

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 31, 2026**

**NEW ISSUE (BOOK-ENTRY ONLY)**

Rating: Moody's "MIG-1"

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

**\$24,500,000**  
**TOWNSHIP OF MARLBORO**  
**IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY**  
**BOND ANTICIPATION NOTES**  
**Consisting of:**  
**\$21,250,000 General Improvement Notes**  
**\$3,250,000 Water Utility Notes**  
**(NON-CALLABLE) (NON-BANK QUALIFIED)**  
**Coupon: \_\_\_\_% Yield: \_\_\_\_% CUSIP<sup>1</sup>: \_\_\_\_\_**

**Dated: April 22, 2026**

**Due: April 21, 2027**

The aggregate principal amount of \$24,500,000 Bond Anticipation Notes (the "Notes") are general obligations of the Township of Marlboro, in the County of Monmouth, State of New Jersey (the "Township"), for which the full faith and credit of the Township are pledged. The Notes consist of: (i) \$21,250,000 General Improvement Notes; and (ii) \$3,250,000 Water Utility Notes. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Notes will be in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry only form in denominations of \$5,000, or multiples of \$1,000 in excess thereof.

The Notes shall bear interest and shall mature on the dates set forth above. The Notes shall bear interest at the rate shown above, which interest is payable on April 21, 2027. The Notes will be payable as to principal upon presentation and surrender thereof at the offices of the Township, acting in the capacity of paying agent (the "Paying Agent") or a hereafter duly designated paying agent. Interest on the Notes will be paid by check, draft or wire transfer, mailed, delivered or transmitted, as applicable, by the Paying Agent to the registered owner thereof as of the Record Dates (as defined herein). While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payment to DTC Participants. DTC Direct Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes are authorized by and are issued pursuant to the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and various bond ordinances of the Township duly adopted by the Township Council on the dates set forth herein, approved by the Mayor and published as required by law. The Notes are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$4,500,000 on April 24, 2025 and maturing April 23, 2026; (ii) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$20,000,000 on October 30, 2025 and maturing April 23, 2026; and (iii) pay the costs associated with the issuance of the Notes.

The Notes are not subject to redemption prior to maturity. See "DESCRIPTION OF THE NOTES – Redemption" herein.

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

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

**The Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Archer & Greiner P.C., Red Bank, 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 Township in connection with the issuance of the Notes. Certain legal matters will be passed on for the Township by its Solicitor, Louis N. Rainone, Esquire, of the firm Rainone Coughlin Minchello, LLC, Iselin, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about April 22, 2026.**

***Bids for the Notes will be received by the Municipal Advisor, on behalf of the Chief Financial Officer of the Township, until 11:30 a.m., prevailing New Jersey time, on Wednesday, April 8, 2026, via PARITY or email (ainverso@muniadvisors.com). Bids must be submitted in accordance with the Full Notice of Sale, which can each be viewed in electronic format, along with this Preliminary Official Statement, on www.munihub.com.***

<sup>1</sup> Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for the Notes maturity is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes maturity.

This is a Preliminary Official Statement "deemed final" by the Township within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a 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, qualification or exemption under the securities law of any such jurisdiction.

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

**MAYOR AND TOWNSHIP COUNCIL**

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

**MUNICIPAL CLERK**

Susan A. Branagan, RMC

**CHIEF FINANCIAL OFFICER**

Lori A. Russo

**TOWNSHIP SOLICITOR**

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

**INDEPENDENT AUDITOR**

Suplee, Clooney & Company  
Westfield, New Jersey

**BOND COUNSEL**

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

**MUNICIPAL ADVISOR**

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

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

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

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

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein and may not be reproduced or used in whole or part, for any other purpose. This Official Statement should be read in its entirety.

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

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

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

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**OFFICIAL STATEMENT**  
**OF**  
**\$24,500,000**  
**TOWNSHIP OF MARLBORO**  
**IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY**  
**BOND ANTICIPATION NOTES**  
**Consisting of:**  
**\$21,250,000 General Improvement Notes**  
**\$3,250,000 Water Utility Notes**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Marlboro (the "Township"), in the County of Monmouth (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$24,500,000 Bond Anticipation Notes (the "Notes") of the Township. The Notes consist of: (i) \$21,250,000 General Improvement Notes; and (ii) \$3,250,000 Water Utility Notes. This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Mayor and Township Council and executed by and on behalf of the Township by the Chief Financial Officer to be distributed in connection with the sale of the Notes.

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

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

**DESCRIPTION OF THE NOTES**

**General Description**

The Notes comprise an issue of general obligation bond anticipation notes of the Township in the aggregate principal amount of \$24,500,000, which Notes are being issued in anticipation of the issuance of bonds.

The Notes shall be dated and shall bear interest from April 22, 2026 and shall mature on April 21, 2027. The Notes shall bear interest at the rate shown on the front cover page, which interest is payable at maturity on April 21, 2027. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes (the "Securities Depository"). Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, or multiples of \$1,000 in excess thereof. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

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

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

### **Redemption**

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

### **Authorization for the Issuance of the Notes**

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

### **Purpose of the Notes**

The Notes are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$4,500,000 on April 24, 2025 and maturing April 23, 2026; (ii) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$20,000,000 on October 30, 2025 and maturing April 23, 2026; and (iii) pay the costs associated with the issuance of the Notes.

The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, and amount being funded with the proceeds of the Notes. The bond ordinances are:

**General Improvement Notes**

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount Being Financed</b>
2007-12	Various General Improvements, Finally Adopted 5/17/07	\$100,000
2018-01	Various Capital Improvements, Finally Adopted 2/15/18	\$200,000
2019-01	Various Capital Improvements, Finally Adopted 2/21/19	\$50,000
2022-07	Various 2022 General Capital Improvements, Finally Adopted 7/21/22	\$2,400,000
2023-05	Various 2023 General Capital Improvements, Finally Adopted 4/20/23	\$5,975,000
2024-08	Various 2024 General Capital Improvements Finally Adopted 4/18/24	\$5,750,000
2024-10	Various 2024 Recreational Improvements, Finally Adopted 4/18/24	\$4,700,000
2025-05	Various Capital Improvements/Acq. of Equipment, Finally Adopted 4/24/25	\$2,075,000
<b>Total</b>		<b><u>\$21,250,000</u></b>

**Water Utility Notes**

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount Being Financed</b>
2021-05	Various Improvements to the Water Utility, Finally Adopted 3/4/21	\$1,025,000
2023-07	Various 2023 Water Utility Improvements, Finally Adopted 4/20/23	\$275,000
2024-09	Various 2024 Water Utility Improvements, Finally Adopted 4/18/24	\$200,000
2025-06	Various Water Utility Improvements and Acquisition of Various Water Utility Equipment, Finally Adopted 4/24/25	\$1,750,000
<b>Total</b>		<b><u>\$3,250,000</u></b>

**SECURITY FOR THE NOTES**

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

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

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

### **NO DEFAULT**

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

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

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

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

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

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

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

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

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

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

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

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

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

**THE AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.**

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

#### **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 Township or Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Township or Paying Agent for such purposes only upon the surrender thereof to the Township or Paying Agent together with the duly executed assignment in form satisfactory to the Township or Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Township or 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 to the registered owners thereof.

### **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

#### **Procedure for Authorization**

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

The Township, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Township Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Township.

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

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations

and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Township are general "full faith and credit" obligations.

### **Short Term Financing**

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

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

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

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. In certain circumstances, the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds.

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

There are statutory requirements which limit the amount of debt which the Township is permitted to authorize. The authorized bonded indebtedness of a Township is limited by the Local Bond Law and other laws to an amount equal to three and one half percent (3½%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Township for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

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

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

## **DEBT INFORMATION OF THE TOWNSHIP**

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

## **FINANCIAL MANAGEMENT**

### **Accounting and Reporting Practices**

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

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

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

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

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

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

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

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

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

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

Additionally, P.L. 2010, c.44 imposes a 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 2%, certain increases in health care costs in excess of 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 2% not otherwise permitted under the law by an affirmative vote of 50%.

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

## **Deferral of Current Expenses**

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

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

financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

### **Budget Transfers**

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

### **Anticipation of Real Estate Taxes**

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

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

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

Total of Local, County, and School Levies - Anticipated Revenues = Cash Required from Taxes to Support Local Municipal Budget and Other Taxes

Cash Required from Taxes to Support Local Municipal Budget and Other Taxes = Amount to be  
Prior Year's Percentage of Current Tax Collection (or Lesser %) Raised by  
Taxation

### **Anticipation of Miscellaneous Revenues**

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely

coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

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

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

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

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

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

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

### **Investment of Municipal Funds**

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

## **CAPITAL IMPROVEMENT PROGRAM**

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

## **TAX ASSESSMENT AND COLLECTION**

### **Assessment and Collection of Taxes**

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

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

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

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

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

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

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

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

### **Tax Appeals**

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

## **TAX MATTERS**

### **Exclusion of Interest on the Notes From Gross Income for Federal Tax Purposes**

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

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

included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code.

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

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

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

### **Bank Qualification**

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

### **Additional Federal Income Tax Consequences of Holding the Notes**

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

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

### **Changes in Federal Tax Law Regarding the Notes**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance

of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

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

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

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

### **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

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

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

### **LEGALITY FOR INVESTMENT**

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

### **RISK TO HOLDERS OF NOTES**

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

## **Municipal Bankruptcy**

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

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

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

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

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

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

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

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

### **CYBER DISCLOSURE**

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

### **CLIMATE DISCLOSURE**

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

### **CERTIFICATES OF THE TOWNSHIP**

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

### **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 C hereto. Certain legal matters with respect to the Notes will be passed on for the Township by its Solicitor, Louis N. Rainone, Esquire, of the firm Rainone Coughlin Minchello, LLC, Iselin, New Jersey (“Township Solicitor”).

## **LITIGATION**

To the knowledge of the Township Solicitor, there is no litigation of any nature now pending, threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes to pay the principal of or the interest on the Notes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Solicitor, no litigation is presently pending or threatened that, in the opinion of the Township Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided. A Certificate to such effect will be executed by the Township Solicitor and delivered to the Underwriter at the closing.

## **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS**

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

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

## **PREPARATION OF OFFICIAL STATEMENT**

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of statistical and financial information contained in APPENDICES A and B and throughout this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

Suplee, Clooney & Company, Westfield, New Jersey, Certified Public Accountants and Registered Municipal Accountants (the "Auditor"), has not participated in the preparation of the information contained in this Official Statement. The Auditor takes responsibility for the audited financial statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

The Municipal Advisor (as defined herein) has not participated in the preparation or review of the information contained in this Official Statement, except as hereinafter noted, nor has it verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Township Solicitor has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

### **RATING**

Moody's Ratings (the "Rating Agency") has assigned the Notes the rating of "MIG-1" based upon the creditworthiness of the Township.

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

### **FINANCIAL STATEMENTS**

APPENDIX B contains certain unaudited financial data extracted from the Township's annual financial statement for the fiscal year ended December 31, 2025 and certain audited financial data of the Township for the fiscal year ended December 31, 2024 and December 31, 2023. The audited financial data were extracted from the report prepared by the Auditor to the extent and for the period set forth in its report appearing in APPENDIX B to this Official Statement.

### **MUNICIPAL ADVISOR**

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

### **UNDERWRITING**

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_ (the "Underwriter") at a purchase price of \$\_\_\_\_\_. The Underwriter is obligated to purchase all of the Notes if any Notes are purchased.

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

**ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Township of Marlboro, Lori A. Russo, Chief Financial Officer, at (732) 536-0200 ext. 1231 or [lrusso@marlboro-nj.gov](mailto:lrusso@marlboro-nj.gov) or to the Municipal Advisor at (609) 291-0130 or [ainverso@muniadvisors.com](mailto:ainverso@muniadvisors.com).

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**MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the 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 the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

**TOWNSHIP OF MARLBORO, NEW JERSEY**

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**LORI A. RUSSO,**  
**Chief Financial Officer**

DATED: April \_\_, 2026

**APPENDIX A**

**CERTAIN FINANCIAL AND DEMOGRAPHIC  
INFORMATION CONCERNING THE TOWNSHIP OF MARLBORO**

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## **INFORMATION REGARDING THE TOWNSHIP<sup>1</sup>**

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

### **General Information**

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

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

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

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

### **Form of Government**

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

### **Education**

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

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<sup>1</sup> Source: The Township, unless otherwise indicated.

