

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2026

NEW ISSUE

RATING: S&P “SP-1+”

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Borough (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. 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. See “TAX MATTERS” herein.

**BOROUGH OF SOUTH PLAINFIELD,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
\$8,206,800 BOND ANTICIPATION NOTES, SERIES 2026A**

Consisting of:

**\$6,547,800 General Improvement Bond Anticipation Note,
\$639,000 Pool Utility Bond Anticipation Note and
\$1,020,000 Sewer Utility Bond Anticipation Note
(Book-Entry-Only) (Non-Callable)**

Interest Rate: ___%

Yield: ___%

CUSIP*: _____

Dated: Date of Delivery

Due: April 8, 2027

The \$8,206,800 Bond Anticipation Notes, Series 2026A, consisting of the \$6,547,800 General Improvement Bond Anticipation Note (the “General Improvement Note”), the \$639,000 Pool Utility Bond Anticipation Note (the “Pool Utility Note”) and the \$1,020,000 Sewer Utility Bond Anticipation Note (the “Sewer Utility Note”, and together with the General Improvement Note and the Pool Utility Note, the “Notes”), are being issued by the Borough of South Plainfield, in the County of Middlesex, New Jersey (the “Borough”), and will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See “BOOK-ENTRY-ONLY SYSTEM” herein. The principal of and interest on the Notes will be paid on the maturity date to DTC by the Borough or its designated paying agent. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes are not subject to redemption prior to their stated maturity.

The Notes are valid and legally binding obligations of the Borough, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Borough without limitation as to rate or amount.

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

The Notes will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by Michael D. DiFazio, Esq., Warren, New Jersey, Borough Attorney. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Notes. It is expected that the Notes will be available for delivery through DTC in Brooklyn, New York, on or about April 8, 2026.

**BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE
ON WEDNESDAY, MARCH 25, 2026. FOR MORE DETAILS ON HOW TO BID,
VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

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

**BOROUGH OF SOUTH PLAINFIELD,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

MAYOR

Matthew P. Anesh

BOROUGH COUNCIL MEMBERS

Christine Faustini, Council President

Robert Bengivenga, Jr.

John J. McConville

Peter D. Smith

Derryck C. White

Joseph C. Wolak

CHIEF FINANCIAL OFFICER

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Michael D. DiFazio, Esquire

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Warren, New Jersey

AUDITOR

Suplee, Clooney & Company LLC

Westfield, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC

Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,

a division of First Security Municipal Advisors, Inc.

Hamilton, New Jersey

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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

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 ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE NOTES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

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**OFFICIAL STATEMENT
OF THE
BOROUGH OF SOUTH PLAINFIELD,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

RELATING TO THE

\$8,206,800 BOND ANTICIPATION NOTES, SERIES 2026A

Consisting of:

**\$6,547,800 General Improvement Bond Anticipation Note,
\$639,000 Pool Utility Bond Anticipation Note and
\$1,020,000 Sewer Utility Bond Anticipation Note**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of South Plainfield (the "Borough"), in the County of Middlesex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$8,206,800 Bond Anticipation Notes, Series 2026A, consisting of the \$6,547,800 General Improvement Bond Anticipation Note (the "General Improvement Note"), the \$639,000 Pool Utility Bond Anticipation Note (the "Pool Utility Note") and the \$1,020,000 Sewer Utility Bond Anticipation Note (the "Sewer Utility Note", and together with the General Improvement Note and the Pool Utility Note, the "Notes"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

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 this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Borough from its records, except for information expressly attributed to other sources. This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE NOTES

General Description

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (except for any necessary odd denomination) through book-entries made on the books and records of DTC and its participants. The Notes are issuable as fully registered book-entry securities. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity.

Redemption

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

BOOK-ENTRY-ONLY SYSTEM*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each series of the Notes in the aggregate principal amount and will be deposited with DTC.

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

* Source: The Depository Trust Company.

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

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

Neither DTC nor Cede & Co. (nor 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 to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and 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 Borough or the paying agent, if any, 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 shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

THE INFORMATION CONTAINED IN THIS SECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE BOROUGH MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE BOROUGH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTE HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE NOTES; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE NOTES. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTIONS “TAX MATTERS” AND “SECONDARY MARKET DISCLOSURE”) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuation of Book-Entry-Only System

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

AUTHORIZATION AND PURPOSE

The Notes have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the “Local Bond Law”), and the bond ordinances adopted by the Borough referred to in the charts below. Proceeds from the sale and issuance of the Notes, along with available funds of the Borough in the amount of \$935,000, will be used to: (i) refund, on a current basis, the Borough’s \$8,865,800 Bond Anticipation Notes, dated April 9, 2025 and maturing on April 9, 2026 (the “Prior Notes”); (ii) provide new money in the amount of \$276,000 to temporarily finance various pool utility improvements in and by the Borough; and (iii) pay for the costs incurred in connection with the authorization, sale and issuance of the Notes.

General Improvement Note

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded
#2158	Supplemental appropriation for renovations to the Community Pool, finally adopted December 2, 2019.	\$240,000

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded
#2164	Supplemental appropriation for various road improvements, finally adopted January 27, 2020.	147,800
#2165	Supplemental appropriation for various road improvements, finally adopted January 27, 2020.	255,000
#2181	Various improvements to Cotton Street Park, Putnam Park and Shadyside Park, finally adopted September 21, 2020.	235,000
#2187	Improvements to Durham Avenue and related improvements to Helen Street, finally adopted December 21, 2020.	545,000
#2188	Various capital improvements, finally adopted December 21, 2020.	730,000
#2206	Various capital improvements, finally adopted July 12, 2021.	1,088,000
#2209	Improvements to various roads, finally adopted August 16, 2021.	320,000
#2219	Acquisition of equipment for the Department of Public Works, finally adopted December 20, 2021.	107,500
#2242	Various capital improvements, finally adopted October 3, 2022.	407,000
#2256	Putnam Park improvement project and other park improvements, finally adopted February 6, 2023.	825,000
#2314	Various capital improvements, finally adopted July 8, 2024.	997,500
#2338	Improvements to South Plainfield Avenue, Vail Court, Minford Avenue and other various roads, finally adopted February 3, 2025.	<u>650,000</u>
	TOTAL GENERAL IMPROVEMENT NOTE:	<u>\$6,547,800</u>

Pool Utility Note

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded	New Money
#2163	Various improvements to the Pool House Building, parking lot and Cady Lane and other various site improvements, finally adopted January 27, 2020.	\$307,000	\$0
#2220	Various improvements to the pool utility, finally adopted December 20, 2021.	56,000	0
#2365	Various improvements to the pool utility, finally adopted September 2, 2025.	<u>0</u>	<u>276,000</u>
	SUB-TOTAL:	<u>\$363,000</u>	<u>\$276,000</u>
	TOTAL POOL UTILITY NOTE:	<u>\$639,000</u>	

Sewer Utility Note

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded
#2166	Various improvements to the sewer utility, finally adopted March 6, 2020.	\$160,000
#2251	Various sewer utility improvements and related roadwork, finally adopted December 19, 2022.	<u>860,000</u>
	TOTAL SEWER UTILITY NOTE:	<u>\$1,020,000</u>
	TOTAL NOTE PROCEEDS:	<u>\$8,206,800</u>

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding obligations of the Borough, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Borough without limitation as to rate or amount.

CERTAIN RISK FACTORS

Cybersecurity

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

Climate Change

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

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of the Borough, as annually determined by the State Director of Taxation, is shown in Appendix "A".

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

As shown in Appendix "A", the Borough has not exceeded its statutory debt limit.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Borough may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes’ maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year’s principal payment for a bond issue.

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

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

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

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

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

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

clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

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

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

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

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

Under legislation enacted to address the COVID-19 pandemic, P.L. 2020, c. 60 (A4175), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director of the Division of Local Government Services and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

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

Additionally, legislation constituting P.L. 2010, c. 44, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

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

Tax bills are typically mailed annually in July or following the adoption of the State budget, at which time State aid is certified, by the Borough's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the Borough is available on the Borough's website and is also on file with the Borough Clerk and is available for review during business hours.

FINANCIAL STATEMENTS

Certain audited financial data of the Borough for the fiscal year ending December 31, 2024 are presented in Appendix "B" to this Official Statement (the "Financial Statements"). The Financial Statements have been prepared by Suplee, Clooney & Company LLC, Westfield, New Jersey (the "Auditor"), an independent auditor, as stated in its report appearing in Appendix "B" to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto. See

“APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE BOROUGH OF SOUTH PLAINFIELD, IN THE COUNTY OF MIDDLESEX, NEW JERSEY” herein.

LITIGATION

To the best of the knowledge of the Borough Attorney, Michael D. DiFazio, Esquire, of DiFrancesco, Bateman, Kunzman, Davis, Lehrer & Flaum, P.C., Warren, New Jersey (the “Borough Attorney”), there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the best of the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

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 Borough 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 Borough will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or 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 (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Borough 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 Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC (“Bond Counsel”) is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of 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 Borough 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 Borough 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 an owner of the Notes 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.

Original Issue Premium

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds the Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable note premium, which is not deductible from gross income for federal income tax purposes. Amortizable note premium, as it amortizes, will reduce the owner's tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the disposition of the Notes, even though the Notes are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Notes. Premium amortizes over the term of the Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult their own tax advisors with respect to the calculation of the amount of note premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

Bank-Qualification

The Notes will not be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

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. 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.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Notes are not exempt from the Rule and provided that the Notes are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Borough shall provide for the benefit of the holders of the Notes and the beneficial owners thereof, in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities

Rulemaking Board's Electronic Municipal Market Access ("EMMA") dataport, notice of any of the following events with respect to the Notes:

- (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 the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough;
- (13) The consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Borough, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Borough, any of which affect holders of the Notes, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties.

The term "Financial Obligation" as used in subparagraphs (15) and (16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under this undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Borough prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings or the undertakings set forth herein, provided such amendment is, in the opinion of Bond Counsel, in compliance with the Rule.

In the event that the Borough fails to comply with the Rule requirements or the written contracts or undertakings specified in this undertaking, the Borough shall not be liable for monetary damages, remedy being specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The Borough has previously entered into continuing disclosure undertakings under the Rule. The Borough has previously failed to comply with prior undertakings to provide, in a timely manner, financial obligation notices for the issuance of bond anticipation notes in 2021, 2022 and 2023. The Borough subsequently filed these notices. The Borough appointed NW Financial Group, LLC, Bloomfield, New Jersey, to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy 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 such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

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

UNDERWRITING

The Notes have been purchased from the Borough at a public sale by _____ (the "Underwriter") at a price of \$ _____ (consisting of the par amount of the Notes plus original issue

premium in the amount of \$ _____ less Underwriter's discount in the amount of \$ _____). The Underwriter has purchased the Notes in accordance with the Notice of Sale.

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

RATING

S&P Global Ratings, a division of Standard and Poor's Financial Services LLC (the "Rating Agency"), has assigned a short-term rating of "SP-1+" to the Notes based upon the creditworthiness of the Borough.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Borough furnished to the Rating Agency certain information and materials concerning the Notes and the Borough. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Notes.

