four 5-year terms. The rental agreement for Gaelic Communications began June 2019 for \$3,401.92 per month and a revenue split portion of rents for \$2,800.46 per month beginning October 2019 to increase 3% annually each October. The Borough has utilized or intends on utilizing the extensions to the full terms allowed in the agreements. The total annual rental revenue for 2024 was \$191,122.42 of which \$77,087.72 and \$114,034.70 were related to the Current Fund and Water Sewer Fund, respectively. The projected benefit from the rental income for the future 5 years are as follows:

	<u>Projected Rental Income</u>
2025	179,397.84
2026	183,687.43
2027	188,133.20
2028	192,740.87
2029	197,516.56
	<u>\$ 941,475.91</u>

The projected rental income is based on the original lease agreement which includes an increase noted above each year.

Note 20: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after December 31, 2024 through the date of August 8, 2025, which is the date the financial statements were available to be issued. Based on this evaluation, the Borough has determined no subsequent events have occurred which requires disclosures in the financial statements.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Milltown, in the County of Middlesex, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its Bond Anticipation Notes, Series 2025, in the aggregate principal amount of \$_____ (the "Notes"). The Notes are being issued pursuant to various bond ordinances duly adopted by the Issuer. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

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

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

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

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

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

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

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;

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

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

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

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

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

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may

take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: December __, 2025

BOROUGH OF MILLTOWN, IN THE
COUNTY OF MIDDLESEX, NEW JERSEY

By: _____
JOSEPH ZANGA,
Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D
FORM OF BOND COUNSEL'S OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]



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

December __, 2025

Mayor and Borough Council of the
Borough of Milltown, in the
County of Middlesex, New Jersey

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

Dear Mayor and Members of the Borough Council:

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

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), and in anticipation of the issuance of bonds and are authorized by virtue of the bond ordinances described in the Certificate of Determination and Award dated the date hereof (the "Bond Ordinances"). The Notes are being issued to (i) currently refund a portion of the Borough's bond anticipation notes originally issued in the amount of \$3,404,767, dated December 9, 2024 and maturing December 9, 2025; (ii) temporarily finance the cost of various general capital improvements to be undertaken in and by the Borough in the amount of \$1,640,000; and (iii) pay costs associated with the issuance of the Notes.

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

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

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

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

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

1. The Notes are valid and legally binding obligations of the Borough and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Notes and the interest thereon,

without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

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

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

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

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

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DILWORTH PAXSON LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]