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

### **Utilities/Public Works**

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

### **Recreation**

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

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

### **Pension and Retirement Systems**

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

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

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

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

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

*[Remainder of page intentionally left blank]*

**Employment and Unemployment Comparisons**

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

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2024	21,301	20,559	742	3.5%
2023	21,250	20,550	700	3.3%
2022	21,032	20,406	626	3.0%
2021	20,603	19,570	1,033	5.0%
2020	20,421	18,911	1,510	7.4%
<b><u>County</u></b>				
2024	339,123	325,289	13,834	4.1%
2023	338,284	325,147	13,137	3.9%
2022	334,576	322,603	11,973	3.6%
2021	329,326	309,251	20,075	6.1%
2020	326,911	298,052	28,859	8.8%
<b><u>State</u></b>				
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, Bureau of Labor Force Statistics, Local Area Unemployment Statistics*

**Income (as of 2024)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>	<b><u>National</u></b>
Median Household Income	\$186,292	\$124,845	\$103,556	\$80,734
Median Family Income	221,519	157,997	127,025	99,999
Per Capita Income	82,214	66,696	54,253	44,673

*Source: U.S. Bureau of the Census, American Community Survey 5-Year Estimates*

**Population**

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	41,852	0.8%	647,520	0.6%	9,500,851	2.3%
2020	41,502	3.3%	643,615	2.1%	9,288,994	5.7%
2010	40,191	10.4%	630,380	2.5%	8,791,894	4.5%
2000	36,398	30.1%	615,301	11.2%	8,414,350	8.9%
1990	27,974	59.3%	553,124	9.9%	7,730,188	5.0%

Source: U.S. Bureau of the Census

**Largest Taxpayers**

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Marlboro Plaza	\$46,531,500	0.62%
Camelot West At Marlboro	37,500,000	0.50%
100 Buckingham Street Owner, LLC	32,422,300	0.43%
Union Hill Nine Associates LLC	30,549,100	0.41%
TMC Marlboro LLC (Shop Rite)	22,500,000	0.30%
American Plaza, LLC (Costco)	17,468,100	0.23%
480 Route 9 Realities, LLC	13,700,000	0.18%
Marlboro Commons LLC	12,713,100	0.17%
Marlboro Lowe's	12,501,900	0.17%
Royal Pines LLC	<u>12,132,100</u>	<u>0.16%</u>
<b>Total</b>	<b><u>\$238,018,100</u></b>	<b><u>3.18%</u></b>

Source: School District ACFR & Municipal Tax Assessor

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025 U	\$198,870,001	\$197,662,164	99.39%
2024	185,106,079	184,099,459	99.46%
2023	176,774,718	175,715,118	99.40%
2022	173,106,519	172,154,250	99.45%
2021	170,697,091	169,553,763	99.33%

Source: Abstract of Ratables, State of New Jersey-Property Taxes & Municipal Tax Assessor

U: Unaudited

**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>Delinquent % of Tax Levy</u>
2025 U	\$1,341,523	\$1,112,889	\$2,454,412	1.23%
2024	1,259,761	1,257,812	2,517,573	1.36%
2023	1,195,159	912,727	2,107,887	1.19%
2022	1,113,504	819,679	1,933,183	1.12%
2021	1,058,073	861,266	1,919,339	1.12%

Source: Abstract of Ratables, State of New Jersey-Property Taxes & Municipal Tax Assessor

U: Unaudited

**Property Acquired by Tax Lien Liquidation**

<u>Year</u>	<u>Property Acquired For Taxes</u>
2025 U	\$802,400
2024	802,400
2023	802,400
2022	802,400
2021	802,400

Source: Annual Audit Reports and/or Annual Financial Statements (unaudited)

U: Unaudited

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

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

<b><u>Year</u></b>	<b><u>General Municipal</u></b>	<b><u>Open Space Municipal</u></b>	<b><u>Local School</u></b>	<b><u>Regional School</u></b>	<b><u>Total County</u></b>	<b><u>Fire District (#1-3) Combined</u></b>	<b><u>Total</u></b>
2025	\$0.440	\$0.010	\$1.192	\$0.581	\$0.341	\$0.208	\$2.772
2024	0.435	0.010	1.159	0.514	0.325	0.191	2.634
2023	0.407	0.010	1.128	0.486	0.312	0.168	2.511
2022	0.409	0.010	1.106	0.480	0.308	0.151	2.464
2021	0.401	0.010	1.088	0.472	0.316	0.149	2.436

Source: Abstract of Ratables, Table of Equalized Valuations & Municipal Tax Assessor

## **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2025	\$7,494,271,070	\$12,169,975,755	61.58%	\$0	\$12,169,975,755
2024	7,386,461,870	10,378,617,212	71.17%	0	10,378,617,212
2023	7,350,133,070	9,555,555,213	76.92%	0	9,555,555,213
2022	7,301,546,320	8,627,609,973	84.63%	0	8,627,609,973
2021	7,281,886,820	8,264,540,710	88.11%	0	8,264,540,710

Source: Abstract of Ratables, State of New Jersey-Property Taxes & Municipal Tax Assessor

## **Classification of Ratables**

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

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2025	\$49,140,200	\$6,719,731,170	\$33,538,100	\$526,641,800	\$81,161,800	\$84,058,000	\$7,494,271,070
2024	56,806,600	6,649,638,270	33,835,500	514,265,800	81,161,800	50,753,900	7,386,461,870
2023	60,443,700	6,611,024,970	32,779,300	513,969,400	81,161,800	50,753,900	7,350,133,070
2022	59,702,650	6,574,691,270	32,690,200	502,928,400	80,779,900	50,753,900	7,301,546,320
2021	53,888,350	6,566,454,270	32,710,900	497,299,500	80,779,900	50,753,900	7,281,886,820

Source: Abstract of Ratables, State of New Jersey-Property Taxes & Municipal Tax Assessor

**Financial Operations**

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

**Summary of Current Fund Budget**

<b><u>REVENUE</u></b>	<b><u>Adopted 2022</u></b>	<b><u>Adopted 2023</u></b>	<b><u>Adopted 2024</u></b>	<b><u>Adopted 2025</u></b>	<b><u>Introduced 2026</u></b>
Fund Balance Utilized	\$5,900,000	\$6,100,000	\$6,400,000	\$7,100,000	\$7,300,000
Miscellaneous Revenues	6,000,395	7,602,220	5,666,732	6,082,628	6,117,228
Receipts from Delinquent Taxes	750,000	750,000	750,000	750,000	800,000
Amount to be Raised by Taxation	<u>29,871,620</u>	<u>29,869,564</u>	<u>32,135,756</u>	<u>32,950,807</u>	<u>36,423,785</u>
Total Revenue:	<u>\$42,522,015</u>	<u>\$44,321,784</u>	<u>\$44,952,488</u>	<u>\$46,883,435</u>	<u>\$50,641,013</u>
<b><u>APPROPRIATIONS</u></b>					
General Purpose (Inside CAP)	\$33,293,348	\$34,319,375	\$35,512,045	\$36,840,410	\$38,329,337
Operations (Outside CAP)	1,335,617	1,963,968	1,367,916	1,632,680	2,535,794
Capital Improvement Fund	300,000	600,000	350,000	375,000	375,000
Municipal Debt Service	4,873,837	4,735,833	4,985,253	5,177,002	5,333,202
Deferred Charges	43,891	0	0	0	966,366
Reserve for Uncollected Taxes	<u>2,675,322</u>	<u>2,702,608</u>	<u>2,737,275</u>	<u>2,858,342</u>	<u>3,101,314</u>
Total Appropriations:	<u>\$42,522,015</u>	<u>\$44,321,784</u>	<u>\$44,952,488</u>	<u>\$46,883,435</u>	<u>\$50,641,013</u>

Source: Municipal Introduced and/or Adopted Budgets

**Fund Balance**

**Current Fund**

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

**Fund Balance - Current Fund**

<b><u>Year</u></b>	<b><u>Fund Balance</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2025 U	\$19,610,888	\$7,300,000
2024	18,536,564	7,100,000
2023	15,713,218	6,400,000
2022	14,639,337	6,100,000
2021	13,661,791	5,900,000

Source: Annual Audit Reports and/or Annual Financial Statements (unaudited)

Water Utility Operating Fund

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

<b><u>Fund Balance - Water Utility</u></b>		
<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2025 U	\$11,679,082	\$4,675,568
2024	9,884,413	3,511,398
2023	9,788,402	3,767,347
2022	7,709,637	3,306,065
2021	5,485,736	2,970,227

*Source: Annual Audit Reports and/or Annual Financial Statements (unaudited)*

Recreation and Swim Utility Operating Fund

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

<b><u>Fund Balance - Rec &amp; Swim Utility</u></b>		
<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2025 U	\$1,214,833	\$0
2024	974,578	490,253
2023	889,006	662,355
2022	1,057,316	724,280
2021	618,981	0

*Source: Annual Audit Reports and/or Annual Financial Statements (unaudited)*

**Township Indebtedness as of December 31, 2025**

**General Purpose Debt**

Serial/Term Bonds	\$43,775,000
Bond Anticipation Notes	21,250,000
Bonds and Notes Authorized but Not Issued	9,005,437
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$74,030,437

**Local/Regional School District Debt**

Serial/Term Bonds	\$2,776,193
Temporary Notes Issued	5,345,031
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$8,121,224

**Self-Liquidating Debt**

Serial/Term Bonds	\$19,982,000
Bond Anticipation Notes	3,250,000
Bonds and Notes Authorized but Not Issued	4,391,040
Other Bonds, Notes and Loans	<u>11,637,990</u>
Total:	\$39,261,030

**TOTAL GROSS DEBT**

**\$121,412,691**

**Less: Statutory Deductions**

General Purpose Debt	\$208,142
Local/Regional School District Debt	8,121,224
Self-Liquidating Debt	<u>39,261,030</u>
Total:	\$47,590,397

**TOTAL NET DEBT**

**\$73,822,294**

*Source: Annual Audit Reports and/or Annual Debt Statements (unaudited)*

**Overlapping Debt (as of December 31, 2025)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share*</u></b>
Local School District	\$5,345,031	100.0%	\$5,345,031
Regional School District	12,215,000	22.7%	2,776,192
Monmouth County (2024)	1,643,106,400	5.7%	93,465,095
Western Monmouth Utilities Author	18,140,598	35.4%	6,415,764
			<hr/>
Net Indirect Debt			\$108,002,082
Net Direct Debt			73,822,294
Total Net Direct and Indirect Debt			<b><u>\$181,824,377</u></b>

*\*Percentage of County debt is based on the Net Valuation on Which County Taxes are Apportioned. County debt reflects total Gross Debt without statutory deductions.*

*Source: Annual Audit Reports and/or Annual Debt Statements (unaudited)*

**Debt Limit**

**DEBT LIMIT AND BORROWING CAPACITY**

Average Equalized Valuation Basis (2023, 2024, 2025)	\$10,701,382,727
Permitted Debt Limitation (3.50%)	374,548,395
Less: Net Debt	73,822,294
Remaining Borrowing Power	<b><u>\$300,726,101</u></b>
Percentage of Net Debt to Average Equalized Valuation	0.690%
Gross Debt Per Capita based on 2020 population of 41,502	\$2,925
Net Debt Per Capita based on 2020 population of 41,502	\$1,779

*Source: Annual Audit Reports and/or Annual Debt Statements (unaudited)*

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

<sup>2</sup> Township percentage of Western Monmouth Utilities Authority debt is estimated based on historical information

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP**

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APPENDIX B  
FINANCIAL SECTION

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# SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

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

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

#### ***Adverse and Unmodified Opinions***

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

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

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

***Basis for Adverse and Unmodified Opinions***

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

***Matter Giving Rise to Adverse Opinion***

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

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

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

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

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

## SUPLEE, CLOONEY & COMPANY LLC

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2025 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY  
Certified Public Accountants

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

May 29, 2025



# SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2025 Annual Financial Statement (AFS) of the Township of Marlboro, County of Monmouth, New Jersey as of December 31, 2025 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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