MUNICIPAL ADVISOR

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

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter by a certificate signed by the Mayor and the Chief Financial Officer of the Borough that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Glenn F. Cullen, Chief Financial Officer, Borough of South Plainfield, 2480 Plainfield Avenue, South Plainfield, New Jersey 07080, (908) 226-7602, or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, 08691, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Borough, the Underwriter and the 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 (financial or otherwise) of the Borough since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

BOROUGH OF SOUTH PLAINFIELD, IN THE COUNTY MIDDLESEX, NEW JERSEY

By: _____

Glenn F. Cullen
Chief Financial Officer

Dated: March __, 2026

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE BOROUGH OF
SOUTH PLAINFIELD, IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

INFORMATION REGARDING THE BOROUGH¹

The following material presents certain economic and demographic information of the Borough of South Plainfield (the “Borough”), in the County of Middlesex (the “County”), State of New Jersey (the “State”).

General Information

The Borough was established in 1926. The Borough encompasses 8.2 square miles and is located less than forty minutes southwest of Newark International Airport and less than one hour from New York City.

Form of Government

The Governing Body consists of a six (6) member Council elected for three-year staggered terms and a Mayor who is elected for a four (4) year term. Each Councilmember serves as a chairperson of one of six (6) standing committees of the Council and acts as a liaison between the operating departments and the governing body.

Standing Committees

Public Safety
Public Works and Engineering
Administration and Finance
Economic Development
Health, Education and Welfare
Recreation

Day to day operations are the responsibility of full-time professional staff, coordinated by an appointed full-time Borough Administrator. Most department heads are full-time employees.

Water and Sewer Utilities

Borough residents receive water from the New Jersey American Water Company, a major water supplier to northern and western New Jersey, and the Middlesex Water Company.

A municipal utility exists in the Borough for the treatment and disposal of wastewater. The utility conducts the functions of billing and collection and conveyance of sewerage to a separate facility for treatment and filtration. The Middlesex County Utilities Authority (MCUA) provides the treatment services.

The collection system is part of the infrastructure owned and operated by the Borough. A separate sewer budget is funded by a sewer user fee structure with rates established by municipal ordinance. Wastewater is conveyed to the MCUA treatment plant via interceptor lines currently owned and operated by the Borough, the City of Plainfield and the Plainfield Area Regional Sewerage Authority (PARSA).

¹ Source: The Borough, unless otherwise indicated.

Public Safety

The Borough of South Plainfield has a paid police department consisting of sworn officers, 9-1-1 dispatchers and civilian employees. The Police department is headed by a Chief of Police and consists of three (3) major divisions. The Operations division contains the majority of the uniformed personnel and is usually the initial contact point with the public. It consists of the patrol function and traffic safety function. The Service division is responsible for conducting follow-up investigations and is staffed by detectives. The Staff services division is an administrative support unit that consists of training, special problems unit, community-oriented policing and records.

The Borough's volunteer fire department was established in 1907 to provide fire protection to the citizens and property owners of the Borough. The fire department responds to various calls including fires, fire alarms, vehicle extractions, industrial accidents and industrial extractions. The members meet or exceed all mandatory education and training requirements of the State accomplished through classes, seminars, in-house training and continuing education classes. If needed, the Borough participates in mutual aid agreements with fire departments in nearby and adjoining communities to provide on scene assistance and coverage to ensure that adequate fire protection is always available.

The Borough's rescue squad was formed in 1944 and continues to serve the community as an all volunteer organization. Active members are certified in CPR and are required to maintain current EMT-A certifications or first responder certifications. Some members are EMT-D certified in the use of AEDs (Automatic External Defibrillation) units carried in each ambulance. Members of the rescue squad maintain their high level of qualification through continuing education seminars and readiness drills.

Emergency Management

The Mayor and Borough Council created an emergency management program in 1985. The Emergency Management department is responsible for all emergency planning and coordination of all emergency services. It is also responsible for emergency planning for the public and private schools in the Borough.

Recreation and Library

The Borough offers outstanding year-round recreation opportunities and programs. It has numerous parks, many with lighting, a Senior Citizens' Activity Center, a community swimming pool complex (operated as a utility) and the PAL Community Center. The Recreation department offers leisure programs for residents of all ages and serves thousands of individuals each year. Youth sports are a vital part of family life in the Borough. Businesses participate together with residents in adult softball, basketball and volleyball leagues. The Community Pool amenities include a full-service bath house, concession stand, picnic area, grills, sand volleyball, horseshoe pits, tee ball, basketball court, playground, wading pool and 500,000 gallon swimming pool. The Community center houses the recreation offices, a basketball court with hi-tech flooring and breakaway rims, a community meeting room, kitchen and a well-equipped weight and fitness room. The Borough is also home to Spring Lake Park, a 120+ acre County owned recreational

facility that includes a full range of active and passive recreational opportunities and a five-acre fishing lake.

The Borough library operates from a 6,630 square foot building. It offers senior citizen, youth programs and special activities, including programs for the home bound.

Planning and Development

Industrial and commercially zoned areas are available in the Borough, primarily in the southern portion. A master plan guides development and is strictly followed to preserve the quality of life. Proposed development applications are closely scrutinized to ensure that quality construction results and that potential impacts on municipal facilities and services are carefully evaluated prior to approval.

Transportation

The major transportation arteries of the Northeast Corridor pass in close proximity to the Borough. These include the main line tracks of the Conrail and Amtrak rail systems, Interstate 95 (the NJ Turnpike), the Garden State Parkway, US Route 1, US Route 22, State Highway 27 all serve the Borough as effective feeder arteries. Interstate 287 provides direct access running along the southern border of the Borough. A well-established network of local and county roads interconnects these transportation facilities.

The area is also easily accessible to the Ports of Newark and Elizabeth, New York, and Philadelphia.

General Information – Local School District

The Borough's public school system serves pre-kindergarten through twelfth grade students. The District is managed by a Superintendent of Schools, an Assistant Superintendent of Schools, a Business Administrator/Board Secretary and seven (7) building principals.

The District operates four (4) elementary schools, a central Grade 5/6 school, a Middle School, a High School and an administrative building. The administration building also houses the preschool inclusion and preschool disabled programs. The District also provides a Latchkey program through grade 6.

Pension and Retirement Systems

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

Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

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

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

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Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2024	13,003	12,453	550	4.2%
2023	12,962	12,450	512	4.0%
2022	12,817	12,331	486	3.8%
2021	12,658	11,851	807	6.4%
2020	12,640	11,487	1,153	9.1%
<u>County</u>				
2024	451,078	430,775	20,303	4.5%
2023	449,456	430,665	18,791	4.2%
2022	441,300	425,061	16,239	3.7%
2021	434,089	406,494	27,595	6.4%
2020	431,854	393,791	38,063	8.8%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

Income (as of 2023)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$123,417	\$105,206	\$97,126
Median Family Income	145,288	124,842	119,240
Per Capita Income	48,206	47,196	50,995

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

Population

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2023 Estimate	24,131	-0.85%	863,623	0.05%	9,290,841	0.02%
2020	24,338	4.08	863,162	6.58	9,288,994	5.65
2010	23,385	7.22	809,858	7.96	8,791,894	4.49
2000	21,810	6.45	750,162	11.67	8,414,350	8.85
1990	20,489	-0.11	671,780	12.74	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Project Shiver 3 LLC	\$18,425,200	1.20%
Nakash 200 Helen	18,000,000	1.18%
New Market Properties, LLC	15,930,000	1.04%
EQR- South Plainfield LLP	15,500,000	1.01%
Office Two limited/o NU Tit Devi	13,547,700	0.89%
1 Cragwood Road LLC	12,549,000	0.82%
111 Durham Associates, LLC	11,916,156	0.78%
Plainfield Associates	11,904,160	0.78%
SO- OAK Park Commons, LLC	10,850,000	0.71%
South Plainfield Realty	<u>10,384,000</u>	<u>0.68%</u>
Total	<u>\$139,006,216</u>	<u>9.08%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025U	\$112,945,707	\$111,910,532	99.08%
2024	105,752,938	104,717,367	99.02%
2023	100,083,381	98,969,728	98.89%
2022	96,747,635	95,927,687	99.15%
2021	93,616,511	92,561,509	98.87%

U: Unaudited

Source: Annual Audit Reports of the Borough and 2025 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2025U	\$179,607	\$957,786	\$1,137,394	1.01%
2024	171,205	1,034,309	1,205,514	1.14%
2023	161,915	854,993	1,016,908	1.02%
2022	202,187	646,519	848,706	0.88%
2021	147,892	1,046,744	1,194,637	1.28%

U: Unaudited

Source: Annual Audit Reports of the Borough and 2025 Annual Financial Statement

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2025U	\$4,714,000
2024	4,714,000
2023	4,714,000
2022	4,714,000
2021	4,714,000

U: Unaudited

Source: Annual Audit Reports of the Borough and 2025 Annual Financial Statement

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

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

<u>Year</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2025	\$2.073	\$0.102	\$3.991	\$1.252	\$7.418
2024	1.868	0.102	3.775	1.237	6.982
2023	1.702	0.102	3.733	1.141	6.678
2022	1.551	0.105	3.704	1.235	6.595
2021	1.435	0.100	3.701	1.204	6.089

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$1,528,554,565	\$5,750,769,620	26.58%	\$1,612,900	\$5,752,382,520
2024	1,505,339,192	5,420,738,898	27.77	1,660,900	5,422,399,798
2023	1,466,042,294	5,000,144,250	29.32	1,836,200	5,001,980,450
2022	1,458,994,991	4,476,818,015	32.59	1,615,150	4,478,433,165
2021	1,446,314,230	4,611,971,397	31.36	1,701,339	4,613,672,736

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$12,326,054	\$942,045,392	\$82,500	\$172,294,986	\$366,643,777	\$35,161,586	\$1,528,554,295
2024	12,245,654	939,312,435	82,500	162,287,286	360,025,877	31,385,440	1,505,339,192
2023	19,100,854	934,065,136	82,500	163,770,686	327,648,118	21,375,000	1,466,042,294
2022	19,470,254	931,565,163	82,500	166,938,586	319,563,488	21,375,000	1,458,994,991
2021	13,407,154	927,491,662	82,500	167,433,726	316,524,188	21,375,000	1,446,314,230

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$1,970,000	\$2,022,500	\$2,250,000	\$2,850,000	\$2,850,000
Miscellaneous Revenues	7,595,997	8,220,597	8,188,902	8,051,625	7,602,608
Receipts from Delinquent Taxes	885,000	1,041,000	726,000	787,000	975,000
Amount to be Raised by Taxation	<u>22,234,744</u>	<u>24,183,939</u>	<u>26,184,472</u>	<u>29,390,076</u>	<u>31,404,583</u>
Total Revenue:	<u>\$32,685,741</u>	<u>\$35,468,036</u>	<u>\$37,349,373</u>	<u>\$41,078,701</u>	<u>\$42,832,191</u>
<u>Appropriations</u>					
General Appropriations	\$25,931,028	\$27,489,554	\$28,527,497	\$31,254,127	\$32,461,509
Operations (Excluded from CAPS)	2,929,129	3,120,647	3,933,853	3,624,934	3,710,682
Deferred Charges and Statutory Expenditures	98,985	632,000	10,000	525,000	80,000
Judgments	0	0	0	0	0
Capital Improvement Fund	162,000	115,000	370,000	750,000	1,000,000
Municipal Debt Service	1,844,599	2,390,766	2,778,024	3,149,640	3,830,000
Reserve for Uncollected Taxes	<u>1,720,000</u>	<u>1,720,068</u>	<u>1,730,000</u>	<u>1,775,000</u>	<u>1,750,000</u>
Total Appropriations:	<u>\$32,685,741</u>	<u>\$35,468,036</u>	<u>\$37,349,373</u>	<u>\$41,078,701</u>	<u>\$42,832,191</u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$3,317,091	N/A
2024	3,318,903	2,850,000
2023	3,998,689	2,850,000
2022	2,950,352	2,250,000
2021	2,767,199	2,022,500