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

SUPLEE, CLOONEY & COMPANY LLC  
Certified Public Accountants

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

March 31, 2025

TOWNSHIP OF MARLBORO

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER <u>31, 2025</u> (Unaudited)	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
Current Fund:			
Cash	\$ 27,755,049.11	\$ 35,857,481.34	\$ 15,801,118.37
Investment	18,965,594.07	4,713,838.94	18,631,249.30
Change Funds		1,550.00	1,550.00
Petty Cash		600.00	600.00
	<u>\$ 46,720,643.18</u>	<u>\$ 40,573,470.28</u>	<u>\$ 34,434,517.67</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	\$ 1,112,888.56	\$ 1,257,812.09	\$ 912,727.43
Tax Title Liens Receivable	1,341,523.15	1,259,761.23	1,195,159.07
Property Acquired for Taxes - Assessed Valuation	802,400.00	802,400.00	802,400.00
Revenue Accounts Receivable	24,324.70	26,240.37	19,266.24
	<u>\$ 3,281,136.41</u>	<u>\$ 3,346,213.69</u>	<u>\$ 2,929,552.74</u>
	<u>\$ 50,968,145.51</u>	<u>\$ 43,919,683.97</u>	<u>\$ 37,364,070.41</u>
Grant Fund:			
Cash	\$ 490,751.72	\$ 554,107.98	\$ 470,436.18
Grants Receivable	<u>120,177.47</u>	<u>92,693.87</u>	<u>134,435.63</u>
	<u>\$ 610,929.19</u>	<u>\$ 646,801.85</u>	<u>\$ 604,871.81</u>
	<u>\$ 51,579,074.70</u>	<u>\$ 44,566,485.82</u>	<u>\$ 37,968,942.22</u>

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

TOWNSHIP OF MARLBORO

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	\$ 2,006,140.85	\$ 1,790,389.33	\$ 2,388,759.16
Due State of New Jersey-Senior Citizens and Veterans Deductions	12,351.18	8,257.84	6,128.38
Reserve for Miscellaneous Deposits	2,179,256.49	2,191,047.18	2,668,646.59
Tax Overpayments		3,808.16	15,649.27
Encumbrances Payable	2,053,992.22	2,019,444.19	2,466,468.91
Accounts Payable	546,328.01	459,462.71	268,659.62
Prepaid Taxes	1,765,082.65	1,518,753.83	1,343,983.74
Emergency Note Payable	966,365.92		
County Taxes Payable	208,998.64	237,594.91	69,714.20
Local School Taxes Payable	11,597,130.50	9,752,510.50	9,373,167.50
Regional School Taxes Payable	6,740,474.89	4,055,637.89	120,121.89
	<u>\$ 28,076,121.35</u>	<u>\$ 22,036,906.54</u>	<u>\$ 18,721,299.26</u>
Reserve for Receivables	\$ 3,281,136.41	\$ 3,346,213.69	\$ 2,929,552.74
Fund Balance	<u>19,610,887.75</u>	<u>18,536,563.74</u>	<u>15,713,218.41</u>
	<u>\$ 50,968,145.51</u>	<u>\$ 43,919,683.97</u>	<u>\$ 37,364,070.41</u>
Grant Fund:			
Encumbrances Payable	\$ 178,990.64	\$ 211,909.10	\$ 159,218.15
Reserve for Grants-Appropriated	431,938.55	429,492.86	440,546.52
Reserve for Grants-Unappropriated		5,399.89	5,107.14
	<u>\$ 610,929.19</u>	<u>\$ 646,801.85</u>	<u>\$ 604,871.81</u>
	<u>\$ 51,579,074.70</u>	<u>\$ 44,566,485.82</u>	<u>\$ 37,968,942.22</u>

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

## TOWNSHIP OF MARLBORO

## CURRENT FUND

STATEMENTS OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025 ( Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	\$ 7,100,000.00	\$ 6,400,000.00	\$ 6,100,000.00
Miscellaneous Revenues Anticipated	7,875,588.29	8,035,287.19	9,261,243.34
Receipts from Delinquent Taxes	1,254,383.54	981,888.60	815,356.91
Receipts from Current Taxes	197,662,163.62	185,562,484.53	175,715,117.77
Non-Budget Revenues	773,077.13	683,717.87	803,195.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	2,073,455.32	2,556,957.05	2,262,757.62
Reserve for Prepaid Regional School Tax			134,647.11
Grants Appropriated Reserves Cancelled			422.83
Accounts Payable Cancelled		169,565.42	88,059.56
Cancelled Reserve		400,000.00	
<b>Total Income</b>	<b>\$ 216,738,667.90</b>	<b>\$ 204,789,900.66</b>	<b>\$ 195,180,800.31</b>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Within "CAPS":			
Operations Including Contingent	\$ 31,602,611.94	\$ 29,514,539.79	\$ 28,787,667.64
Deferred Charges and Statutory Expenditures	6,203,164.43	5,981,504.84	5,530,707.58
Excluded from "CAPS"			
Operations	1,881,448.54	1,735,317.07	2,264,394.66
Capital Improvement Fund	375,000.00	350,000.00	600,000.00
Municipal Debt Service	5,068,447.69	4,893,355.17	4,448,624.26
Deferred Charges and Judgments			
County Tax	25,527,980.77	23,946,274.77	22,909,473.64
County Tax for Added and Omitted Taxes	208,998.64	237,594.91	69,714.20
Local District School Tax	89,319,034.00	85,592,873.00	82,934,189.00
Regional District School Tax	43,557,881.00	37,964,476.00	35,718,578.00
Municipal Open Space Tax	749,798.84	738,796.15	735,102.10
Special District Taxes	5,029,747.00	4,600,134.00	4,008,468.00
Prior Year Senior Citizens Deductions, net		4,295.21	
Accounts Payable Increased	6,596.96		
Refund of Prior Year Revenue - Tax Appeals		7,394.42	
<b>Total Expenditures</b>	<b>\$ 209,530,709.81</b>	<b>\$ 195,566,555.33</b>	<b>\$ 188,006,919.08</b>
Excess in Revenue	\$ 7,207,958.09	\$ 9,223,345.33	\$ 7,173,881.23
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	966,365.92		
Statutory Excess to Fund Balance	\$ 8,174,324.01	\$ 9,223,345.33	\$ 7,173,881.23
<u>Fund Balance</u>			
Balance, January 1	18,536,563.74	15,713,218.41	14,639,337.18
	\$ 26,710,887.75	\$ 24,936,563.74	\$ 21,813,218.41
Decreased by:			
Utilization as Anticipated Revenue	7,100,000.00	6,400,000.00	6,100,000.00
Balance, December 31	\$ 19,610,887.75	\$ 18,536,563.74	\$ 15,713,218.41

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

Allocations of Current Tax Collections:		
Revenues from Collections		\$ 185,562,484.53
Allocated to:		
School Taxes	\$ 123,557,349.00	
County Taxes	24,183,869.68	
Special District Tax	4,600,134.00	
Municipal Open Space Tax	738,796.15	
		<u>153,080,148.83</u>
Balance for Support of Municipal Appropriations		\$ 32,482,335.70
Add: Appropriation "Reserve for Uncollected Taxes"		<u>2,737,274.61</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 35,219,610.31</u>

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:		
Delinquent Tax Collections		\$ 968,883.43
Tax Title Lien Collections		<u>13,005.17</u>
		<u>\$ 981,888.60</u>
Licenses - Other:		
Clerk		\$ 19,405.00
Registrar		<u>336.00</u>
		<u>\$ 19,741.00</u>
Other Fees and Permits:		
Engineering Department		\$ 41,260.00
Planning Board		9,219.18
Zoning Board		122,000.18
Fire Prevention Department		167,111.00
Police Department		155,600.50
Registrar		30.00
Community Development		133,534.00
Township Clerk		215,603.00
Tax Assessor		1,310.00
Administration		<u>765.00</u>
		<u>\$ 846,432.86</u>

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

Miscellaneous Revenue Not Anticipated:

Auction Proceeds	\$	19,715.74
Reimbursement of Expense		9,610.58
Scrap Metal Recycling		18,267.20
Mobile Home Park Rental		22,500.00
Property Maintenance Liens		878.65
Escrow Inspections		6,845.92
Community Garden		6,250.00
Copies		2,576.45
Farmers Market		12,910.00
Employer refund		442.17
DMV		950.00
Senior Cit & Vets Admin Fee		2,941.89
Community Program Revenue		23,450.00
Indirect UCC Costs		454,946.12
Police Outside O/T Admin Fee		100,553.98
Other		<u>879.17</u>
	\$	<u>683,717.87</u>

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 6,400,000.00		\$ 6,400,000.00	
Miscellaneous Revenues:				
Alcoholic Beverage Licenses	\$ 37,500.00		\$ 43,000.00	\$ 5,500.00
Other Licenses	24,130.00		19,741.00	(4,389.00)
Fees and Permits:				
Other	720,000.00		846,432.86	126,432.86
Fines and Costs - Municipal Court	300,000.00		367,156.96	67,156.96
Interest and Costs on Taxes	150,000.00		211,609.61	61,609.61
Cable Television Franchise Fees	200,000.00		213,844.65	13,844.65
Cell Tower Rental	334,366.18		515,749.10	181,382.92
Interest on Investments and Deposits	469,251.01		1,935,123.25	1,465,872.24
Energy Receipts Tax	2,284,633.00		2,296,005.08	11,372.08
Clean Communities Grant		121,537.12	121,537.12	
State Body Armor Replacement Fund		5,107.14	5,107.14	
Recycling Tonnage Grant		36,054.10	36,054.10	
Uniform Fire Safety Act	85,187.99		98,363.19	13,175.20
Payment in Lieu of Taxes	600,000.00		674,196.18	74,196.18
Municipal Relief Fund	236,663.82		236,663.82	
Capital Surplus	225,000.00		225,000.00	
Emergency Management Agency Assistance		10,000.00	10,000.00	
Distracted Driving Statewide Crackdown Grant		12,250.00	12,250.00	
National Opioid Settlement		167,453.13	167,453.13	
	\$ 5,666,732.00	\$ 352,401.49	\$ 8,035,287.19	\$ 2,016,153.70
Receipts From Delinquent Taxes	\$ 750,000.00		\$ 981,888.60	\$ 231,888.60
Amount to be Raised by Taxes for Support of: Local Tax for Municipal Purposes	\$ 32,135,755.82		\$ 35,219,610.31	\$ 3,083,854.49
<b>Budget Totals</b>	\$ 44,952,487.82	\$ 352,401.49	\$ 50,636,786.10	\$ 5,331,896.79
Non-Budget Revenues	\$	\$	\$ 683,717.87	\$ 683,717.87
	\$ 44,952,487.82	\$ 352,401.49	\$ 51,320,503.97	\$ 6,015,614.66

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<b>OPERATIONS WITHIN "CAPS":</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration:					
Salaries and Wages	\$ 320,416.22	\$ 330,416.22	\$ 324,600.57	\$ 5,815.65	\$
Other Expenses	91,376.75	84,376.75	31,843.02	52,533.73	
Office of the Mayor:					
Salaries and Wages	83,849.49	83,849.49	83,849.49		
Other Expenses	5,132.25	5,132.25	3,186.14	1,946.11	
Township Council:					
Salaries and Wages	18,000.00	18,000.00	18,000.00		
Other Expenses	2,723.25	2,723.25	2,410.98	312.27	
Municipal Clerk:					
Salaries and Wages	234,473.16	227,473.16	219,687.39	7,775.77	
Other Expenses	60,974.00	63,974.00	60,532.41	3,441.59	
Finance:					
Salaries and Wages	218,365.94	218,365.94	207,739.70	10,626.24	
Other Expenses	24,574.31	19,574.31	13,600.78	5,973.53	
Annual Audit:					
Other Expenses	36,483.65	33,483.65	32,683.66	799.99	
Central Computer Services:					
Salaries and Wages	159,962.77	159,962.77	156,502.87	3,459.90	
Other Expenses	298,231.03	298,231.03	296,404.20	1,826.83	
Collection of Taxes:					
Salaries and Wages	173,832.74	173,832.74	171,032.46	2,800.28	
Other Expenses	57,657.00	32,657.00	32,206.25	450.75	
Assessment of Taxes:					
Salaries and Wages	156,962.70	156,962.70	154,960.47	2,002.23	
Other Expenses	48,248.00	48,248.00	47,005.94	1,242.06	
Legal Services and Costs:					
Other Expenses	204,361.71	204,361.71	204,262.02	99.69	
Engineering Services:					
Salaries and Wages	277,756.48	237,756.48	152,568.06	85,188.42	
Other Expenses	115,516.20	115,516.20	113,001.09	2,515.11	