U: Unaudited
Source: Annual Audit Reports of the Borough and 2025 Annual Financial Statement

Sewer Utility Operating Fund

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

<u>Fund Balance - Sewer Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2025U	\$1,163,816	\$0
2024	1,135,360	240,000
2023	791,640	125,000
2022	994,011	192,000
2021	490,467	75,000

U: Unaudited

Source: Annual Audit Reports of the Borough and 2025 Annual Financial Statement

Swimming Pool Utility Operating Fund

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

Fund Balance		
<u>Swimming Pool Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2025U	\$107,818	\$0
2024	133,555	55,000
2023	63,361	20,000
2022	57,010	36,000
2021	1,000	0

U: Unaudited

Source: Annual Audit Reports of the Borough and 2025 Annual Financial Statement

Borough Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$21,067,000
Bond Anticipation Notes	10,289,800
Bonds and Notes Authorized but Not Issued	1,878,860
Other Bonds, Notes and Loans	0
Total:	\$33,235,660

Local School District Debt

Serial Bonds	\$20,794,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	\$20,794,000

Self-Liquidating Debt

Serial Bonds	\$338,000
Bond Anticipation Notes	2,225,000
Bonds and Notes Authorized but Not Issued	53,593
Other Bonds, Notes and Loans	0
Total:	\$2,616,593

TOTAL GROSS DEBT

\$56,646,253

Less: Statutory Deductions

General Purpose Debt \$0

Local School District Debt 20,794,000

Self-Liquidating Debt 2,616,593

Total: \$23,410,593

TOTAL NET DEBT

\$33,235,660

Source: Annual Debt Statement of the Borough

Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$20,794,000	100.00%	\$20,794,000
County	885,879,466	3.19%	<u>28,252,232</u>
Net Indirect Debt			\$49,046,232
Net Direct Debt			<u>33,235,660</u>
Total Net Direct and Indirect Debt			<u>\$82,281,893</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$4,825,702,172
Permitted Debt Limitation (3 1/2%)	168,899,576
Less: Net Debt	<u>33,235,660</u>
Remaining Borrowing Power	<u>\$135,663,916</u>
Percentage of Net Debt to Average Equalized Valuation	0.689%
Gross Debt Per Capita based on 2020 population of 24,131	\$2,347
Net Debt Per Capita based on 2020 population of 24,131	\$1,377

Source: Annual Debt Statement of the Borough

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

APPENDIX B

**EXCERPTS FROM FINANCIAL STATEMENTS OF
THE BOROUGH OF SOUTH PLAINFIELD,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

INDEPENDENT AUDITOR'S REPORT

ACCOUNTANT'S COMPILATION REPORT

AUDITED AND UNAUDITED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of South Plainfield
County of Middlesex
South Plainfield, New Jersey 07080

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2024 Annual Financial Statement (AFS) of the Borough of South Plainfield, County of Middlesex, 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 Borough of South Plainfield. 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 Borough of South Plainfield 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 Borough of South Plainfield'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.

February 24, 2026



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of South Plainfield
County of Middlesex
South Plainfield, New Jersey 07080

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 Borough of South Plainfield (the "Borough"), as of and for the years ended December 31, 2024 and 2023, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough'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 Borough as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2024.

Unmodified Opinion on Regulatory Basis of Accounting

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

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

Responsibilities of Management for the Financial Statements

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

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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

SUPLEE, CLOONEY & COMPANY LLC

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2025 on our consideration of the Borough'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 Borough'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 Borough's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

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

August 6, 2025

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2025</u>	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>ASSETS</u>			
Cash	\$ 6,333,877.58	\$ 6,552,891.28	\$ 6,396,802.72
Change Fund	2,000.00	1,000.00	1,000.00
Due State of New Jersey - Senior Citizens and Veterans	13,420.71	12,099.13	13,819.00
	<u>\$ 6,349,298.29</u>	<u>\$ 6,565,990.41</u>	<u>\$ 6,411,621.72</u>
Receivables and other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	\$ 957,786.34	\$ 1,034,308.69	\$ 854,992.87
Tax Title Liens Receivable	179,607.31	171,204.84	161,915.10
Revenue Accounts Receivable	38,253.26	38,253.26	33,234.07
Interfunds Receivable	1,550.64	257.91	1,219.15
Property Acquired for Taxes	4,714,000.00	4,714,000.00	4,714,000.00
Sales Contracts Receivable	319,500.00	319,500.00	319,500.00
	<u>\$ 6,210,697.55</u>	<u>\$ 6,277,524.70</u>	<u>\$ 6,084,861.19</u>
Deferred Charges	<u>\$ 545,000.00</u>	<u>\$ 275,000.00</u>	<u>\$ 515,000.00</u>
	<u>\$ 13,104,995.84</u>	<u>\$ 13,118,515.11</u>	<u>\$ 13,011,482.91</u>
Grant Fund:			
Cash	\$ 586,278.29	\$ 451,236.05	\$ 313,405.07
Grants Receivable	<u>77,181.26</u>	<u>84,807.79</u>	<u>49,862.37</u>
	<u>\$ 663,459.55</u>	<u>\$ 536,043.84</u>	<u>\$ 363,267.44</u>
	<u>\$ 13,768,455.39</u>	<u>\$ 13,654,558.95</u>	<u>\$ 13,374,750.35</u>

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

BOROUGH OF SOUTH PLAINFIELD

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>			
Appropriation Reserves	\$ 2,000,238.62	\$ 1,991,969.74	\$ 927,648.60
Prepaid Taxes	770,662.75	879,470.20	672,742.20
Accounts Payable	300,963.46	300,382.22	218,350.51
Tax Overpayments	1,033.27	64,945.61	113,787.83
Interfunds Payable	2,735.24	1,458.54	37,418.68
Reserve For:			
County Taxes Payable	166,956.01	89,086.90	248,484.35
Various Reserves	334,617.98	194,773.95	709,500.55
	<u>\$ 3,577,207.33</u>	<u>\$ 3,522,087.16</u>	<u>\$ 2,927,932.72</u>
Reserve for Receivables and other Assets	6,210,697.55	6,277,524.70	6,084,861.19
Fund Balance	<u>3,317,090.96</u>	<u>3,318,903.25</u>	<u>3,998,689.00</u>
	<u>\$ 13,104,995.84</u>	<u>\$ 13,118,515.11</u>	<u>\$ 13,011,482.91</u>
Grant Fund:			
Reserve for Grants - Unappropriated	\$ 144,568.64	\$ 209,923.37	\$ 115,217.23
Reserve for Grants - Appropriated	518,612.70	325,945.97	208,575.21
Reserve for Accounts Payable	278.21	174.50	39,475.00
	<u>\$ 663,459.55</u>	<u>\$ 536,043.84</u>	<u>\$ 363,267.44</u>
	<u>\$ 13,768,455.39</u>	<u>\$ 13,654,558.95</u>	<u>\$ 13,374,750.35</u>

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

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

<u>REVENUE AND OTHER INCOME REALIZED</u>	YEAR ENDED DECEMBER 31, 2025 (Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
Fund Balance Utilized	\$ 2,850,000.00	\$ 2,850,000.00	\$ 2,250,000.00
Miscellaneous Revenue Anticipated	8,252,867.41	8,458,768.57	9,069,891.22
Receipts From Delinquent Taxes	1,018,485.05	847,120.84	702,339.55
Receipts From Current Taxes	111,910,532.39	104,717,367.40	98,969,728.02
Non-Budget Revenue	195,285.12	50,725.76	78,648.85
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	439,078.03	316,633.99	157,229.07
Interfunds Returned		961.24	22,027.89
Other Cancellations and Additions to Income		3,689.76	
<u>TOTAL REVENUE AND OTHER INCOME</u>	<u>\$ 124,666,248.00</u>	<u>\$ 117,245,267.56</u>	<u>\$ 111,249,864.60</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations within "CAPS"	\$ 28,780,806.00	\$ 27,532,297.52	\$ 25,066,580.00
Deferred Charges and Regulatory Expenditures	4,005,703.00	3,985,829.00	3,441,917.00
Other Operations Excluded from "CAPS"	3,796,957.94	3,745,672.69	4,135,960.68
Municipal Debt Service	3,759,394.51	2,892,677.57	2,733,758.98
Capital Improvements	1,000,000.00	750,000.00	885,000.00
Deferred Charges	80,000.00	525,000.00	10,000.00
County Tax	19,162,440.37	18,641,446.07	16,736,480.90
County Share of Added Taxes	166,956.01	89,086.90	248,484.35
Municipal Open Space Taxes	308,768.73	302,858.56	297,855.27
Local District School Tax	61,065,639.00	56,885,185.00	54,796,963.00
Other Charges to Operations	16,394.73		113,527.54
<u>TOTAL EXPENDITURES</u>	<u>\$ 122,143,060.29</u>	<u>\$ 115,350,053.31</u>	<u>\$ 108,466,527.72</u>
Excess in Revenue	<u>\$ 2,523,187.71</u>	<u>\$ 1,895,214.25</u>	<u>\$ 2,783,336.88</u>
Adjustments to Income before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	<u>\$ 325,000.00</u>	<u>\$ 275,000.00</u>	<u>\$ 515,000.00</u>
Regulatory Excess to Fund Balance	<u>\$ 2,848,187.71</u>	<u>\$ 2,170,214.25</u>	<u>\$ 3,298,336.88</u>
Fund Balance, January 1	<u>\$ 3,318,903.25</u>	<u>\$ 3,998,689.00</u>	<u>\$ 2,950,352.12</u>
	<u>\$ 6,167,090.96</u>	<u>\$ 6,168,903.25</u>	<u>\$ 6,248,689.00</u>
Decreased by:			
Utilization as Anticipated Revenue	<u>2,850,000.00</u>	<u>2,850,000.00</u>	<u>2,250,000.00</u>
Fund Balance, December 31	<u><u>\$ 3,317,090.96</u></u>	<u><u>\$ 3,318,903.25</u></u>	<u><u>\$ 3,998,689.00</u></u>