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
<u>GENERAL GOVERNMENT</u>						
Economic Development:						
Other Expenses	\$ 20,346.00	\$ 20,346.00	\$ 1,698.82	\$ 18,647.18	\$	
Cable Studio:						
Other Expenses	59,776.00	59,776.00	56,840.00	2,936.00		
Inter - Governmental Relations:						
Other Expenses	17,144.00	17,144.00	11,620.16	5,523.84		
Historic Sites Commission:						
Other Expenses	6,750.00	6,750.00	6,750.00			
Planning Board:						
Salaries and Wages	79,735.90	80,735.90	79,235.80	1,500.10		
Other Expenses	35,164.00	35,164.00	15,201.97	19,962.03		
Planning Board - Contractual:						
Other Expenses	81,522.00	81,522.00	71,607.51	9,914.49		
Zoning Board:						
Salaries and Wages	178,027.85	178,027.85	176,686.34	1,341.51		
Other Expenses	62,792.00	62,792.00	42,377.86	20,414.14		
Insurance:						
Group Health Insurance	3,343,261.48	3,212,761.48	2,871,171.96	341,589.52		
General Liability Insurance	675,717.65	675,717.65	675,696.54	21.11		
Worker's Compensation Insurance	535,211.82	535,211.82	530,626.82	4,585.00		
Health Benefit Waiver	93,000.00	93,000.00	45,625.84	47,374.16		
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages	10,862,751.09	10,862,751.09	10,744,447.99	118,303.10		
Other Expenses	584,424.97	584,424.97	454,799.57	129,625.40		
Emergency Management Services:						
Salaries and Wages	25,400.00	25,400.00	13,000.08	12,399.92		
Other Expenses	21,870.82	21,870.82	10,940.02	10,930.80		
Uniform Fire Safety Act:						
Salaries and Wages	284,885.58	319,885.58	313,514.77	6,370.81		
Other Expenses	28,192.05	28,192.05	16,515.10	11,676.95		

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
<u>PUBLIC SAFETY</u>						
Aid to Volunteer Rescue Squad:						
Other Expenses	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$		\$
Municipal Prosecutor:						
Salaries and Wages	32,956.89	32,956.89	32,636.97	319.92		
Other Expenses	3,000.00	3,000.00	1,250.00		1,750.00	
<u>PUBLIC WORKS</u>						
Streets & Roads Maintenance:						
Salaries and Wages	1,986,664.44	2,006,664.44	1,909,271.83	97,392.61		
Other Expenses	191,986.37	191,986.37	146,072.51	45,913.86		
Snow Removal (Municipal Services Act):						
Salaries and Wages	111,000.00	111,000.00	73,328.95	37,671.05		
Other Expenses	131,000.00	131,000.00	63,959.68	67,040.32		
Shade Tree Committee:						
Salaries and Wages	42,480.00	42,480.00	28,927.17	13,552.83		
Other Expenses	11,785.00	11,785.00	4,960.98	6,824.02		
Public Works - Other:						
Salaries and Wages	192,792.15	192,792.15	191,223.03	1,569.12		
Other Expenses	10,725.50	10,725.50	2,822.73	7,902.77		
Community Services Act:						
Other Expenses	145,508.00	145,508.00	145,508.00			
Solid Waste Collection:						
Salaries and Wages	34,000.00	37,000.00	35,847.01	1,152.99		
Other Expenses	1,087,465.39	1,087,465.39	1,036,529.37	50,936.02		
Public Buildings and Grounds:						
Salaries and Wages	271,417.57	306,417.57	284,145.39	22,272.18		
Other Expenses	327,069.29	337,069.29	319,107.07	17,962.22		
Vehicle Maintenance:						
Salaries and Wages	573,400.93	573,400.93	532,104.20	41,296.73		
Other Expenses	407,733.00	409,233.00	407,664.67	1,568.33		

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
<u>HEALTH AND WELFARE</u>						
Public Health Services - Registrar:						
Salaries and Wages	\$ 23,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$	\$
Other Expenses	1,579.00	1,579.00	895.54	895.54	683.46	
Environmental Health Services:						
Salaries and Wages	2,000.00	2,000.00	2,000.00	2,000.00		
Other Expenses	1,475.00	1,475.00	456.99	456.99	1,018.01	
Animal Control Services:						
Salaries and Wages	62,824.57	62,824.57	62,824.57	62,824.57		
Other Expenses	13,549.64	13,549.64	13,549.64	13,549.64		
Drug Abuse Control:						
Salaries and Wages	15,719.52	15,719.52	13,202.10	13,202.10	2,517.42	
Other Expenses	10,552.60	10,552.60	6,160.00	6,160.00	4,392.60	
<u>PARKS AND RECREATION:</u>						
Park Maintenance:						
Salaries and Wages	407,081.08	407,081.08	384,229.58	384,229.58	22,851.50	
Other Expenses	213,059.75	213,059.75	199,819.73	199,819.73	13,240.02	
Recreation:						
Salaries and Wages	545,842.06	545,842.06	473,982.22	473,982.22	71,859.84	
Other Expenses	210,842.48	210,842.48	206,742.29	206,742.29	4,100.19	
Municipal Library:						
Other Expenses	4,900.00	4,900.00	4,471.52	4,471.52	428.48	
Teen Program:						
Other Expenses	4,990.00	4,990.00	391.25	391.25	4,598.75	
Municipal Court:						
Salaries and Wages	418,485.19	418,485.19	403,567.16	403,567.16	14,918.03	
Other Expenses	72,013.58	72,013.58	59,198.06	59,198.06	12,815.52	
Public Defender:						
Other Expenses	23,500.00	23,500.00	21,880.00	21,880.00	1,620.00	
Ethics Commission:						
Other Expenses	11,380.00	11,380.00	10,000.00	10,000.00	1,380.00	
Open Space Committee:						
Other Expenses	1,870.00	1,870.00	60.00	60.00	1,810.00	
Affordable Housing						
Salaries and Wages	24,000.00	24,000.00	23,000.04	23,000.04	999.96	

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>UNCLASSIFIED</u>						
Utilities:						
Telephone	\$ 391,406.24	\$ 391,406.24	\$	362,435.41	28,970.83	\$
Electricity	322,877.45	342,877.45		322,877.45	20,000.00	
Gasoline	516,438.00	516,438.00		482,115.84	34,322.16	
Water	37,450.00	42,450.00		39,927.70	2,522.30	
Street Lighting	618,144.24	683,144.24		618,144.24	65,000.00	
Natural Gas	113,870.00	113,870.00		104,312.50	9,557.50	
Sewage Processing and Disposal	12,735.00	12,735.00		12,099.00	636.00	
Landfill/Solid Waste Disposal Costs	202,049.00	202,049.00		173,603.74	28,445.26	
Postage	37,550.00	46,550.00		42,239.62	4,310.38	
Accumulated Absences Compensation	1,000.00	1,000.00			1,000.00	
<b>TOTAL OPERATIONS WITHIN "CAPS:"</b>	<b>\$ 29,528,539.79</b>	<b>\$ 29,513,539.79</b>	<b>\$</b>	<b>27,792,490.40</b>	<b>1,721,049.39</b>	<b>\$</b>
Contingent	1,000.00	1,000.00			1,000.00	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS:"</b>	<b>\$ 29,529,539.79</b>	<b>\$ 29,514,539.79</b>	<b>\$</b>	<b>27,792,490.40</b>	<b>1,722,049.39</b>	<b>\$</b>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS:"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 1,576,892.90	\$ 1,576,892.90	\$	1,576,892.90		\$
Prior Year Bills	1,000.00	1,000.00				1,000.00
Social Security System (OASI)	1,370,545.91	1,370,545.91		1,310,524.47	60,021.44	
Police and Firemen's Retirement System of NJ	3,033,065.03	3,033,065.03		3,033,065.03		
Unemployment Insurance	1.00	1.00		1.00		
Defined Contribution Retirement Program	1,000.00	1,000.00			1,000.00	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS:"</b>	<b>\$ 5,982,504.84</b>	<b>\$ 5,982,504.84</b>	<b>\$</b>	<b>5,920,483.40</b>	<b>61,021.44</b>	<b>\$ 1,000.00</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS:"</b>	<b>\$ 35,512,044.63</b>	<b>\$ 35,497,044.63</b>	<b>\$</b>	<b>33,712,973.80</b>	<b>1,783,070.83</b>	<b>\$ 1,000.00</b>

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	<u>APPROPRIATIONS</u>		<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>CHARGED</u>		<u>BALANCE</u>
		<u>MODIFICATION</u>			<u>CANCELLED</u>
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
LOSAP:					
Other Expense	\$ 80,000.00	\$ 95,000.00	\$ 94,073.14	\$ 926.86	\$
Police Dispatch 911:					
Salaries and Wages	915,030.97	990,030.97	990,030.97		
Other Expense	221,975.61	146,975.61	141,000.97	5,974.64	
SFSP Fire District Payments:					
Other Expense	11,000.00	11,000.00	10,583.00	417.00	
Employee Group Health:					
Other Expense	108,850.00	108,850.00	108,850.00		
Workers Compensation Insurance:					
Other Expense	31,059.00	31,059.00	31,059.00		
<b>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS":</b>	<b>\$ 1,367,915.58</b>	<b>\$ 1,382,915.58</b>	<b>\$ 1,375,597.08</b>	<b>\$ 7,318.50</b>	<b>\$</b>
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY</u>					
<u>REVENUE</u>					
Clean Communities Grant (40A: 4-87 + \$121,537.12)	\$	121,537.12	121,537.12	\$	\$
Recycling Tonnage Grant (40A: 4-87 + \$36,054.10)	\$	36,054.10	36,054.10		
Body Armor Replacement Fund - State (40A: 4-87 + \$5,107.14)		5,107.14	5,107.14		
Emergency Management Agency Assist (40A: 4-87 + 10,000.00)		10,000.00	10,000.00		
Distracted Driving Grant (40A: 4-87 + \$12,250.00)		12,250.00	12,250.00		
National Opioid Settlement (40A: 4-87 + \$167,453.13)		167,453.13	167,453.13		
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY</b>	<b>\$</b>	<b>\$ 352,401.49</b>	<b>\$ 352,401.49</b>	<b>\$</b>	<b>\$</b>
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u>					
Capital Improvement Fund	\$ 350,000.00	350,000.00	350,000.00	\$	\$
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</b>	<b>\$ 350,000.00</b>	<b>\$ 350,000.00</b>	<b>\$ 350,000.00</b>	<b>\$</b>	<b>\$</b>

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

TOWNSHIP OF MARLBORO

CURRENT FUND

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

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 3,538,500.00	\$ 3,538,500.00	\$ 3,533,637.00	\$	4,863.00
Payment of Bond Anticipation Note	400,001.00	400,001.00	400,000.00		1.00
Interest on Bonds	714,951.00	714,951.00	712,147.50		2,803.50
Interest on Notes	1.00	1.00			1.00
Capital Lease Obligations:					
Principal	297,000.00	297,000.00	225,735.87		71,264.13
Interest	34,800.00	34,800.00	21,834.80		12,965.20
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	<u>\$ 4,985,253.00</u>	<u>\$ 4,985,253.00</u>	<u>\$ 4,893,355.17</u>	<u>\$</u>	<u>\$ 91,897.83</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>\$ 6,703,168.58</u>	<u>\$ 7,070,570.07</u>	<u>\$ 6,971,353.74</u>	<u>\$ 7,318.50</u>	<u>\$ 91,897.83</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>\$ 42,215,213.21</u>	<u>\$ 42,567,614.70</u>	<u>\$ 40,684,327.54</u>	<u>\$ 1,790,389.33</u>	<u>\$ 92,897.83</u>
	<u>2,737,274.61</u>	<u>2,737,274.61</u>	<u>2,737,274.61</u>		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 44,952,487.82</u>	<u>\$ 45,304,889.31</u>	<u>\$ 43,421,602.15</u>	<u>\$ 1,790,389.33</u>	<u>\$ 92,897.83</u>

Budget  
Budget Amendments

\$ 44,952,487.82  
352,401.49  
45,304,889.31

Cash Disbursements - Net  
Reserve for Encumbrances  
Reserve for Grants Appropriated  
Reserve for Uncollected Taxes

\$ 38,508,227.99  
1,823,698.06  
352,401.49  
2,737,274.61  
\$ 43,421,602.15

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

## TOWNSHIP OF MARLBORO

## TRUST FUND

## BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
Animal Control Fund:			
Cash and Cash Equivalents	\$ 32,730.36	\$ 16,554.54	\$ 27,601.32
Interfunds Receivable			
	<u>32,730.36</u>	<u>16,554.54</u>	<u>27,601.32</u>
Escrow Deposit Trust Fund:			
Cash and Cash Equivalents	\$ 2,462,409.79	\$ 2,378,217.06	\$ 2,583,595.02
	<u>\$ 2,462,409.79</u>	<u>\$ 2,378,217.06</u>	<u>\$ 2,583,595.02</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	\$ 1,226,221.22	\$ 4,416,644.67	\$ 4,065,938.28
Investment in Capital Notes	3,000,000.00		
	<u>\$ 4,226,221.22</u>	<u>\$ 4,416,644.67</u>	<u>\$ 4,065,938.28</u>
Payroll Fund:			
Cash and Cash Equivalents	\$ 22,279.16	\$ 40,687.33	\$ 20,649.35
	<u>\$ 22,279.16</u>	<u>\$ 40,687.33</u>	<u>\$ 20,649.35</u>
Other Funds:			
Cash and Cash Equivalents	\$ 8,868,356.58	\$ 11,287,857.72	\$ 8,182,557.77
Investment in Capital Notes	1,000,000.00		3,428,175.93
Interfund Receivable	966,365.92		
Change Fund	200.00	200.00	200.00
	<u>\$ 10,834,922.50</u>	<u>\$ 11,288,057.72</u>	<u>\$ 11,610,933.70</u>
	<u>\$ 17,578,563.03</u>	<u>\$ 18,140,161.32</u>	<u>\$ 18,308,717.67</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	\$ 22,735.91	\$ 3,470.27	\$ 19,117.02
Due State of New Jersey	1.20		4.80
Encumbrances Payable	9,993.25	13,084.27	8,479.50
	<u>\$ 32,730.36</u>	<u>\$ 16,554.54</u>	<u>\$ 27,601.32</u>
Escrow Deposit Trust Fund:			
Reserve for Escrow Deposits	\$ 2,266,598.00	\$ 2,093,828.23	\$ 2,222,515.10
Encumbrances Payable	195,811.79	284,388.83	361,079.92
	<u>\$ 2,462,409.79</u>	<u>\$ 2,378,217.06</u>	<u>\$ 2,583,595.02</u>
Open Space Trust Fund:			
Reserve for Open Space Trust	\$ 4,223,265.37	\$ 4,416,644.67	\$ 4,065,938.27
Encumbrances Payable	2,955.85		0.01
	<u>\$ 4,226,221.22</u>	<u>\$ 4,416,644.67</u>	<u>\$ 4,065,938.28</u>
Payroll Fund:			
Payroll Deductions Payable	\$ 22,279.16	\$ 40,687.33	\$ 20,649.35
	<u>\$ 22,279.16</u>	<u>\$ 40,687.33</u>	<u>\$ 20,649.35</u>
Other Funds:			
Various Trust Reserves	\$ 9,894,075.32	\$ 10,240,945.45	\$ 10,821,822.66
Due State of New Jersey - DCA Fees	29,733.00	52,881.00	44,770.00
Encumbrances Payable	911,114.18	994,231.27	744,341.04
	<u>\$ 10,834,922.50</u>	<u>\$ 11,288,057.72</u>	<u>\$ 11,610,933.70</u>
	<u>\$ 17,578,563.03</u>	<u>\$ 18,140,161.32</u>	<u>\$ 18,308,717.67</u>

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

## TOWNSHIP OF MARLBORO

## GENERAL CAPITAL FUND

## BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2025</u> (Unaudited)	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>ASSETS</u>			
Cash	\$ 5,601,991.43	\$ 4,738,179.54	\$ 1,455,602.05
Investments			5,000,000.00
Green Acres Loan Receivable	653,043.94	653,043.94	276,299.00
Other Accounts Receivable	76,350.00	48,167.90	500,000.00
Grants Receivable	5,369,191.48	5,538,982.89	3,418,856.38
Deferred Charges to Future Taxation:			
Funded	43,948,576.43	31,288,869.25	35,699,605.12
Unfunded	<u>30,255,436.85</u>	<u>41,143,498.12</u>	<u>31,276,375.62</u>
	\$ <u>85,904,590.13</u>	\$ <u>83,410,741.64</u>	\$ <u>77,626,738.17</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	\$ 43,775,000.00	\$ 30,949,000.00	\$ 35,134,000.00
Bond Anticipation Notes	21,250,000.00	22,350,000.00	14,250,000.00
Capital Lease Payable	173,576.43	339,869.25	565,605.12
Improvement Authorizations:			
Funded	5,572,161.02	10,308,169.84	9,263,432.44
Unfunded	8,582,186.78	8,665,239.23	7,182,382.88
Capital Improvement Fund	918.00	639.00	252,178.00
Contracts Payable	6,037,992.72	10,116,736.81	10,428,914.72
Various Reserves	311,031.69	260,769.17	176,956.67
Fund Balance	<u>201,723.49</u>	<u>420,318.34</u>	<u>373,268.34</u>
	\$ <u>85,904,590.13</u>	\$ <u>83,410,741.64</u>	\$ <u>77,626,738.17</u>

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

TOWNSHIP OF MARLBORO

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

	<u>2025</u> (Unaudited)	<u>2024</u>
Balance, January 1	\$ 420,318.34	\$ 373,268.34
Increased by:		
Premium on Bond Anticipation Notes Issued	6,405.15	
Improvement Authorizations Canceled		<u>272,050.00</u>
	<u>\$ 426,723.49</u>	<u>\$ 645,318.34</u>
Decreased by:		
Anticipated in Current Fund Budget	<u>225,000.00</u>	<u>225,000.00</u>
Balance, December 31,	<u>\$ 201,723.49</u>	<u>\$ 420,318.34</u>

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

TOWNSHIP OF MARLBORO  
RECREATION AND SWIM UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER <u>31, 2025</u> (Unaudited)	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
Operating Fund:			
Cash and Cash Equivalents	\$ 1,802,668.39	\$ 1,490,765.07	\$ 293,441.80
Investments			1,085,485.61
Interfund Receivables		<u>250,000.00</u>	
<u>Total Operating Fund</u>	<u>1,802,668.39</u>	<u>1,740,765.07</u>	<u>1,378,927.41</u>
Capital Fund:			
Cash	41,239.33	19,224.45	188,458.20
Fixed Capital	3,446,793.21	3,446,793.21	3,446,793.21
Fixed Capital Authorized and Uncompleted	<u>1,788,422.22</u>	<u>1,788,422.22</u>	<u>1,788,422.22</u>
<u>Total Capital Fund</u>	<u>5,276,454.76</u>	<u>5,254,439.88</u>	<u>5,423,673.63</u>
	<u>\$ 7,079,123.15</u>	<u>\$ 6,995,204.95</u>	<u>\$ 6,802,601.04</u>

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

TOWNSHIP OF MARLBORO  
RECREATION AND SWIM UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 372,592.01	\$ 360,022.95	\$ 113,151.02
Prepaid Participation Fees		147,092.00	170,322.00
Prepaid Membership Fees		4,687.40	
Encumbrances Payable	207,275.32	245,815.43	202,614.70
Accrued Interest on Bonds and Loans	7,894.79	8,496.60	3,760.42
Overpayment of Participation Fees	73.10	73.10	73.10
	<u>587,835.22</u>	<u>766,187.48</u>	<u>489,921.24</u>
Fund Balance	<u>1,214,833.17</u>	<u>974,577.59</u>	<u>889,006.17</u>
<u>Total Operating Fund</u>	<u>1,802,668.39</u>	<u>1,740,765.07</u>	<u>1,378,927.41</u>
Capital Fund:			
Contracts Payable	2,379.55	37,733.18	617,854.05
Improvement Authorizations:			
Funded	25,153.31	2,768.30	2,768.30
Unfunded	107,097.42	122,440.93	162,530.81
Capital Improvement Fund	25,918.00	25,917.00	25,915.00
Reserve for:			
Amortization	3,143,550.45	3,108,550.45	3,093,550.45
Deferred Amortization	826,303.88	746,303.88	646,303.88
Debt Service	10,461.37	10,135.36	9,160.36
Serial Bonds Payable	1,104,000.00	659,000.00	774,000.00
Bond Anticipation Notes Payable		260,000.00	60,000.00
Interfunds Payable		250,000.00	
Fund Balance	<u>31,590.78</u>	<u>31,590.78</u>	<u>31,590.78</u>
<u>Total Capital Fund</u>	<u>5,276,454.76</u>	<u>5,254,439.88</u>	<u>5,423,673.63</u>
	<u>\$ 7,079,123.15</u>	<u>\$ 6,995,204.95</u>	<u>\$ 6,802,601.04</u>

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

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

	YEAR ENDED DECEMBER 31, 2025 (Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 490,252.81	\$ 662,355.30	\$ 724,279.62
Program Revenue	2,514,230.68	2,462,969.43	2,004,959.51
Non-Budget Revenue:	77,697.14	82,910.98	45,101.84
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	434,433.59	199,801.49	95,708.61
Cancel Accrued Interest		2,244.82	
	\$ 3,516,614.22	\$ 3,410,282.02	\$ 2,870,049.58
<u>EXPENDITURES</u>			
Operating	\$ 2,586,649.67	\$ 2,452,589.59	\$ 2,146,647.15
Capital Outlay	2.00	3.00	2.00
Debt Service	126,804.02	140,401.00	104,828.34
Statutory Expenditures and Deferred Charges	72,650.14	69,361.71	62,602.47
	\$ 2,786,105.83	\$ 2,662,355.30	\$ 2,314,079.96
Excess in Revenue to Fund Balance	\$ 730,508.39	\$ 747,926.72	\$ 555,969.62
<u>Fund Balance</u>			
Balance, January 1	974,577.59	889,006.17	1,057,316.17
	\$ 1,705,085.98	\$ 1,636,932.89	\$ 1,613,285.79
Decreased by:			
Utilization by Recreation and Swim Utility Operating Budget	490,252.81	662,355.30	724,279.62
Balance, December 31	\$ 1,214,833.17	\$ 974,577.59	\$ 889,006.17

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

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

REF.

Balance, December 31, 2023 , December 31, 2024 and Decemebr 31, 2025 ( Unaudited)	D	\$ <u>31,590.78</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MARLBORO  
RECREATION AND SWIM UTILITY FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	\$ 662,355.30	\$ 662,355.30	\$
Program Participation Fees	2,000,000.00	2,462,969.43	462,969.43
Miscellaneous	<u>                    </u>	<u>82,910.98</u>	<u>82,910.98</u>
	<u>\$ 2,662,355.30</u>	<u>\$ 3,208,235.71</u>	<u>\$ 545,880.41</u>

ANALYSIS OF REALIZED REVENUE

Program Participation Fees:	
Cash Received	\$ 2,292,647.43
Prepaid Applied	<u>170,322.00</u>
	<u>\$ 2,462,969.43</u>
Miscellaneous Revenue Not Anticipated:	
Interest on Investments	\$ <u>82,910.98</u>
	<u>\$ 82,910.98</u>

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

TOWNSHIP OF MARLBORO

RECREATION AND SWIM UTILITY FUND

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

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:				
Salaries and Wages	\$ 906,607.60	\$ 901,607.60	\$ 829,715.94	\$ 71,891.66
Other Expenses	1,550,981.99	1,550,981.99	1,268,555.03	282,426.96
<u>Total Operating</u>	<u>2,457,589.59</u>	<u>2,452,589.59</u>	<u>2,098,270.97</u>	<u>354,318.62</u>
Capital Improvements:				
Capital Improvement Fund	2.00	2.00	2.00	1.00
Capital Outlay	1.00	1.00		
<u>Total Capital Improvements</u>	<u>3.00</u>	<u>3.00</u>	<u>2.00</u>	<u>1.00</u>
Debt Service:				
Payment of Bond Principal	115,000.00	115,000.00	115,000.00	
Interest on Bonds	20,400.00	20,400.00	20,400.00	
Interest on Notes	1.00	5,001.00	5,001.00	
<u>Total Debt Service</u>	<u>135,401.00</u>	<u>140,401.00</u>	<u>140,401.00</u>	
Statutory Expenditures:				
Contributions to:				
Public Employees Retirement System	1.60	1.60		1.60
Social Security System (O.A.S.I.)	69,359.11	69,359.11	63,657.38	5,701.73
Unemployment Compensation Insurance	1.00	1.00	1.00	
<u>Total Deferred Charges and Statutory Expenditures</u>	<u>69,361.71</u>	<u>69,361.71</u>	<u>63,658.38</u>	<u>5,703.33</u>
	<u>\$ 2,662,355.30</u>	<u>\$ 2,662,355.30</u>	<u>\$ 2,302,332.35</u>	<u>\$ 360,022.95</u>
Cash Disbursements		\$	2,031,115.92	
Encumbrances Payable			245,815.43	
Accrued Interest			25,401.00	
		\$	<u>2,302,332.35</u>	