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

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2024

	<u>ANTICIPATED</u>		<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
	<u>BUDGET</u>	<u>NJSA 40A: 4-87</u>		
Fund Balance Anticipated	\$ 2,850,000.00		\$ 2,850,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 46,000.00	\$	\$ 45,827.00	\$ (173.00)
Other	120,000.00		123,914.50	3,914.50
Fees and Permits:				
Construction Code Official	1,075,000.00		1,064,018.00	(10,982.00)
Other	150,000.00		151,893.63	1,893.63
Municipal Court:				
Fines and Costs	475,000.00		525,542.55	50,542.55
Interest and Costs on Taxes	174,000.00		192,742.66	18,742.66
Interest on Investments and Deposits	491,000.00		527,458.95	36,458.95
Energy Receipts Tax	2,734,260.00		2,747,669.17	13,409.17
Municipal Relief Aid	283,020.00		283,020.00	
SP Urban Renewal Pilot	44,000.00		57,672.63	13,672.63
Office on Aging Building Rental	5,200.00		6,200.00	1,000.00
FEMA Reimbursements	250,000.00		250,000.00	
General Capital Fund Surplus	100,000.00		100,000.00	
Police Off-Duty Admin Fee	205,000.00		237,827.00	32,827.00
State Hotel Tax	372,000.00		387,358.08	15,358.08
Uniform Fire Safety Act	355,000.00		448,254.15	93,254.15
Utility Operating Surplus-Sewer	150,000.00		150,000.00	
Anticipated Operating Surplus-Pool	15,000.00		15,000.00	
Host Benefits-Recycling Tonnage	75,000.00		85,719.92	10,719.92
Cable TV Fees	255,000.00		259,159.89	4,159.89
Insurance Receipts	195,000.00		194,942.20	(57.80)
Tow Yard Fees	176,000.00		188,664.55	12,664.55
Rental Utility Vehicles	34,000.00		34,000.00	
Land Sales	60,000.00		60,000.00	
Municipal Alliance		13,578.00	13,578.00	
Drunk Driving Enforcement Fund		16,262.22	16,262.22	
Clean Communities		63,214.95	63,214.95	
Safe & Secure Communities	32,400.00		32,400.00	
Alcohol Education Rehabilitation	4,542.81		4,542.81	
Body Armor Grant	4,147.32		4,147.32	
Recycling Tonnage	123,429.19		123,429.19	
DMHS Leadership	5,000.00		5,000.00	
Station House		16,683.20	16,683.20	
Title III B	9,880.00		9,880.00	
Senior Information Assistance	3,949.00		3,949.00	
Office of Emergency Management	10,000.00		10,000.00	
Senior Citizens Coordinator	12,500.00		12,500.00	
CDBG Handicap Entrance	6,297.00		6,297.00	
<u>Total Miscellaneous Revenues</u>	<u>\$ 8,051,625.32</u>	<u>\$ 109,738.37</u>	<u>\$ 8,458,768.57</u>	<u>\$ 297,404.88</u>
Receipts From Delinquent Taxes	\$ 787,000.00	\$	\$ 847,120.84	\$ 60,120.84
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 27,722,749.52	\$	\$ 28,906,464.87	\$ 1,183,715.35
Local Tax for Municipal Library	1,667,326.00		1,667,326.00	
<u>BUDGET TOTALS</u>	<u>\$ 41,078,700.84</u>	<u>\$ 109,738.37</u>	<u>\$ 42,729,680.28</u>	<u>\$ 1,541,241.07</u>
Non-Budget Revenues			\$ 50,725.76	\$ 50,725.76
	<u>\$ 41,078,700.84</u>	<u>\$ 109,738.37</u>	<u>\$ 42,780,406.04</u>	<u>\$ 1,591,966.83</u>

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

BOROUGH OF SOUTH PLAINFIELD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 104,717,367.40
Allocated To:	
County Taxes	\$ 18,730,532.97
Local District School Taxes	56,885,185.00
Municipal Open Space Taxes	302,858.56
Minimum Library Tax	<u>1,667,326.00</u>
Balance for Support of Municipal Budget Appropriations	\$ 27,131,464.87
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,775,000.00</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 28,906,464.87</u>
Licenses - Other:	
Registrar and Board of Health	\$ 17,225.50
Clerk	<u>106,689.00</u>
	<u>\$ 123,914.50</u>
Other - Fees and Permits:	
Clerk/Other	\$ 26,742.78
Board of Adjustment/Planning/Zoning	59,385.65
Board of Health/Registrar	440.00
Police Records/Burglar Alarm Permits	<u>65,325.20</u>
	<u>\$ 151,893.63</u>

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

BOROUGH OF SOUTH PLAINFIELD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

REF.

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Range Rentals	\$	20,000.00
Miscellaneous		14,328.10
Inspection Fines		6,650.50
Senior Citizens and Veterans Administrative Fee		2,330.29
Engineering		2,219.69
Sale of Scrap / Auction		2,082.03
Assessor Fees		1,100.00
Clerk		634.00
Bail Forfeiture		596.35
Court		349.80
Zoning Admin		285.00
Tax Collector		150.00
		<hr/>
<u>Total Non-Budget Revenue</u>	A-1:A-2:A-4	\$ <u><u>50,725.76</u></u>

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

BOROUGH OF SOUTH PLAINFIELD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT:</u>					
Administrative and Purchasing:					
Salaries and Wages	\$ 222,264.00	\$ 207,264.00	\$ 187,123.80	\$ 20,140.20	\$
Other Expenses	4,000.00	4,000.00		4,000.00	
Mayor & Council					
Salaries and Wages	71,704.00	74,704.00	69,254.82	5,449.18	
Other Expenses	5,000.00	7,000.00	5,204.05	1,795.95	
Borough Clerk:					
Salaries and Wages	198,800.00	198,800.00	179,183.04	19,616.96	
Other Expenses	24,600.00	24,600.00	19,531.97	5,068.03	
Financial Administration:					
Salaries and Wages	97,424.00	95,424.00	89,750.14	5,673.86	
Other Expenses	95,000.00	90,000.00	82,604.84	7,395.16	
Annual Audit	65,000.00	65,000.00		65,000.00	
Computer:					
Salaries and Wages	72,653.00	72,653.00	69,647.46	3,005.54	
Other Expenses	200,000.00	234,000.00	219,944.89	14,055.11	
Data Processing:					
Other Expenses	4,000.00	4,000.00		4,000.00	
Collection of Taxes:					
Salaries and Wages	84,855.00	79,855.00	74,260.08	5,594.92	
Other Expenses	19,000.00	21,000.00	20,467.54	532.46	
Assessment of Taxes:					
Salaries and Wages	154,528.00	149,528.00	142,408.07	7,119.93	
Other Expenses	30,000.00	35,000.00	27,568.31	7,431.69	
Special Emergency Tax Maps		100,000.00	100,000.00		
Legal Services and Costs:					
Salaries and Wages					
Other Expenses	207,000.00	212,000.00	190,239.44	21,760.56	
Engineering Services:					
Salaries and Wages	81,935.00	59,935.00	54,168.32	5,766.68	
Other Expenses	66,000.00	94,000.00	83,494.35	10,505.65	
Economic Development:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Planning Board:					
Salaries and Wages	500.00	500.00		500.00	
Other Expenses	14,000.00	14,000.00	5,889.91	8,110.09	
Special Emergency Master Plan		175,000.00	175,000.00		
Zoning Board of Adjustment:					
Salaries and Wages	135,683.00	135,683.00	132,055.48	3,627.52	
Other Expenses	25,000.00	30,000.00	6,054.74	23,945.26	
Environmental Commission:					
Salaries and Wages	25,000.00	25,000.00	22,636.00	2,364.00	
Other Expenses	3,000.00	3,000.00	625.98	2,374.02	
Green Brook Flood Committee:					
Other Expenses	1,800.00	1,800.00	1,752.00	48.00	
Municipal Court:					
Salaries and Wages	357,755.00	352,755.00	342,666.92	10,088.08	
Other Expenses	152,400.00	120,400.00	98,400.59	21,999.41	
Public Defender:					
Salaries & Wages	5,000.00	5,000.00	1,287.50	3,712.50	
Municipal Support:					
Other Expenses	52,000.00	57,000.00	52,559.26	4,440.74	
Insurance:					
Other	933,451.00	930,451.00	869,878.38	60,572.62	
Health Benefits	6,371,177.07	6,371,177.07	5,993,068.73	378,108.34	
Health Benefit Waiver	47,000.00	47,000.00	37,136.33	9,863.67	
Human Relations Committee:					
Other Expenses	3,500.00	3,500.00		3,500.00	
<u>PUBLIC SAFETY:</u>					
Police:					
Salaries and Wages	8,710,319.00	8,670,319.00	8,633,216.54	37,102.46	
Other Expenses	375,000.00	375,000.00	340,730.84	34,269.16	
Traffic Safety:					
Salaries and Wages	2,000.00	2,000.00	1,780.00	220.00	
Other Expenses	300.00	300.00	49.04	250.96	
School Crossing Guards:					
Other Expenses	415,000.00	445,000.00	420,000.00	25,000.00	

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

BOROUGH OF SOUTH PLAINFIELD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PUBLIC SAFETY (CONTINUED):					
Emergency Management Services:					
Salaries and Wages	\$ 18,000.00	\$ 18,000.00	\$ 15,214.24	\$ 2,785.76	\$
Other Expenses	15,000.00	20,000.00	15,022.01	4,977.99	
Fire Department:					
Salaries and Wages	62,000.00	66,000.00	62,000.00	4,000.00	
Other Expenses	200,000.00	200,000.00	190,362.64	9,637.36	
Fire Official:					
Salaries and Wages	492,569.00	497,569.00	494,723.90	2,845.10	
Other Expenses	205,000.00	177,000.00	125,483.88	51,516.12	
Fire Service Charge	615,000.00	630,000.00	629,888.70	111.30	
Juvenile Conference:					
Salaries and Wages	1,500.00	1,500.00		1,500.00	
STREETS AND ROADS:					
Public Works Director:					
Salaries and Wages	281,658.00	269,158.00	265,464.14	3,693.86	
Other Expenses	15,000.00	15,000.00	13,994.28	1,005.72	
Road Repairs and Maintenance:					
Salaries and Wages	401,120.00	363,620.00	316,741.74	46,878.26	
Other Expenses	170,000.00	163,000.00	137,890.63	25,109.37	
Snow Removal:					
Salaries and Wages	55,000.00	58,000.00	43,577.56	14,422.44	
Other Expenses	87,000.00	110,000.00	79,111.00	30,889.00	
Solid Waste:					
Salaries and Wages	1,000.00	1,000.00		1,000.00	
Other Expenses	1,500.00	1,500.00	190.80	1,309.20	
Recycling:					
Salaries and Wages	200,888.00	185,888.00	168,971.92	16,916.08	
Other Expenses	635,250.00	653,250.00	588,660.99	64,589.01	
Compactor:					
Salaries and Wages	4,000.00	4,000.00		4,000.00	
Other Expenses	4,000.00	4,000.00	1,195.00	2,805.00	
Public Building and Grounds:					
Salaries and Wages	696,096.00	746,096.00	715,717.80	30,378.20	
Other Expenses	135,000.00	141,000.00	98,983.86	42,006.14	
Vehicle Maintenance:					
Salaries and Wages	225,471.00	220,471.00	200,172.06	20,298.94	
Other Expenses	145,000.00	183,000.00	164,267.16	18,732.84	
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	27,329.45	27,329.45	25,907.19	1,422.26	
Other Expenses	175,000.00	180,000.00	171,791.78	8,208.22	
Youth Aid:					
Salaries and Wages	14,250.00	16,250.00	15,027.04	1,222.96	
Other Expenses	1,500.00	1,500.00		1,500.00	
Public Assistance:					
Salaries and Wages	15,000.00	18,000.00	17,303.30	696.70	
Other Expenses	1,000.00	1,000.00	40.00	960.00	
United Cerebral Palsy:					
Other Expenses	400.00	400.00		400.00	
Kiddie Keepwell:					
Other Expenses	500.00	500.00		500.00	
RECREATION AND EDUCATION:					
Board of Recreation Commissioners:					
Salaries and Wages	329,826.00	371,826.00	370,838.83	987.17	
Other Expenses	60,000.00	54,000.00	40,751.80	13,248.20	
Office of Aging:					
Salaries and Wages	252,937.00	237,937.00	234,419.63	3,517.37	
Other Expenses	50,000.00	56,000.00	51,251.55	4,748.45	
Cultural Arts:					
Salaries and Wages	2,000.00	2,500.00	1,645.00	855.00	
Other Expenses	7,500.00	7,000.00	3,623.77	3,376.23	
Celebration of Public Events:					
Other Expenses	44,000.00	44,000.00	34,866.71	9,133.29	

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

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
UNIFORM CONSTRUCTION CODE:					
Construction Code Official:					
Salaries and Wages	\$ 579,355.00	\$ 574,355.00	\$ 563,098.39	\$ 11,256.61	\$
Other Expenses	220,000.00	217,000.00	212,364.62	4,635.38	
UNCLASSIFIED:					
Utilities:					
Electricity	198,000.00	208,000.00	174,586.97	33,413.03	
Salary and Wage Adjustment	1,000.00				
Street Lights	495,000.00	500,000.00	413,553.60	86,446.40	
Telephones	177,500.00	164,500.00	156,077.38	8,422.62	
Water	61,500.00	84,500.00	79,635.20	4,864.80	
Gas	3,000.00	3,000.00		3,000.00	
Fuel Oil	5,000.00	5,000.00		5,000.00	
Telecommunications	4,000.00	4,000.00		4,000.00	
Gasoline	190,000.00	190,000.00	177,179.00	12,821.00	
Landfill Costs	101,000.00	104,000.00	91,666.98	12,333.02	
Accumulated Leave Compensation	200,000.00	120,000.00	13,187.98	106,812.02	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 27,218,297.52	\$ 27,516,297.52	\$ 25,926,100.39	\$ 1,590,197.13	\$
Contingent	\$ 4,000.00	\$ 4,000.00	\$ 2,826.75	\$ 1,173.25	\$
TOTAL OPERATIONS INCL. CONTINGENT WITHIN "CAPS"	\$ 27,222,297.52	\$ 27,520,297.52	\$ 25,928,927.14	\$ 1,591,370.38	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":					
Contribution to:					
Social Security System (O.A.S.I)	\$ 857,380.00	\$ 796,380.00	\$ 776,313.21	\$ 20,066.79	\$
Defined Contribution Retirement System	9,000.00	11,000.00	9,000.00	2,000.00	
Police and Firemen's Retirement System of NJ	436,500.00	449,500.00	449,500.00		
Public Employees' Retirement System	2,728,949.00	2,728,949.00	2,728,949.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"	\$ 4,031,829.00	\$ 3,985,829.00	\$ 3,963,762.21	\$ 22,066.79	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE WITHIN "CAPS"	\$ 31,254,126.52	\$ 31,506,126.52	\$ 29,892,689.35	\$ 1,613,437.17	\$
MANDATED EXPENDITURES PER N.J.S. 40A: 4-45.3g EXCLUDED FROM "CAPS":					
Public Library: Direct Maintenance	\$ 1,667,326.00	\$ 1,667,326.00	\$ 1,667,325.00	\$ 1.00	\$
Police System 911: Salaries	815,303.00	838,303.00	829,152.72	9,150.28	
Police System 911: OE	390,000.00	390,000.00	329,066.49	60,933.51	
LOSAP: Deferred Contributions	60,000.00	60,000.00		60,000.00	
Police Tow Yard: Salaries	71,000.00	71,000.00	68,006.00	2,994.00	
Police Tow Yard: OE	104,000.00	104,000.00	78,699.72	25,300.28	
Health Benefits	201,160.00	201,160.00		201,160.00	
Tax Appeals	100,000.00	100,000.00	81,006.50	18,993.50	
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:					
Senior Title 111 B Grant	\$ 9,880.00	\$ 9,880.00	\$ 9,880.00	\$	\$
Senior Information Assistance	3,949.00	3,949.00	3,949.00		
Municipal Alliance (40A:4-87 +13,578.00)		13,578.00	13,578.00		
Municipal - Local Match	4,000.00	4,000.00	4,000.00		
Body Armor Grant	4,147.32	4,147.32	4,147.32		
Alcohol Education Rehabilitation	4,542.81	4,542.81	4,542.81		
Recycling Tonnage Grant	123,429.19	123,429.19	123,429.19		
Clean Communities (40A:4-87 +\$63,214.95)		63,214.95	63,214.95		
Drunk Driving Enforcement (40A:4-87 +\$16,262.22)		16,262.22	16,262.22		
Senior Citizen Coordinator	12,500.00	12,500.00	12,500.00		
DMHAS Leadership	5,000.00	5,000.00	5,000.00		
Safe & Secure Communities	32,400.00	32,400.00	32,400.00		
CDBG Handicapped Ramps	6,297.00	6,297.00	6,297.00		
OEM Grant	10,000.00	10,000.00	10,000.00		
Station House Adjustment (40A:4-87 +\$16,683.20)		16,683.20	16,683.20		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 3,624,934.32	\$ 3,757,672.69	\$ 3,379,140.12	\$ 378,532.57	\$

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

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>					
Capital Improvement Fund	\$ 750,000.00	\$ 750,000.00	\$ 750,000.00	\$	\$
TOTAL CAPITAL IMPROVEMENTS - EXCL. FROM "CAPS"	\$ 750,000.00	\$ 750,000.00	\$ 750,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICES - EXCLUDED FROM "CAPS":</u>					
Payment of Bond Principal	\$ 1,655,000.00	\$ 1,655,000.00	\$ 1,653,000.00	\$	\$ 2,000.00
Payment of Bond Anticipation Notes and Capital Notes	500,000.00	500,000.00	265,000.00		235,000.00
Interest on Bonds	399,640.00	399,640.00	397,640.00		2,000.00
Interest on Notes	595,000.00	595,000.00	577,037.57		17,962.43
TOTAL DEBT SERVICE	\$ 3,149,640.00	\$ 3,149,640.00	\$ 2,892,677.57	\$	\$ 256,962.43
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS":</u>					
Emergency Authorization	\$ 515,000.00	\$ 515,000.00	\$ 515,000.00	\$	\$
Deferred Charges to Future Taxation: Ordinance 1494	10,000.00	10,000.00	10,000.00		
TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"	\$ 525,000.00	\$ 525,000.00	\$ 525,000.00	\$	\$
SUBTOTAL GENERAL APPROPRIATIONS	\$ 39,303,700.84	\$ 39,688,439.21	\$ 37,439,507.04	\$ 1,991,969.74	\$ 256,962.43
RESERVE FOR UNCOLLECTED TAXES	\$ 1,775,000.00	\$ 1,775,000.00	\$ 1,775,000.00	\$	\$
TOTAL GENERAL APPROPRIATIONS	\$ 41,078,700.84	\$ 41,463,439.21	\$ 39,214,507.04	\$ 1,991,969.74	\$ 256,962.43

Budget	\$ 41,078,700.84
Emergency Appropriation	275,000.00
Amendment - NJSA 40A: 4-87	109,738.37
	<u>\$ 41,463,439.21</u>

Reserve for Accounts Payable	\$ 205,095.97
Reserve for Grants Appropriated	321,883.69
Deferred Charges	515,000.00
Various Reserves (Emergency Appropriation)	275,000.00
Reserve for Uncollected Taxes	1,775,000.00
Refunds	(2,428,906.64)
Disbursement	38,551,434.02
	<u>\$ 39,214,507.04</u>

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

BOROUGH OF SOUTH PLAINFIELDTRUST FUNDBALANCE SHEETS - REGULATORY BASIS

<u>A S S E T S</u>	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
Animal Control Fund:			
Due Trust Other Fund	\$ 15,235.75	\$ 4,693.76	\$ 3,989.19
	<u>\$ 15,235.75</u>	<u>\$ 4,693.76</u>	<u>\$ 3,989.19</u>
Other Funds:			
Cash	\$ 9,949,080.69	\$ 9,416,943.31	\$ 7,643,162.58
Due Current Fund	2,735.24	1,458.54	37,418.68
	<u>\$ 9,951,815.93</u>	<u>\$ 9,418,401.85</u>	<u>\$ 7,680,581.26</u>
	<u>\$ 9,967,051.68</u>	<u>\$ 9,423,095.61</u>	<u>\$ 7,684,570.45</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State of New Jersey	\$	\$	\$ 2.40
Reserve for Animal Control Expenditures	15,235.75	4,693.76	3,986.79
	<u>\$ 15,235.75</u>	<u>\$ 4,693.76</u>	<u>\$ 3,989.19</u>
Other Funds:			
Due Animal Control Trust Fund	\$ 15,235.75	\$ 4,693.76	\$ 3,989.19
Due Current Fund	1,550.64	257.91	1,219.15
Reserve For:			
State Unemployment Insurance	95,968.79	132,564.95	189,994.96
Federal Forfeiture	387.15	373.54	362.31
Various Deposits	1,350,273.74	1,336,608.47	964,757.14
Law Enforcement	244,608.34	77,896.26	85,950.32
Recreation & Legends Camp	375,938.41	312,595.43	245,151.90
Health Benefits	4,452.68	4,342.95	4,212.76
Escrow Deposits	2,704,119.34	2,329,978.28	2,271,640.58
Affordable Housing	4,036,021.94	3,695,998.75	2,893,644.96
Payroll	214,813.09	171,746.66	151,339.19
Open Space	683,320.61	477,327.71	213,400.14
Tax Redemptions	225,125.45	874,017.18	654,918.66
	<u>\$ 9,951,815.93</u>	<u>\$ 9,418,401.85</u>	<u>\$ 7,680,581.26</u>
	<u>\$ 9,967,051.68</u>	<u>\$ 9,423,095.61</u>	<u>\$ 7,684,570.45</u>

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

BOROUGH OF SOUTH PLAINFIELD

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, <u>2025</u> (Unaudited)	BALANCE DECEMBER 31, <u>2024</u>	BALANCE DECEMBER 31, <u>2023</u>
<u>ASSETS</u>			
Cash	\$ 5,681,281.42	\$ 5,562,683.65	\$ 5,330,325.28
Accounts Receivable	1,501,763.61	2,994,716.80	2,701,010.04
Deferred Charges to Future Taxation:			
Funded	18,743,000.00	21,067,000.00	13,830,000.00
Unfunded	14,562,509.16	13,317,509.16	17,584,660.40
	<u>\$ 40,488,554.19</u>	<u>\$ 42,941,909.61</u>	<u>\$ 39,445,995.72</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	\$ 18,743,000.00	\$ 21,067,000.00	\$ 13,830,000.00
Bond Anticipation Notes Payable	14,057,300.00	10,289,800.00	15,398,482.00
Due to South Plainfield Senior Citizens			
Housing Project	148,124.34	148,124.34	148,124.34
Capital Improvement Fund	646,304.18	406,304.18	171,262.18
Improvement Authorizations:			
Funded	1,600,139.15	3,241,212.49	1,697,170.83
Unfunded	2,847,977.72	5,139,506.62	3,669,200.68
Reserve for:			
Various Reserves	308,931.05	315,166.05	315,166.05
Contracts Payable	1,827,046.01	2,194,997.02	4,034,734.74
Fund Balance	309,731.74	139,798.91	181,854.90
	<u>\$ 40,488,554.19</u>	<u>\$ 42,941,909.61</u>	<u>\$ 39,445,995.72</u>