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

TOWNSHIP OF MARLBORO

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
Operating Fund:			
Cash	\$ 9,966,549.24	\$ 14,344,211.20	\$ 2,995,629.13
Investment	6,000,000.00		9,334,090.93
Change Fund		400.00	400.00
	<u>15,966,549.24</u>	<u>14,344,611.20</u>	<u>12,330,120.06</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	<u>363,110.67</u>	<u>344,931.81</u>	<u>195,744.75</u>
<u>Total Operating Fund</u>	<u>16,329,659.91</u>	<u>14,689,543.01</u>	<u>12,525,864.81</u>
Capital Fund:			
Cash	4,284,257.43	54,641.03	1,020,235.44
Investment			500,000.00
Fixed Capital	63,591,250.12	59,336,681.55	51,809,369.34
Fixed Capital Authorized and Uncompleted	<u>17,629,205.97</u>	<u>20,011,799.26</u>	<u>25,609,086.43</u>
<u>Total Capital Fund</u>	<u>85,504,713.52</u>	<u>79,403,121.84</u>	<u>78,938,691.21</u>
	<u>\$ 101,834,373.43</u>	<u>\$ 94,092,664.85</u>	<u>\$ 91,464,556.02</u>

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

TOWNSHIP OF MARLBORO

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	BALANCE DECEMBER <u>31, 2025</u> (Unaudited)	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	\$ 957,295.81	\$ 1,541,692.71	\$ 680,149.07
Encumbrances Payable	2,787,994.22	2,215,960.27	1,434,007.21
Accounts Payable	67,797.74	156,097.76	25,566.68
Water Overpayments	52,128.52	54,950.06	58,141.72
Reserve for Escrow	209,285.35	208,618.72	207,496.84
Reserve for Water Claims	24,271.07	118,472.99	36,852.98
Reserve for Security Deposit	500.00	500.00	
Accrued Interest on Bonds and Loans	188,194.95	163,905.56	99,503.90
	<u>4,287,467.66</u>	<u>4,460,198.07</u>	<u>2,541,718.40</u>
Reserve for Receivables	363,110.67	344,931.81	195,744.75
Fund Balance	<u>11,679,081.58</u>	<u>9,884,413.13</u>	<u>9,788,401.66</u>
<u>Total Operating Fund</u>	<u>16,329,659.91</u>	<u>14,689,543.01</u>	<u>12,525,864.81</u>
Capital Fund:			
Serial Bonds Payable	18,878,000.00	8,244,000.00	9,084,000.00
Bond Anticipation Notes Payable	3,250,000.00	8,150,000.00	7,250,000.00
New Jersey Infrastructure Bank Loan Payable	11,637,989.85	12,400,594.97	13,158,200.09
Contracts Payable	3,020,383.50	1,753,249.60	2,136,237.57
Improvement Authorizations:			
Funded	252,910.83	96,555.26	771,340.25
Unfunded	3,987,136.63	5,953,555.70	6,136,056.80
Capital Improvement Fund	50,000.00	50,000.00	50,000.00
Reserve for:			
Amortization	35,771,868.36	34,327,477.79	33,564,819.46
Deferred Amortization	7,530,639.67	7,335,639.67	6,395,639.67
Payment of Debt	235,514.89	228,593.19	198,030.69
Fund Balance	<u>890,269.79</u>	<u>863,455.66</u>	<u>194,366.68</u>
<u>Total Capital Fund</u>	<u>85,504,713.52</u>	<u>79,403,121.84</u>	<u>78,938,691.21</u>
	<u>\$ 101,834,373.43</u>	<u>\$ 94,092,664.85</u>	<u>\$ 91,464,556.02</u>

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

## TOWNSHIP OF MARLBORO

## WATER UTILITY FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025 ( Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 3,511,397.99	\$ 3,767,347.25	\$ 3,306,064.72
Water Rents	11,680,856.99	11,897,136.94	11,698,212.69
Connection Fees	476,786.93	290,059.52	1,013,648.11
Other Operating Revenues	65,576.01	51,905.48	48,296.67
Interest on Investments	544,402.25	316,828.84	168,561.55
Solar Renewable Energy Credits	31,500.00	213,282.00	227,776.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	2,552,308.41	1,182,970.30	1,407,479.81
Cancel Accounts Payable	15,478.01	520.50	
Cancel Accrued Interest		9,760.26	
	<u>18,878,306.59</u>	<u>17,729,811.09</u>	<u>17,870,039.55</u>
<u>EXPENDITURES</u>			
Operating	11,068,732.11	11,573,468.11	9,932,256.04
Capital Improvements	20,000.00	20,000.00	20,000.00
Debt Service	2,384,643.16	2,180,626.12	2,448,048.36
Statutory Expenditures	98,864.88	92,358.14	84,905.68
	<u>13,572,240.15</u>	<u>13,866,452.37</u>	<u>12,485,210.08</u>
Excess in Revenue	5,306,066.44	3,863,358.72	5,384,829.47
<u>Fund Balance</u>			
Balance, January 1	9,884,413.13	9,788,401.66	7,709,636.91
	<u>15,190,479.57</u>	<u>13,651,760.38</u>	<u>13,094,466.38</u>
Decreased by:			
Utilization by Water Utility Operating Budget	3,511,397.99	3,767,347.25	3,306,064.72
Balance, December 31	\$ <u>11,679,081.58</u>	\$ <u>9,884,413.13</u>	\$ <u>9,788,401.66</u>

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

TOWNSHIP OF MARLBORO

WATER UTILITY FUND

STATEMENTS OF CHANGE IN CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2023	E	\$	194,366.68
Increased by:			
Improvement Authorizations Cancelled	E-18		<u>669,088.98</u>
Balance, December 31, 2024	E	\$	863,455.66
Increased by:			
Improvement Authorizations Cancelled			<u>26,814.13</u>
Balance, December 31, 2025 ( Unaudited)			<u><u>890,269.79</u></u>

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

TOWNSHIP OF MARLBORO

WATER UTILITY FUND

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

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	\$ 3,767,347.25	\$ 3,767,347.25	\$
Water Rents	9,800,000.00	11,897,136.94	2,097,136.94
Connection Fees	100,000.00	290,059.52	190,059.52
Other Operating Revenue	25,000.00	51,905.48	26,905.48
Interest on Investments	50,000.00	316,828.84	266,828.84
Solar Renewable Energy Credits	<u>150,000.00</u>	<u>213,282.00</u>	<u>63,282.00</u>
	<u>\$ 13,892,347.25</u>	<u>\$ 16,536,560.03</u>	<u>\$ 2,644,212.78</u>

ANALYSIS OF REALIZED REVENUE

Water Fees:		
Treasurer:		
Cash Received	\$ 12,180,960.22	
Overpayments Applied	<u>58,141.72</u>	
		<u>\$ 12,239,101.94</u>

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

TOWNSHIP OF MARLBORO  
WATER UTILITY FUND

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

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Salaries and Wages	\$ 1,209,451.09	\$ 1,209,451.09	\$ 1,164,643.22	\$ 44,807.87	\$
Other Expenses	10,364,017.02	10,364,017.02	8,913,651.30	1,450,365.72	
<u>Total Operating</u>	\$ 11,573,468.11	\$ 11,573,468.11	\$ 10,078,294.52	\$ 1,495,173.59	\$
Capital Improvements:					
Capital Outlay	\$ 20,000.00	\$ 20,000.00	\$ 5,053.21	\$ 14,946.79	\$
<u>Total Capital Improvements</u>	\$ 20,000.00	\$ 20,000.00	\$ 5,053.21	\$ 14,946.79	\$
Debt Service:					
Payment of Bond Principal	\$ 840,000.00	\$ 840,000.00	\$ 840,000.00	\$	\$
Interest on Bonds	268,000.00	268,000.00	268,000.00		
Interest on Notes	1.00	65,001.00	65,001.00		
Payment of Note Principal	180,000.00	115,000.00	100,000.00		15,000.00
NJEIT Loan Principal	768,500.00	768,500.00	757,605.12		10,894.88
NJEIT Loan Interest	150,020.00	150,020.00	150,020.00		
<u>Total Debt Service</u>	\$ 2,206,521.00	\$ 2,206,521.00	\$ 2,180,626.12	\$	\$ 25,894.88
Statutory Expenditures:					
Contributions to:					
Public Employees Retirement System	\$ 1.60	\$ 1.60	\$	\$ 1.60	\$
Social Security System (O.A.S.I.)	92,355.54	92,355.54	60,784.81	31,570.73	
Unemployment Compensation Insurance	1.00	1.00	1.00		
<u>Total Deferred Charges and Statutory Expenditures</u>	\$ 92,358.14	\$ 92,358.14	\$ 60,785.81	\$ 31,572.33	\$
<u>Total</u>	\$ 13,892,347.25	\$ 13,892,347.25	\$ 12,324,759.66	\$ 1,541,692.71	\$ 25,894.88
Cash Disbursements			\$ 9,625,778.39		
Encumbrances Payable			2,215,960.27		
Accrued Interest			483,021.00		
			\$ 12,324,759.66		

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

TOWNSHIP OF MARLBORO  
GENERAL FIXED ASSETS ACCOUNT GROUP  
BALANCE SHEET - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
Fixed Assets:		
Land	\$ 72,202,772.00	\$ 72,202,772.00
Buildings	13,616,527.18	13,898,827.18
Machinery and Equipment	<u>24,705,745.18</u>	<u>22,775,576.92</u>
<u>Total Fixed Assets</u>	<u>\$ 110,525,044.36</u>	<u>\$ 108,877,176.10</u>
 Reserve:		
Investments in General Fixed Assets	<u>\$ 110,525,044.36</u>	<u>\$ 108,877,176.10</u>

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

TOWNSHIP OF MARLBORO

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Township of Marlboro conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Marlboro are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity.

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

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

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

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

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

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

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

C. Basis of Accounting

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

Fixed Capital - Water Utility and Recreation and Swim Utility

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2024 was not available, therefore the information dated June 30, 2023 is disclosed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75, however local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2024 was not available, therefore the information dated June 30, 2023 is disclosed.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$75,851,941.41	(\$730,272.65)		\$75,121,668.76
N.J. Asset & Rebate Management	4,662,408.84			4,662,408.84
N.J. Cash Management Fund	128,333.27			128,333.27
Petty Cash			\$600.00	600.00
Change Funds			2,150.00	2,150.00
	<u>\$80,642,683.52</u>	<u>(\$730,272.65)</u>	<u>\$2,750.00</u>	<u>\$79,915,160.87</u>

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

As of December 31, 2024, the Township's bank balance of \$80,642,683.52 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 73,238,150.26
Uninsured and Uncollateralized	
N.J. Asset & Rebate Management	\$4,662,408.84
N.J. Cash Management Fund	128,333.27
Escrow Deposits	<u>2,613,791.15</u>
	<u>7,404,533.26</u>
	<u>\$80,642,683.52</u>

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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



NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

C. Solar Renewable Energy Certificates (“SRECs”)

The Township generates Solar Renewable Energy Certificates (“SRECs”) and sells a portion of those credits annually on the open market for the purchase and sale of SRECs pursuant to agreements entered into with various entities. In 2024 the Township's SREC eligibility period ended and these credits were transitioned to NJ Class 1 RECs. The following table reflects the Township's activity for the last two years:

Year	Minted as of December 31,		Sold 2024		Value at December 31, (A)	
	NJ Class 1		NJ Class 1		NJ Class 1	
	<u>SRECS</u>	<u>RECs</u>	<u>SRECS</u>	<u>RECs</u>	<u>SRECS</u>	<u>RECs</u>
2024		660		1,026	\$235.00	\$30.00
2023	1,017		1,049		224.00	N/A

(A) Published price per Flett Exchange

Since the Township does not follow GAAP, the provisions of GASB Statement No. 72 were not followed and accordingly the fair value of the Township's unsold SRECs at December 31, 2024 have not been recorded in these financial statements. The Township recorded \$213,282.00 and \$227,776.00 in revenue from 2024 and 2023 respectively for sales of SRECs in its Water Utility Operating Fund. The investments in SRECs have not been rated by a nationally recognized rating agency.