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

BOROUGH OF SOUTH PLAINFIELD

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, <u>2025</u> (Unaudited)	YEAR ENDED DECEMBER 31, <u>2024</u>	YEAR ENDED DECEMBER 31, <u>2023</u>
Balance, January 1	\$ 139,798.91	\$ 181,854.90	\$ 130,191.74
Increased by:			
Bond/Note Sale Premium	182,474.76	84,854.20	111,663.16
Improvement Authorizations Canceled	97,458.07	23,089.81	
	<u>\$ 419,731.74</u>	<u>\$ 289,798.91</u>	<u>\$ 241,854.90</u>
Decreased by:			
Funding for Improvement Authorizations	10,000.00	50,000.00	
Anticipated as Current Fund Revenue	<u>100,000.00</u>	<u>100,000.00</u>	<u>60,000.00</u>
Balance, December 31	<u>\$ 309,731.74</u>	<u>\$ 139,798.91</u>	<u>\$ 181,854.90</u>

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

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>A S S E T S</u>	BALANCE DECEMBER 31, <u>2025</u> (Unaudited)	BALANCE DECEMBER 31, <u>2024</u>	BALANCE DECEMBER 31, <u>2023</u>
<u>OPERATING FUND:</u>			
Cash and Investments	\$ 1,395,105.27	\$ 1,488,316.56	\$ 1,097,852.28
Change Fund	150.00	150.00	150.00
Interfunds Receivable	<u> </u>	<u>1,831.53</u>	<u> </u>
	<u>\$ 1,395,255.27</u>	<u>\$ 1,490,298.09</u>	<u>\$ 1,098,002.28</u>
Receivables with Full Reserves:			
Sewer Use Charges Receivable	\$ 281,564.77	\$ 238,412.97	\$ 457,430.72
Sewer Use Liens Receivable	<u>7,428.30</u>	<u>7,028.30</u>	<u>8,443.94</u>
	<u>\$ 288,993.07</u>	<u>\$ 245,441.27</u>	<u>\$ 465,874.66</u>
<u>TOTAL OPERATING FUND</u>	<u>\$ 1,684,248.34</u>	<u>\$ 1,735,739.36</u>	<u>\$ 1,563,876.94</u>
<u>CAPITAL FUND:</u>			
Cash and Investments	\$ 1,277,215.55	\$ 761,578.43	\$ 774,458.16
Fixed Capital	14,364,645.79	14,364,645.79	14,364,645.79
Fixed Capital Authorized and Uncompleted	<u>2,822,500.00</u>	<u>2,222,500.00</u>	<u>1,542,500.00</u>
<u>TOTAL CAPITAL FUND</u>	<u>\$ 18,464,361.34</u>	<u>\$ 17,348,724.22</u>	<u>\$ 16,681,603.95</u>
	<u>\$ 20,148,609.68</u>	<u>\$ 19,084,463.58</u>	<u>\$ 18,245,480.89</u>

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

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, <u>2025</u> (Unaudited)	BALANCE DECEMBER 31, <u>2024</u>	BALANCE DECEMBER 31, <u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Appropriation Reserves	\$ 180,662.45	\$ 314,456.80	\$ 261,452.51
Reserve for Accounts Payable	13,049.72	5,373.54	13,713.40
Accrued Interest Payable	9,687.46	7,424.96	6,174.96
Sewer Overpayments	28,039.91	27,682.84	25,021.02
	\$ 231,439.54	\$ 354,938.14	\$ 306,361.89
Reserve for Receivables	288,993.07	245,441.27	465,874.66
Fund Balance	1,163,815.73	1,135,359.95	791,640.39
<u>TOTAL OPERATING FUND</u>	\$ 1,684,248.34	\$ 1,735,739.36	\$ 1,563,876.94
<u>CAPITAL FUND:</u>			
Improvement Authorizations:			
Funded	\$ 155,922.06	\$ 86,653.21	\$ 81,653.21
Unfunded	573,240.13	76,231.86	77,265.82
Bond Anticipation Notes Payable	2,215,000.00	1,750,000.00	1,125,000.00
Interfunds Payable		1,831.53	
Contracts Payable	24,569.13	32,017.05	8,320.50
Reserve for Off-Site Improvements	50,000.00	50,000.00	50,000.00
Capital Improvement Fund	474,853.86	539,853.86	559,853.86
Reserve for Amortization	14,364,645.79	14,364,645.79	14,364,645.79
Deferred Reserve for Amortization	556,107.00	421,107.00	366,107.00
	\$ 18,414,337.97	\$ 17,322,340.30	\$ 16,632,846.18
Fund Balance	50,023.37	26,383.92	48,757.77
<u>TOTAL CAPITAL FUND</u>	\$ 18,464,361.34	\$ 17,348,724.22	\$ 16,681,603.95
	\$ 20,148,609.68	\$ 19,084,463.58	\$ 18,245,480.89

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

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, <u>2025</u> (Unaudted)	YEAR ENDED DECEMBER 31, <u>2024</u>	YEAR ENDED DECEMBER 31, <u>2023</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 240,000.00	\$ 125,000.00	\$ 192,000.00
Sewer Use Charges	7,081,602.80	7,320,123.73	6,927,442.70
Sewer Connection Fees	302,926.77	26,000.00	261,512.50
Interest and Costs	65,822.95	80,849.97	60,507.34
Interest on Investments and Deposits	66,047.87	74,477.29	63,951.49
Utility Capital Surplus Anticipated		35,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	<u>183,805.39</u>	<u>87,268.57</u>	<u>26,773.13</u>
<u>TOTAL INCOME</u>	<u>\$ 7,940,205.78</u>	<u>\$ 7,748,719.56</u>	<u>\$ 7,532,187.16</u>
<u>EXPENDITURES</u>			
Operating	\$ 7,067,210.00	\$ 6,835,815.00	\$ 6,708,873.00
Capital Improvement Fund	35,000.00	5,000.00	15,000.00
Debt Service	110,000.00	65,000.00	30,000.00
Deferred Charges and Statutory Expenditures	<u>209,540.00</u>	<u>224,185.00</u>	<u>216,185.00</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 7,421,750.00</u>	<u>\$ 7,130,000.00</u>	<u>\$ 6,970,058.00</u>
Regulatory Excess to Fund Balance	<u>\$ 518,455.78</u>	<u>\$ 618,719.56</u>	<u>\$ 562,129.16</u>
Fund Balance, January 1	<u>1,135,359.95</u>	<u>791,640.39</u>	<u>994,011.23</u>
	\$ 1,653,815.73	\$ 1,410,359.95	\$ 1,556,140.39
Decreased by:			
Utilization as Anticipated Revenue:			
Sewer Utility Operating Budget	240,000.00	125,000.00	192,000.00
Current Fund Budget	<u>250,000.00</u>	<u>150,000.00</u>	<u>572,500.00</u>
Fund Balance, December 31	<u>\$ 1,163,815.73</u>	<u>\$ 1,135,359.95</u>	<u>\$ 791,640.39</u>

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

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025 (Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
Balance, January 1	\$ 26,383.92	\$ 48,757.77	\$ 5,164.13
Increased by:			
Improvement Authorizations Canceled		12,626.15	43,593.64
	<u>26,383.92</u>	<u>61,383.92</u>	<u>48,757.77</u>
Decrease by:			
Utilized in Current Fund Budget		35,000.00	
		<u>35,000.00</u>	
Balance, December 31	\$ <u>26,383.92</u>	\$ <u>26,383.92</u>	\$ <u>48,757.77</u>

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

BOROUGH OF SOUTH PLAINFIELD
SEWER 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 Utilized	\$ 125,000.00	\$ 125,000.00	\$
Sewer Use Charges	6,810,000.00	7,320,123.73	510,123.73
Connection Fees	50,000.00	26,000.00	(24,000.00)
Interest and Costs on Sewer Charges	60,000.00	80,849.97	20,849.97
Interest on Investments and Deposits	60,000.00	74,477.29	14,477.29
Utility Capital Surplus	35,000.00	35,000.00	
	<u>\$ 7,140,000.00</u>	<u>\$ 7,661,450.99</u>	<u>\$ 521,450.99</u>
<u>BUDGET TOTALS</u>			

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

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATING:					
Salaries and Wages	\$ 792,927.00	\$ 792,927.00	\$ 773,005.66	\$ 19,921.34	\$
Other Expenses	6,042,888.00	6,042,888.00	5,753,080.04	289,807.96	
	\$ 6,835,815.00	\$ 6,835,815.00	\$ 6,526,085.70	\$ 309,729.30	\$
CAPITAL IMPROVEMENTS:					
Capital Improvement Fund	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	\$
	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	\$
DEBT SERVICE:					
Payment of Notes	\$ 40,000.00	\$ 40,000.00	\$ 30,000.00	\$	\$ 10,000.00
Interest on Notes	35,000.00	35,000.00	35,000.00		
	\$ 75,000.00	\$ 75,000.00	\$ 65,000.00	\$	\$ 10,000.00
STATUTORY EXPENDITURES:					
Public Employee Retirement System	\$ 124,185.00	\$ 124,185.00	\$ 124,000.00	\$ 185.00	\$
Defined Contribution Retirement System	5,000.00	5,000.00	457.50	4,542.50	
Social Security System (O.A.S.I.)	95,000.00	95,000.00	95,000.00		
	\$ 224,185.00	\$ 224,185.00	\$ 219,457.50	\$ 4,727.50	\$
	\$ 7,140,000.00	\$ 7,140,000.00	\$ 6,815,543.20	\$ 314,456.80	\$ 10,000.00

Disbursements	\$ 6,776,169.66
Accrued Interest	35,000.00
Reserve for Accounts Payable	5,373.54
	\$ 6,816,543.20
Less: Refunds	(1,000.00)
	\$ 6,815,543.20

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

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, <u>2025</u> (Unaudited)	BALANCE DECEMBER 31, <u>2024</u>	BALANCE DECEMBER 31, <u>2023</u>
<u>OPERATING FUND:</u>			
Cash and Investments	\$ 137,877.58	\$ 146,799.67	\$ 70,921.50
<u>TOTAL OPERATING FUND</u>	<u>\$ 137,877.58</u>	<u>\$ 146,799.67</u>	<u>\$ 70,921.50</u>
<u>CAPITAL FUND:</u>			
Cash and Investments	\$ 458,271.29	\$ 45,343.45	\$ 16,103.76
Interfunds	2,700.00	500.00	500.00
Fixed Capital	1,262,173.14	1,262,173.14	1,262,173.14
Fixed Capital Authorized and Uncompleted	1,451,000.00	561,000.00	506,000.00
Grants Receivable	150,000.00		
<u>TOTAL CAPITAL FUND</u>	<u>\$ 3,324,144.43</u>	<u>\$ 1,869,016.59</u>	<u>\$ 1,784,776.90</u>
	<u>\$ 3,462,022.01</u>	<u>\$ 2,015,816.26</u>	<u>\$ 1,855,698.40</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Appropriation Reserves	\$ 17,162.45	\$ 5,362.75	\$ 1,816.13
Interfunds Payable	2,700.00	500.00	500.00
Accounts Payable	5,149.15	1,235.00	
Accrued Interest Payable	8,047.65	6,147.37	5,244.87
	<u>\$ 33,059.25</u>	<u>\$ 13,245.12</u>	<u>\$ 7,561.00</u>
Fund Balance	104,818.33	133,554.55	63,360.50
<u>TOTAL OPERATING FUND</u>	<u>\$ 137,877.58</u>	<u>\$ 146,799.67</u>	<u>\$ 70,921.50</u>
<u>CAPITAL FUND:</u>			
Improvement Authorizations:			
Funded	\$ 546,304.88	\$ 140.00	\$ 140.00
Unfunded	282,209.76	28,881.97	3,663.76
Contracts Payable	47,803.12		
Bond Anticipation Notes Payable	445,000.00	475,000.00	445,000.00
Bonds Payable	302,000.00	338,000.00	375,000.00
Capital Improvement Fund	2,500.00	15,500.00	15,000.00
Reserve for Amortization	960,173.14	921,973.14	884,973.14
Deferred Reserve for Amortization	730,000.00	86,000.00	61,000.00
Fund Balance	8,153.53	3,521.48	
<u>TOTAL CAPITAL FUND</u>	<u>\$ 3,324,144.43</u>	<u>\$ 1,869,016.59</u>	<u>\$ 1,784,776.90</u>
	<u>\$ 3,462,022.01</u>	<u>\$ 2,015,816.26</u>	<u>\$ 1,855,698.40</u>

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

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	DECEMBER 31, 2025 (Unaudited)	DECEMBER 31, 2024	DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 55,000.00	\$ 20,000.00	\$ 36,000.00
Membership Fees	484,402.27	544,437.95	483,740.49
Miscellaneous	53,366.29	40,739.97	28,803.78
Other Credits To Income	4,495.22	816.13	3,306.51
	<u>\$ 597,263.78</u>	<u>\$ 605,994.05</u>	<u>\$ 551,850.78</u>
 <u>EXPENDITURES</u>			
Operating	\$ 419,800.00	\$ 396,300.00	\$ 360,923.00
Capital Improvement Fund	1,000.00	500.00	500.00
Debt Service	113,500.00	88,000.00	90,325.00
Deferred Charges and Regulatory Expenditures	21,700.00	16,000.00	17,752.00
Surplus-General Budget	15,000.00	15,000.00	40,000.00
	<u>\$ 571,000.00</u>	<u>\$ 515,800.00</u>	<u>\$ 509,500.00</u>
Regulatory Excess to Fund Balance	\$ 26,263.78	\$ 90,194.05	\$ 42,350.78
Fund Balance, January 1	<u>133,554.55</u>	<u>63,360.50</u>	<u>57,009.72</u>
	\$ 159,818.33	\$ 153,554.55	\$ 99,360.50
Decreased by:			
Utilization as Anticipated Revenue:			
Swimming Pool Utility Operating Budget	<u>55,000.00</u>	<u>20,000.00</u>	<u>36,000.00</u>
Fund Balance, December 31	<u>\$ 104,818.33</u>	<u>\$ 133,554.55</u>	<u>\$ 63,360.50</u>

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

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

	YEAR ENDED DECEMBER 31, <u>2025</u> (Unaudited)	YEAR ENDED DECEMBER 31, <u>2024</u>	YEAR ENDED DECEMBER 31, <u>2023</u>
Balance, January 1	\$ 3,521.48	\$ - 0 -	\$ - 0 -
Increased by: Receipts-Premiums		<u>3,521.48</u>	
Balance, December 31	<u>\$ 3,521.48</u>	<u>\$ 3,521.48</u>	<u>\$ - 0 -</u>

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

BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance Utilized	\$ 20,000.00	\$ 20,000.00	\$
Pool Member Fees	470,000.00	544,437.95	74,437.95
Miscellaneous	<u>28,800.00</u>	<u>40,739.97</u>	<u>11,939.97</u>
	<u>\$ 518,800.00</u>	<u>\$ 605,177.92</u>	<u>\$ 86,377.92</u>

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

BOROUGH OF SOUTH PLAINFIELD
PUBLIC ASSISTANCE TRUST 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>A S S E T S</u>			
Cash:			
Public Assistance Trust Fund I	\$ <u>49,269.81</u>	\$ <u>46,107.51</u>	\$ <u>41,585.90</u>
	\$ <u><u>49,269.81</u></u>	\$ <u><u>46,107.51</u></u>	\$ <u><u>43,558.36</u></u>
<u>LIABILITIES</u>			
Reserve for Public Assistance Trust Fund I	\$ <u>49,269.81</u>	\$ <u>46,107.51</u>	\$ <u>41,585.90</u>
	\$ <u><u>49,269.81</u></u>	\$ <u><u>46,107.51</u></u>	\$ <u><u>43,558.36</u></u>

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

BOROUGH OF SOUTH PLAINFIELD
STATEMENT OF GENERAL FIXED ASSETS
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>FIXED ASSETS:</u>		
Land	\$ 17,058,200.00	\$ 17,058,200.00
Buildings	9,001,500.00	9,001,500.00
Machinery and Equipment	<u>18,849,306.00</u>	<u>17,713,641.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 44,909,006.00</u>	<u>\$ 43,773,341.00</u>
 <u>RESERVE:</u>		
Investments in General Fixed Assets	<u>\$ 44,909,006.00</u>	<u>\$ 43,773,341.00</u>

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

BOROUGH OF SOUTH PLAINFIELD

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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 Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Except as noted below, the financial statements of the Borough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the operations of the school district, library, rescue squad, or volunteer fire organization, inasmuch as their activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with 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 Borough of South Plainfield 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 Borough of South Plainfield 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 governmental activity. As required by the Division of Local Government Services, the Borough 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 of which each reserve was created.

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

Sewer Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned sewer utility.

Swimming Pool Operating and Capital Funds - account for resources and expenditures for the operations and acquisition of capital facilities of the municipally-owned swimming pool utility.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough 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 31st, are reported as a cash liability in the financial statements and constitute part of the Borough'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 31st, 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

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. 5:30-5.6, Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough 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 \$500.00 or more per unit.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Borough's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

Fixed Capital - Sewer and Swimming Pool Utility Funds

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 Sewer and Swimming Pool 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. The balance in the Reserve for Amortization account in the utility capital fund represents charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - Under GAAP, municipalities are required to record their distributive shares of net pension liability, deferred outflows of resources, 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 required to record their distributive shares of OPEB liability, deferred outflows of resources, 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

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 Borough 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 Borough considers petty cash, change funds, cash in banks and certificates of deposit, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. 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. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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 until.

The Borough of South Plainfield had the following cash and cash equivalents at December 31, 2024:

<u>Fund</u>	<u>Cash In Bank</u>	<u>Reconciling Items</u>	<u>Total</u>
Current Fund	\$6,673,899.71	(\$121,008.43)	\$6,552,891.28
Grant Fund	451,236.05	0.00	451,236.05
Trust Other Fund	9,632,814.95	(215,871.64)	9,416,943.31
General Capital Fund	5,562,683.65	0.00	5,562,683.65
Sewer Operating Fund	1,450,293.82	38,022.74	1,488,316.56
Sewer Capital Fund	796,578.43	(35,000.00)	761,578.43
Swimming Pool Operating Fund	146,799.67	0.00	146,799.67
Swimming Pool Capital Fund	45,343.45	0.00	45,343.45
Public Assistance Trust Fund	47,273.91	(1,166.40)	46,107.51
	<u>\$24,806,923.64</u>	<u>(\$335,023.73)</u>	<u>\$24,471,899.91</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2024, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$1,000,000.00 was covered by Federal Depository Insurance and \$23,806,923.64 was covered by NJGUDPA.

B. Investments

The purchase of investments by the Borough 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 type 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)

B. Investments (Continued)

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

Based upon the limitation set forth by New Jersey Statutes 40A:55.1 and existing investment practices, the Borough is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL 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 Borough are general obligation bonds, backed by the full faith and credit of the Borough.

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.692%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 20,794,000.00	\$ 20,794,000.00	\$
Utility Debt	2,616,593.00	2,616,593.00	
General Debt	<u>34,590,660.40</u>	<u>206,151.24</u>	<u>34,384,509.16</u>
	<u>\$ 58,001,253.40</u>	<u>\$ 23,616,744.24</u>	<u>\$ 34,384,509.16</u>

NET DEBT \$34,384,509.16 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$4,965,900,387.67 EQUALS 0.692%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

Issued:	<u>2024</u>	<u>2023</u>	<u>2022</u>
Bonds, Loans, and Notes:			
General	\$ 31,356,800.00	\$ 29,228,482.00	\$ 27,300,375.00
Sewer Utility	1,750,000.00	1,125,000.00	230,000.00
Swimming Pool Utility	<u>813,000.00</u>	<u>820,000.00</u>	<u>882,000.00</u>
Total Issued	\$ <u>33,919,800.00</u>	\$ <u>31,173,482.00</u>	\$ <u>28,412,375.00</u>
Authorized But Not Issued:			
Bonds, Loans, and Notes:			
General	\$ 3,233,860.40	\$ 2,186,178.40	\$ 2,017,178.40
Sewer Utility	51,393.00	51,393.00	951,393.00
Swimming Pool Utility	<u>2,200.00</u>	<u>2,200.00</u>	<u>2,200.00</u>
	\$ <u>3,287,453.40</u>	\$ <u>2,239,771.40</u>	\$ <u>2,970,771.40</u>
Bonds and Notes Issued and Authorized But Not Issued	\$ <u><u>37,207,253.40</u></u>	\$ <u><u>33,413,253.40</u></u>	\$ <u><u>31,383,146.40</u></u>

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

Equalized Valuation Basis* - December 31, 2024	\$ 4,965,900,387.67
3-1/2 of Equalized Valuation Basis (Municipal)	\$ 173,806,513.57
Net Debt	<u>34,384,509.16</u>
Remaining Borrowing Power	\$ <u><u>139,422,004.41</u></u>

*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 Borough of South Plainfield for the last three (3) preceding years.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$7,661,450.99
Deductions:		
Operating and Maintenance Cost	\$6,835,815.00	
Statutory Expenditures	224,185.00	
Debt Service	<u>65,000.00</u>	
Total Deductions		<u>7,125,000.00</u>
Excess in Revenue - Self-Liquidating		<u>\$618,719.56</u>

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

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$605,177.92
Deductions:		
Operating and Maintenance Cost	\$396,300.00	
Statutory Expenditures	16,000.00	
Debt Service	<u>88,000.00</u>	
Total Deductions		<u>500,300.00</u>
Excess in Revenues (Self-Liquidating)		<u>\$104,877.92</u>

LONG-TERM DEBT

General Capital - Bonds:

\$5,200,000.00 Bonds of 2018 due in annual installments of \$350,000.00 to \$700,000.00 at a variable interest rate		<u>\$2,625,000.00</u>
\$6,050,000.00 Bonds of 2021 due in annual installments of \$550,000.00 to \$1,100,000.00 at 2.00%		<u>\$4,400,000.00</u>
\$6,268,000 Refunding Bonds of 2021 due in annual installments of \$563,000.00 to \$701,000.00 at 4.00%		<u>\$5,152,000.00</u>
\$8,890,000 Bonds of 2024 due in annual installments of \$575,000.00 to \$1,135,000.00 at a variable interest rate		<u>\$8,890,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Pool Utility Capital - Bonds:

\$380,000.00 Bonds of 2018 due in annual installments of \$20,000.00 to \$30,000.00 at a variable interest rate	<u>\$250,000.00</u>
\$112,000.00 Refunding Bonds of 2021 due in annual installments of \$8,000 to \$14,000 at 4.00%	<u>\$88,000.00</u>

Bonds and Notes Authorized But Not Issued

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

General Capital Fund	\$3,233,860.40
Sewer Utility Capital Fund	51,393.00
Swimming Pool Utility Capital Fund	<u>2,200.00</u>
	<u>\$3,287,453.40</u>