NOTE 3: GOVERNMENTAL DEBT

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

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

	<u>YEAR 2024</u>	<u>YEAR 2023</u>	<u>YEAR 2022</u>
Issued:			
General:			
Bonds, Notes and Loans	\$53,299,000.00	\$49,384,000.00	\$47,243,000.00
Recreation and Swim Utility:			
Bonds and Notes	919,000.00	834,000.00	859,000.00
Water Utility:			
Bonds, Notes and Loans	<u>28,794,594.97</u>	<u>29,492,200.09</u>	<u>27,235,805.00</u>
Net Debt Issued	<u>\$83,012,594.97</u>	<u>\$79,710,200.09</u>	<u>\$75,337,805.00</u>
Less: Reserve to Pay Bonds	365,612.66	250,262.66	250,263.00
Net Debt Issued	<u><u>\$82,646,982.31</u></u>	<u><u>\$79,459,937.43</u></u>	<u><u>\$75,087,542.00</u></u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$18,793,498.12	\$17,026,375.62	\$16,745,976.00
Recreation and Swim Utility:			
Bonds and Notes	461,361.10	661,361.10	508,058.00
Water Utility:			
Bonds and Notes	<u>8,968,509.38</u>	<u>7,965,796.55</u>	<u>9,458,447.00</u>
Total Authorized but not Issued	<u><u>\$28,223,368.60</u></u>	<u><u>\$25,653,533.27</u></u>	<u><u>\$26,712,481.00</u></u>
Net Bonds and Notes Issued and and Authorized but not issued	<u><u>\$110,870,350.91</u></u>	<u><u>\$105,113,470.70</u></u>	<u><u>\$101,800,023.00</u></u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SUMMARY OF REGULATORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .696%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District Debt	-0-	-0-	-0-
Local School District	-0-	-0-	-0-
Water Utility Debt	37,763,104.35	37,763,104.35	-0-
Recreation and Swim Utility	1,380,361.10	1,380,361.10	-0-
General Debt	72,092,498.12	126,884.11	71,965,614.01
	<u>\$111,235,963.57</u>	<u>\$39,270,349.56</u>	<u>\$71,965,614.01</u>

NET DEBT \$71,965,614.01 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, AS AMENDED, \$10,340,584,787.67.00 EQUALS .696%.

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

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

Equalized Valuation Basis* - December 31, 2024	\$10,340,584,787.67
3-1/2 of Equalized Valuation Basis	361,920,467.57
Net Debt	<u>71,965,614.01</u>
Remaining Borrowing Power	<u>\$289,954,853.56</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

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

Water Utility:

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year		\$	16,536,560.03
Deductions:			
Operating and Maintenance Cost	\$	11,665,826.25	
Debt Service		<u>2,170,865.86</u>	
Total Deductions			<u>13,836,692.11</u>
Excess in Revenue	\$		<u><u>2,699,867.92</u></u>

Recreation and Swim Utility:

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year		\$	3,208,235.71
Deductions:			
Operating and Maintenance Cost	\$	2,521,951.30	
Debt Service		<u>138,156.18</u>	
Total Deductions			<u>2,660,107.48</u>
Excess in Revenue	\$		<u><u>548,128.23</u></u>

Long-Term Debt

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

CALENDAR YEAR	GENERAL CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2025	\$4,249,000.00	\$855,147.50	\$5,104,147.50
2026	3,500,000.00	705,337.50	4,205,337.50
2027	3,535,000.00	608,487.50	4,143,487.50
2028	3,595,000.00	512,787.50	4,107,787.50
2029	3,595,000.00	416,487.50	4,011,487.50
2030-2034	9,205,000.00	996,575.00	10,201,575.00
2035-2038	3,270,000.00	215,093.75	3,485,093.75
	<u>\$30,949,000.00</u>	<u>\$4,309,916.25</u>	<u>\$35,258,916.25</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

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

CALENDAR YEAR	WATER UTILITY CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2025	\$831,000.00	\$236,336.26	\$1,067,336.26
2026	745,000.00	209,046.26	954,046.26
2027	755,000.00	185,671.26	940,671.26
2028	760,000.00	162,371.26	922,371.26
2029	770,000.00	138,871.26	908,871.26
2030-2034	3,148,000.00	399,280.67	3,547,280.67
2035-2038	1,235,000.00	54,093.78	1,289,093.78
	<u>\$8,244,000.00</u>	<u>\$1,385,670.75</u>	<u>\$9,629,670.75</u>

CALENDAR YEAR	RECREATION AND SWIM UTILITY CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2025	\$95,000.00	\$15,995.00	\$110,995.00
2026	75,000.00	13,895.00	88,895.00
2027	115,000.00	12,170.00	127,170.00
2028	115,000.00	9,370.00	124,370.00
2029	115,000.00	6,570.00	121,570.00
2030-2031	144,000.00	3,920.00	147,920.00
	<u>\$659,000.00</u>	<u>\$61,920.00</u>	<u>\$720,920.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2024</u>
\$17,970,000.00 in General Obligation Bonds dated December 17, 2015, due in remaining annual installments ranging between \$1,350,000.00 and \$1,600,000.00 beginning October 15, 2025 and ending October 1, 2030 with interest from 2.250% to 3.000%	\$9,345,000.00
\$8,207,000.00 in Refunding Bonds dated September 14, 2017, due in one remaining annual installment of \$1,432,000.00 ending October 1, 2025 with interest of 4.000%	1,432,000.00
\$1,006,000.00 in Open Space Refunding Bonds dated September 14, 2017, due in one remaining annual installment of \$202,000.00 ending October 1, 2025 with interest of 4.000%	202,000.00
\$14,010,000.00 in General Improvement Bonds dated April 24, 2018, due in remaining annual installments ranging between \$675,000.00 and \$820,000.00 beginning May 1, 2025 and ending May 1, 2038 with interest from 3.000% to 5.000%	11,325,000.00
\$10,415,000.00 in General Improvement Bonds dated May 13, 2021, due in remaining annual installments ranging between \$590,000.00 and \$1,175,000.00 beginning May 1, 2025 and ending May 1, 2032 with interest of 2.000%	8,645,000.00
	<hr/>
	<u>\$30,949,000.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

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

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2024</u>
\$2,723,000.00 in Water Utility Bonds dated December 17, 2015, due in remaining annual installments ranging between \$198,000.00 and \$200,000.00 beginning October 15, 2025 and ending October 1, 2030 with interest from 2.250% to 3.000%	\$1,198,000.00
\$467,000.00 in Refunding Water Utility Bonds dated September 14, 2017, due in one remaining annual installment of \$96,000.00 ending October 1, 2025 with interest of 4.000%	96,000.00
\$2,915,000.00 in General Improvement Bonds dated April 24, 2018, due in remaining annual installments of \$145,000.00 beginning May 1, 2025 and ending May 1, 2038 with interest from 3.000% to 5.000%	2,030,000.00
\$5,370,000.00 in Refunding Water Utility Bonds dated September 14, 2019, due in remaining annual installments ranging between \$195,000.00 and \$275,000.00 beginning December 1, 2025 and ending December 1, 2035 with interest from 3.000% to 4.000%	2,615,000.00
\$2,735,000.00 in Water Utility Bonds dated May 13, 2021, due in remaining annual installments ranging between \$190,000.00 and \$195,000.00 beginning May 1, 2025 and ending May 1, 2036 with interest of 2.000%	2,305,000.00
	\$8,244,000.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

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

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2024</u>
\$1,264,000.00 in General Improvement Bonds dated December 17, 2015, due in remaining installment ranging between of \$60,000.00 and \$104,000.00 beginning on October 15, 2025 and ending October 15, 2030 with interest from 2.250% to 3.000%	\$544,000.00
\$160,000.00 in General Improvement Bonds dated May 13, 2021, due in remaining annual installments ranging between \$15,000.00 and \$20,000.00 beginning May 1, 2025 and ending May 1, 2031 with interest of 2.000%	<u>115,000.00</u>
	<u><u>\$659,000.00</u></u>

STATE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

The Township has also entered into three loan agreements funded by the New Jersey Environmental Infrastructure Trust Fund. The loans have been recorded in the Water Utility Capital Fund. The first loan is dated May 22, 2013 for the Tennent Road Water Treatment Plant. The agreement provides for an interest-bearing loan from the Trust not to exceed \$1,635,000.00 at interest from 3.00% to 5.00% and an interest free loan not to exceed \$5,119,693.00. The second loan is dated May 26, 2016 for the Harbor Road Water Treatment Plant. This agreement provides for an interest-bearing loan from the Trust not to exceed \$2,910,000.00 at interest from 2.00% to 5.00% and an interest free loan not to exceed \$9,185,000.00. The third loan is dated June 2023 for the Harbor Road Pump Station and provides for an interest-bearing loan from the trust not to exceed \$370,000.00 at interest from 3.25% to 5.00% and an interest free loan not to exceed \$376,026.00.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
LOAN (CONTINUED)

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

<u>Water Utility Capital Fund Dated May 22, 2013</u>			
Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$355,323.36	\$24,900.00	\$380,223.36
2026	355,323.36	22,050.00	377,373.36
2027	360,323.36	19,200.00	379,523.36
2028	360,323.36	16,200.00	376,523.36
2029	365,323.36	13,200.00	378,523.36
2030-2032	<u>1,038,229.69</u>	<u>20,250.00</u>	<u>1,058,479.69</u>
	<u>\$2,834,846.49</u>	<u>\$115,800.00</u>	<u>\$2,950,646.49</u>

<u>Water Utility Capital Loan Dated May 26, 2016</u>			
Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$389,606.73	\$83,468.68	\$473,075.41
2026	394,606.73	80,268.76	474,875.49
2027	399,606.73	76,868.76	476,475.49
2028	399,606.73	73,268.76	472,875.49
2029	404,606.73	71,468.76	476,075.49
2030-2034	2,043,033.65	325,187.52	2,368,221.17
2035-2039	2,128,033.65	242,100.00	2,370,133.65
2040-2044	2,248,033.65	118,000.00	2,366,033.65
2045	<u>456,388.07</u>	<u>6,400.00</u>	<u>462,788.07</u>
	<u>\$8,863,522.67</u>	<u>\$1,077,031.24</u>	<u>\$9,940,553.91</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
LOAN (CONTINUED)

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

<u>Water Utility Capital Dated May 22, 2022</u>			
<u>Calendar</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$17,675.03	\$15,619.04	\$33,294.07
2026	22,675.03	15,369.04	38,044.07
2027	22,675.03	14,869.04	37,544.07
2028	22,675.03	14,369.04	37,044.07
2029	22,675.03	13,869.04	36,544.07
2030-2034	113,375.15	61,845.20	175,220.35
2035-2039	123,375.15	51,657.70	175,032.85
2040-2044	138,375.15	39,601.46	177,976.61
2045-2049	153,375.15	24,995.20	178,370.35
2050-2051	65,350.06	4,638.08	69,988.14
	<u>\$702,225.81</u>	<u>\$256,832.84</u>	<u>\$959,058.65</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

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

General Capital Fund	\$18,793,498.12
Water Utility Capital Fund	\$8,890,768.38
Recreation and Swim Utility Fund	\$461,361.10

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT TERM DEBT

At December 31, 2024, the Township has the following Bond Anticipation Note outstanding:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
11-04	11/15/19	10/28/24	04/29/25	4.00%	\$270,000.00
18-01	11/15/19	10/28/24	04/29/25	4.00%	748,000.00
18-01	05/31/23	10/28/24	04/29/25	4.00%	20,000.00
19-01	11/15/19	10/28/24	04/29/25	4.00%	1,815,000.00
20-05	12/01/21	10/28/24	04/29/25	4.00%	2,877,000.00
20-05	05/31/23	10/28/24	04/29/25	4.00%	850,000.00
20-05	10/28/24	10/28/24	04/29/25	4.00%	1,000,000.00
21-04	12/01/21	10/28/24	04/29/25	4.00%	1,890,000.00
21-04	05/31/23	10/28/24	04/29/25	4.00%	1,505,000.00
21-04	10/28/24	10/28/24	04/29/25	4.00%	2,000,000.00
07-12	05/31/23	10/28/24	04/29/25	4.00%	4,000.00
22-07	05/31/23	10/28/24	04/29/25	4.00%	3,871,000.00
22-07	10/28/24	10/28/24	04/29/25	4.00%	1,000,000.00
24-10	10/28/24	10/28/24	04/29/25	4.00%	4,500,000.00
					\$22,350,000.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT TERM DEBT (CONTINUED)

At December 31, 2024, the Township has the following Bond Anticipation Note outstanding:

Water Utility Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
19-02	11/15/19	10/28/24	04/29/25	4.00%	\$669,000.00
19-02	05/31/23	10/28/24	04/29/25	4.00%	511,000.00
20-06	11/15/19	10/28/24	04/29/25	4.00%	1,106,000.00
20-06	05/31/23	10/28/24	04/29/25	4.00%	733,000.00
21-05	12/01/21	10/28/24	04/29/25	4.00%	1,125,000.00
21-05	10/28/24	10/28/24	04/29/25	4.00%	1,000,000.00
22-08	05/31/23	10/28/24	04/29/25	4.00%	3,006,000.00
					\$8,150,000.00

Recreation and Swim Utility Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
13-09	05/31/23	10/28/24	04/29/25	4.00%	\$5,000.00
19-03	05/31/23	10/28/24	04/29/25	4.00%	20,000.00
20-07	05/31/23	10/28/24	04/29/25	4.00%	18,000.00
20-07	10/28/24	10/28/24	04/29/25	4.00%	150,000.00
22-09	05/31/23	10/28/24	04/29/25	4.00%	17,000.00
22-09	10/28/24	10/28/24	04/29/25	4.00%	50,000.00
					\$260,000.00

NOTE 4: FUND BALANCES APPROPRIATED

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

Current Fund	\$7,100,000.00
Water Utility Operating Fund	\$3,511,397.99
Recreation & Swim Utility Operating Fund	\$490,252.81

NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, <u>2024</u>	BALANCE DECEMBER 31, <u>2023</u>
Prepaid Taxes	<u>\$1,518,753.83</u>	<u>\$1,343,983.74</u>

NOTE 6: PENSION PLANS

Plan Descriptions

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Vesting and Benefit Provisions

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

Vesting and Benefit Provisions

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

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

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

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

<u>Year Ended</u> <u>December 31,</u>	<u>Public Employees</u> <u>Retirement System</u>	<u>Police &amp; Firemen's</u> <u>Retirement System</u>	<u>Defined Contribution</u> <u>Retirement System</u>	<u>Total</u>
2024	\$1,576,892.90	\$3,033,065.03	-	\$4,609,957.93
2023	1,375,028.41	2,766,735.86	-	4,141,764.27
2022	1,332,014.86	2,673,304.71	392.44	4,005,712.01

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2024, for PERS and PFRS was not available, therefore the information dated June 30, 2023 is disclosed.

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$16,275,141.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the Township's proportion was 0.1123634396 percent, which was an increase of 0.0073844081 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension benefit of \$157,983.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2023 billing was \$1,323,836.00

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 155,611.00	\$ 66,528.00
Changes of assumptions	35,753.00	986,343.00
Net difference between projected and actual earnings on pension plan investments	74,949.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>1,283,642.00</u>	<u>1,235,452.00</u>
	<u>\$ 1,549,955.00</u>	<u>\$ 2,288,323.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

Year Ended June 30,	<u>Amount</u>
2024	(\$849,629.00)
2025	(469,972.00)
2026	679,860.00
2027	(110,305.00)
2028	11,678.00
	<u><u>(\$738,368.00)</u></u>

Actuarial Assumptions

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

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

Long-Term Rate of Return

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

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

Discount Rate

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

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2023 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$21,186,771.00	\$16,275,141.00	\$12,094,695.00

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the State reported a net pension liability of \$22,728,279.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the Township's proportion was 0.2057084400 percent, which was a decrease of 0.00563525300 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension benefit of \$1,269,839.00. The pension expense recognized in the Township's financial statements based on the April 1, 2023 billing was \$2,757,966.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

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

		Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$	973,179.00	\$ 1,083,937.00
Changes of assumptions		49,056.00	1,534,703.00
Net difference between projected and actual earnings on pension plan investments		1,157,508.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions		<u>462,645.00</u>	<u>1,534,321.00</u>
	\$	<u><u>2,642,388.00</u></u>	\$ <u><u>4,152,961.00</u></u>

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

Year Ended		<u>Amount</u>
<u>June 30</u>		
2024	\$	(1,098,840.20)
2025		(1,063,174.20)
2026		1,151,360.80
2027		(331,796.20)
2028		(172,410.20)
Thereafter		<u>4,287.00</u>
	\$	<u><u>(1,510,573.00)</u></u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

	<u>June 30, 2023</u>
Inflation	2.75%
Salary Increases	3.25-15.25% Based on years of Service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2023.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2023 and June 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2023 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2023		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Township's proportionate share of the PFRS pension liability	\$31,667,877.00	\$22,728,279.00	\$15,283,730.00

Special Funding Situation

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2023 and 2022 is 0.2057083900% and 0.2120609900% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2023 and 2022 was \$478,940.00 and \$537,810.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2023 and 2022 was \$476,371.00 and \$498,405.00, respectively.

At June 30, 2023 and 2022, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$4,187,950.00 and \$4,319,928.00, respectively.

At June 30, 2023, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$22,728,279.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>4,187,950.00</u>
	<u>\$26,916,229.00</u>

Pension plan fiduciary net position

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

NOTE 7: LITIGATION

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

NOTE 8: SCHOOL TAXES

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

	Local District School Tax	
	Balance	Balance
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Balance of Tax	\$ 42,748,131.00	\$ 42,368,788.00
Deferred	<u>32,995,620.50</u>	<u>32,995,620.50</u>
Tax Payable	<u>\$ 9,752,510.50</u>	<u>\$ 9,373,167.50</u>

  

	Regional District High School Tax	
	Balance	Balance
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Balance of Tax	\$ 17,969,816.89	\$ 14,034,300.89
Deferred	<u>13,914,179.00</u>	<u>13,914,179.00</u>
Tax Payable	<u>\$ 4,055,637.89</u>	<u>\$ 120,121.89</u>

NOTE 9: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date as outlined in Township personnel policies. The Township estimates that the current cost of such unpaid compensation to be \$2,387,320.94 and \$2,143,691.89, at December 31, 2024 and 2023 respectively. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has established a Reserve for Accumulated Absences in the Trust Other Fund in the amount of \$559,302.26 and \$554,475.99 at December 31, 2024 and 2023, respectively.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2024 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has made provision, from tax revenues, in the amount of \$749,821.70 for these appeals in the event that the tax reductions are granted.

NOTE 11: CONTINGENT LIABILITIES

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

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disasters. The Township is a member of the Monmouth County Municipal Joint Insurance Fund ("JIF"). The JIF is a public entity risk pool currently operating as a common risk management and insurance program for municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payment of the JIF's obligations, no such additional premiums have been necessary as of December 31, 2024. The JIF is expected to be self-sustaining through member premiums of which the Township portion is reported as expenditure in the Township's financial statements and liabilities of the JIF are based on the estimated ultimate cost of settling the claims. The JIF participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance. The Township is not aware of any claims pending that have a demand in excess of coverages provided under the JIF. In addition, there were no significant reductions in insurance coverage from prior year coverage and there were no amounts settled which exceeded insurance coverage for each of the past three years.

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

<u>Year</u>	<u>Township Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Federal Reimbursements</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$12,028.50	\$31,287.86		\$73,883.48	\$242,004.13
2023	4,288.72	30,169.77	68,296.12	65,629.79	272,571.25
2022	1,983.27	54,321.00		624.00	235,446.43

NOTE 13: DEFERRED COMPENSATION PLAN

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

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

As of December 31, 2024 and 2023, the amount held by the third party administrators amounted to \$11,951,894.92 and \$10,950,812.50, respectively.

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

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

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

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

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

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2024, for OPEB was not available, therefore the information dated June 30, 2023 is disclosed.

Plan Description and Benefits Provided

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

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

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

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

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

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

Plan Description and Benefits Provided (Continued)

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

Special Funding Situation

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

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

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. At June 30, 2023 and 2022, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is \$19,671,333.00 and \$22,574,160.00 respectively.

At June 30, 2023, the State's proportion related to the Township was 0.563795% which was a decrease of 0.105305% from its proportion measured as of June 30, 2022. This is the percentage of the total State Share of the net OPEB liability of the Plan.

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

Special Funding Situation (Continued)

At June 30, 2023, the Township's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Township's proportionate share of the Net OPEB Liability	\$0.00
State of New Jersey's proportionate share of Net OPEB Liability associated with the Township	<u>19,671,333.00</u>
	<u><u>\$19,671,333.00</u></u>

Actuarial Assumptions and Other Inputs

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

Salary Increases:

Public Employees Retirement System (PERS):	
Initial fiscal year applied	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS):	
Rate for all future years	3.25% to 16.25%

Mortality:

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

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

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

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

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

Discount Rate

The discount rate for June 30, 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.

OPEB Plan Fiduciary Net Position

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

NOTE 16: FIXED ASSETS

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

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2024</u>
Land	\$72,202,772.00			\$72,202,772.00
Buildings	13,898,827.18		282,300.00	13,616,527.18
Machinery and Equipment	22,775,576.92	2,841,865.21	911,696.95	24,705,745.18
	<u>\$108,877,176.10</u>	<u>\$2,841,865.21</u>	<u>\$1,193,996.95</u>	<u>\$110,525,044.36</u>

NOTE 17: LEASES

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

<u>Type</u>	<u>Vendor</u>	Expiration Date of Current Lease <u>Term</u>	Available <u>Extensions</u>	Annual <u>Increase</u>	2024 <u>Payments</u>
Cell Tower	AT&T	12/31/2030	None	*	44,637.98
Cell Tower	Verizon	12/31/2030	1 - Five Year	*	46,913.97
Cell Tower	American Tower	12/31/2030	1 - Five Year	*	47,575.32
Cell Tower	AT&T	12/31/2032	1 - Five Year	*	40,839.15
Cell Tower	Verizon	12/31/2036	2 - Five Year	*	46,407.66
Cell Tower	AT&T	12/31/2038	3 - Five Year	*	55,106.53
Cell Tower	T-Mobile	12/31/2045	4 - Five Year	*	103,407.85
Cell Tower	Dish Network	12/31/2047	4 - Five Year	*	37,116.00
Cell Tower	Dish Network	12/31/2047	4 - Five Year	*	37,116.00
Cell Tower	Dish Network	12/31/2047	4 - Five Year	*	37,116.00

\* Higher of 3% or Current Price Index (CPI)

NOTE 18: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through May 29, 2025 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following subsequent events needed to be disclosed.

The Township has authorized the following debt:

<u>Ordinance Number</u>	<u>Date Adopted</u>	<u>Purpose</u>	<u>Debt Authorized</u>
General Capital Fund:			
2025-005	4/24/2025	General Capital Improvements	\$7,208,663.00
Water Utility Capital Fund:			
2025-006	4/24/2025	Water Utility Improvements	1,983,185.00

**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION**

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

April 22, 2026

Mayor and Township Council  
Township of Marlboro  
Marlboro, New Jersey

Ladies and Gentlemen:

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

**\$24,500,000**  
**BOND ANTICIPATION NOTES**  
**Consisting of:**  
**\$21,250,000 General Improvement Notes**  
**\$3,250,000 Water Utility Notes**

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

**Dated: April 22, 2026**

The \$24,500,000 aggregate principal amount of Bond Anticipation Notes (the "Notes") of the Township are dated April 22, 2026, mature on April 21, 2027 and bear interest at the rate of \_\_\_\_\_ hundredths percentum (\_\_\_\_%) per annum. The Notes are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the Notes will be made in book-entry only form in principal denominations of \$5,000 each or any integral multiple thereof, or in such amount necessary to issue the principal amount of the Notes (subject to approval of the Chief Financial Officer of the Township). So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The Notes are not subject to redemption prior to maturity.

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

The Notes are being issued to: (i) refund, on a current basis, the Township's \$4,500,000 Bond Anticipation Notes issued on April 24, 2025 and maturing on April 23, 2026; (ii) refund, on a current basis, the Township's \$20,000,000 Bond Anticipation Notes issued on October 30, 2025 and maturing on April 23, 2026; and (iii) pay for the costs associated with the issuance and sale of the Notes.

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

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

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

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

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

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

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

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

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

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

Very truly yours,

ARCHER & GREINER P.C.

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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

I, LORI A. RUSSO, Chief Financial Officer of the Township of Marlboro, in the County of Monmouth, State of New Jersey (the "Township"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY to \_\_\_\_\_, the purchaser (the "Purchaser") of \$24,500,000 aggregate principal amount of Bond Anticipation Notes of the Township dated April 22, 2026 and maturing April 21, 2027 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to [www.emma.msrb.org](http://www.emma.msrb.org), of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Note holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township (Note to (12): For the purposes of the event identified in (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township); (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material; (15) incurrence of a Financial Obligation (as defined below) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township as of the 22nd day of April, 2026.

**TOWNSHIP OF MARLBORO**

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**LORI A. RUSSO,**  
**Chief Financial Officer**

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