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

Year	General		Swimming Pool Utility	
	Principal	Interest	Principal	Interest
2025	\$2,324,000.00	\$713,447.08	\$36,000.00	\$10,537.50
2026	2,422,000.00	644,680.00	33,000.00	9,407.50
2027	2,495,000.00	558,665.00	35,000.00	8,297.50
2028	2,572,000.00	468,550.00	38,000.00	7,087.50
2029	2,640,000.00	381,960.00	40,000.00	5,802.50
2030	2,708,000.00	298,300.00	42,000.00	4,462.50
2031	1,800,000.00	222,940.00	40,000.00	3,103.75
2032	1,836,000.00	150,220.00	44,000.00	1,686.25
2033	1,135,000.00	90,800.00	30,000.00	468.75
2034	1,135,000.00	45,400.00		
	<u>\$21,067,000.0</u>	<u>\$3,574,962.08</u>	<u>\$338,000.00</u>	<u>\$50,853.75</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

The Borough had the following outstanding note(s) at year end:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital	4.25%	4/10/25	\$5,628,300.00
General Capital	4.00%	8/13/25	4,661,500.00
Sewer Utility Capital	4.25%	4/10/25	1,095,000.00
Sewer Utility Capital	4.00%	8/13/25	655,000.00
Pool Utility Capital	4.25%	4/10/25	420,000.00
Pool Utility Capital	4.00%	8/13/25	55,000.00
			<u>\$12,514,800.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

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

Current Fund	\$2,850,000.00
Sewer Utility Operating Fund	240,000.00
Swimming Pool Utility Operating Fund	55,000.00

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 Borough bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough'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 <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
Prepaid Taxes	\$ <u>879,470.20</u>	\$ <u>672,742.20</u>

NOTE 6: PENSION PLANS

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

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

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

Vesting and Benefit Provisions

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

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest alter 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

Funding Policy

The contribution policy is set by PERS is set by N.J.S.A. 43:15A 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 base salary. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

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

Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$3,311,906.50 for 2024, \$3,110,102.00 for 2023, and \$3,078,772.66 for 2022.

All contributions were equal to the required contributions for each of the three years, respectively. Certain Township employees are also covered by 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 \$10,637,524.00 for the Borough'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 Borough's proportion of the net pension liability was based on a projection of the Borough'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 Borough's proportion was 0.0734413753 percent, which was an increase of 0.0028883920 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$149,137.00 for the Borough's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statements based on the April 1, 2023 billing was \$889,707.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 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	\$101,708.00	\$43,483.00
Changes of assumptions	23,368.00	644,680.00
Net difference between projected and actual earnings on pension plan investments	48,987.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>916,320.00</u>	<u>127,200.00</u>
	<u>\$1,090,383.00</u>	<u>\$815,363.00</u>

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2024	(\$403,797.00)
2025	(155,652.00)
2026	595,885.00
2027	79,428.00
2028	<u>159,156.00</u>
	<u>\$275,020.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 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	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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:

<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.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

The following presents the Borough'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 Borough's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$13,847,792.00	\$10,637,524.00	\$7,905,160.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2023, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough 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 Borough related to this legislation.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Borough as of June 30, 2023 was 0.0737202103% which was an increase of 0.0028853567 percent from its proportion measured as of June 30, 2022. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2023 and June 30, 2022 was \$33,174.00 and \$22,403.00, respectively.

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the State reported a net pension liability of \$22,649,895.00 for the Borough'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 Borough's proportion of the net pension liability was based on a projection of the Borough'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 Borough's proportion was 0.2049990100 percent, which was a decrease of 0.0040430100 percent from its proportion measured as of June 30, 2022.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$2,015,305.00. The pension expense recognized in the Borough's financial statements based on the April 1, 2023, billing was \$2,718,703.00.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 969,823.00	\$ 1,080,199.00
Changes of assumptions	48,886.00	1,529,411.00
Net difference between projected and actual earnings on pension plan investments	1,153,516.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>2,140,759.00</u>	<u>406,093.00</u>
	<u>\$ 4,312,984.00</u>	<u>\$ 3,015,703.00</u>

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

Year Ended	<u>Amount</u>
<u>June 30</u>	
2024	\$ (534,521.80)
2025	(498,978.80)
2026	1,707,919.20
2027	229,877.20
2028	388,713.20
Thereafter	<u>4,272.00</u>
	<u>\$ 1,297,281.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 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:

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

Employee mortality rates were based on the Pubs-2010 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, 2021.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 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. 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 Borough's proportionate share of the net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net 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 <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the PFRS pension liability	\$31,558,663.00	\$22,649,894.00	\$15,231,020.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough 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 Borough related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of December 31, 2023 and 2022 is 0.20499884% and 0.2090421900% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2023 and 2022 was \$477,288.00 and \$497,175.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2023 and 2022 was \$474,728.00 and \$491,310.00, respectively.

At June 30, 2023 and 2022, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$4,173,507.00 and \$4,258,428.00, respectively.

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

Borough's Proportionate Share of Net Pension Liability	\$22,649,895.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>4,173,507.00</u>
	<u>\$26,823,402.00</u>

Pension plan fiduciary net position

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

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off at a later date. The Borough has a balance reserved in the Trust Fund at December 31, 2024 is \$182,764.76.

NOTE 8: LITIGATION

The Borough is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Borough's legal counsel would not be material.

NOTE 9: CONTINGENT LIABILITIES

The Borough 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 expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2024, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2024 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Borough has a \$0 balance reserved in the Current Fund at December 31, 2024.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

<u>Year</u>	<u>Interest Earned</u>	<u>Employee/Budget Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 4,940.03	\$	\$ 62,370.04	\$ 132,564.95
2023	4,703.35	39,109.15	14,003.91	189,994.96
2022	1,027.09		14,109.63	160,186.37

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 257.91	\$ 1,458.54
Animal Control Trust Fund	4,693.76	
Trust Other Fund	1,458.54	4,951.67
Sewer Utility Operating Fund	1,831.53	
Sewer Utility Capital Fund		1,831.53
Pool Utility Operating Fund		500.00
Pool Utility Capital Fund	500.00	
	<u>\$ 8,741.74</u>	<u>\$ 8,741.74</u>

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

NOTE 13: DEFERRED COMPENSATION PLAN

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

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts. The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

The Borough of South Plainfield adopted an ordinance establishing a Length of Service Awards Program effective for the members of the South Plainfield Volunteer Fire Department and Volunteer Rescue Squad pursuant to N.J.S.A. 40A:14-183 et seq. Under this program, each volunteer that performs the minimum amount of service will have an annual amount up to \$1,300.00 deposited into a tax deferred account. The Borough budgeted \$60,000.00 for the program in 2024.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

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

Single Employer Plan Defined Benefit Plan

Plan Description

The Borough's defined benefit OPEB plan, Borough of South Plainfield Retiree Welfare Benefits Plan (the Plan), provides OPEB for all employees of the Borough and their eligible dependents in accordance with the terms of their labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Borough. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Summary of Benefits

The Plan provides retirees and their eligible dependents medical, dental vision and prescription benefits provided that they have met the eligibility requirements contained in the Borough's various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	126
Inactive employees entitled to but not currently receiving benefits payments	-0-
Active employees	<u>129</u>
	<u>255</u>

Contributions

The contribution requirements of the Borough and Plan members are established and maybe be amended by the Borough's governing body.

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Borough's plan document, ranging from 3.5% to 35%.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Single Employer Plan Defined Benefit Plan (Continued)

Total OPEB Liability

The Borough's total OPEB liability of \$108,167,625 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.0%

Healthcare cost trend rate: medical/prescription 8.0% in 2025 decreasing annually to an ultimate rate of 4.50% for 2032 and later; Medicare Part B 5.00% each year; dental 4.50% each year.

Mortality rates were based on the PUB-2010 Headcount Weighted base table with projection scale MP-2021.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2021–December 31, 2021.

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the Total OPEB liabilities at January 1, 2023 and December 31, 2023, based on the "The Bond Buyer 20-Bond GO Index", are 3.65% and 3.26%, respectively.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Single Employer Plan Defined Benefit Plan (Continued)

Actuarial Assumptions (Continued)

Changes in the Total OPEB Liability:

	Total OPEB <u>Liability</u>
Balance at 12/31/23	\$105,140,005.00
Changes for the year:	
Service cost	2,969,288.00
Interest cost	3,480,329.00
Changes in assumptions or other inputs	(5,655,847.00)
Benefit payments	(2,701,473.00)
Actuarial demographic (gain)/loss	<u>4,935,323.00</u>
Net change in OPEB liability	<u>\$3,027,620.00</u>
Balance at 12/31/24	<u><u>\$108,167,625.00</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate to 4.08 percent in 2024 from 3.26 percent in 2023.

Sensitivity of the Total OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage point higher (5.08 percent) than the current discount rate:

	December 31, 2024		
	1.00% Decrease (3.08)	At Discount Rate (4.08)	1.00% Increase (5.08%)
Total OPEB Liability	\$129,072,882	\$108,167,625.00	\$91,907,849

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Single Employer Plan Defined Benefit Plan (Continued)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	December 31, 2024		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	\$90,735,268	\$108,167,625	\$131,096,133

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

For the year ended December 31, 2024 the actuarially determined OPEB expense reflected in the Plan report was \$5,996,722. The estimated employer cash cost for plan benefits for the year ended December 31, 2024 is \$2,701,473.

At December 31, 2024, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual demographic experience	\$4,230,277	\$2,419,166
Changes of assumptions	3,437,013	7,675,244
Changes in proportion	- 0 -	- 0 -
	<u>\$7,667,290</u>	<u>\$10,094,410</u>

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Single Employer Plan Defined Benefit Plan (Continued)

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

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2025	(\$1,420,187)
2026	(1,908,403)
2027	(1,908,401)
2028	1,456,401
2029	1,456,402
Thereafter	(102,932)

Cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation

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.

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: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation

Special Funding Situation

The Borough, 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 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

At June 30, 2023 and 2022, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is \$9,924,272.000 and \$11,697,504.00 respectively.

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

Borough's proportionate share of the Net OPEB Liability	\$0.00
State of New Jersey's proportionate share of Net OPEB Liability associated with the Borough	<u>9,924,272.00</u>
	<u><u>\$9,924,272.00</u></u>

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation (Continued)

OPEB Plan Fiduciary Net Position

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

NOTE 16: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through August 6, 2025 which is the date the financial statements were available to be issued.

NOTE 17: 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	\$17,058,200.00		\$17,058,200.00
Buildings	9,001,500.00		9,001,500.00
Machinery and Equipment	17,713,641.00	\$1,516,650.00	18,849,306.00
	<u>\$43,773,341.00</u>	<u>\$1,516,650.00</u>	<u>\$44,909,006.00</u>

NOTE 18: DEFERRED CHARGES

Certain expenditures are required to be deferred to budget of succeeding years. At December 31, 2024, the following deferred charges are shown:

	Balance December 31, <u>2024</u>	2025 <u>Budget</u>	Deferred To Succeeding <u>Years</u>
Current Fund	\$275,000.00	\$55,000.00	\$220,000.00

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

_____, 2026

Borough Council of the
Borough of South Plainfield, in the
County of Middlesex, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of South Plainfield, in the County of Middlesex, New Jersey (the "Borough"), in connection with the issuance by the Borough of its \$8,206,800 Bond Anticipation Notes, Series 2026A, consisting of the \$6,547,800 General Improvement Bond Anticipation Note, the \$639,000 Pool Utility Bond Anticipation Note and the \$1,020,000 Sewer Utility Bond Anticipation Note (together, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Borough listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the Borough, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Borough without limitation as to rate or amount.

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Notes in order to preserve the tax-exempt status of the Notes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Notes. Further, in our opinion, 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. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,