

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2026

NEW ISSUE – Book-Entry Only

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

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as herein defined) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See “TAX EXEMPTION” herein.

\$14,600,000*
REFUNDING SCHOOL BONDS, SERIES 2026
THE BOARD OF EDUCATION OF THE
TOWNSHIP OF OLD BRIDGE
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)

NON-CALLABLE

Dated: Date of Delivery

Due: July 15, as shown on inside cover

The \$14,600,000* aggregate principal amount of Refunding School Bonds, Series 2026 (the “Bonds”), of The Board of Education of the Township of Old Bridge in the County of Middlesex, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board) are valid and legally binding general obligations of the Board, and unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount. Payment of the principal of and interest on the Bonds is also secured under the provisions of the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

The Bonds will be issued as fully registered bonds in book-entry only form (without certificates) in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York (“DTC”). Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of January and July in each year, commencing July 15, 2026, until maturity. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each immediately preceding January 1 and July 1 (the “Record Dates” for the payment of interest on the Bonds).

The Bonds are not subject to redemption prior to their stated maturities.

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board, and certain other conditions described herein. Certain legal matters will be passed upon for the Board by Kenney, Gross, Kovats & Parton, Manalapan, New Jersey, General Counsel to the Board. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, served as Municipal Advisor to the Board in connection with the issuance of the Bonds. Delivery of the Bonds in definitive form to DTC in Jersey City, New Jersey, is anticipated to occur on or about May 20, 2026.

ELECTRONIC SUBMISSIONS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, MUST BE MADE VIA PARITY PRIOR TO 11:00 A.M. EASTERN DAYLIGHT SAVING TIME ON MAY 6, 2026. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

* Preliminary, subject to change.

\$14,600,000*
THE BOARD OF EDUCATION OF THE
TOWNSHIP OF OLD BRIDGE
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
REFUNDING SCHOOL BONDS, SERIES 2026

(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)

NON-CALLABLE

**MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES,
YIELDS AND CUSIP NUMBERS****

<u>Maturity (July 15)</u>	<u>Principal Amounts*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP Numbers**</u>
2026	\$ 125,000			67950R__
2027	2,245,000			67950R__
2028	2,315,000			67950R__
2029	2,385,000			67950R__
2030	2,455,000			67950R__
2031	2,520,000			67950R__
2032	2,555,000			67950R__

* Preliminary, subject to change.

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

**THE BOARD OF EDUCATION OF THE
TOWNSHIP OF OLD BRIDGE
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

BOARD MEMBERS

President – Elena Francisco
Vice President – Kristina Mazzone

Jennifer D’Antuono
Richard Dunn
Marjorie Jodrey
Brooke Richards-Patterson
Jay D. Slade
Matthew Sulikowski
Kiran Venkatesan

SUPERINTENDENT

Dr. Vincent Sasso

BUSINESS ADMINISTRATOR/BOARD SECRETARY

David P. Weidele

BOARD ATTORNEY

Kenney, Gross, Kovats & Parton
Manalapan, New Jersey

BOARD AUDITOR

Samuel Klein and Company, LLP, CPA’s
Newark, New Jersey

MUNICIPAL ADVISOR

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

BOND COUNSEL

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

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

The information contained herein has been provided by the Board, DTC and other sources deemed reliable by the Board; however, such information is not guaranteed as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Board, as to information from sources other than itself. The Board has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to the Constitution of the State of New Jersey, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents or laws are qualified in their entirety by reference to the particular source, 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 Board during normal business hours.

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.

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT

OF

**THE BOARD OF EDUCATION OF THE
TOWNSHIP OF OLD BRIDGE
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

\$14,600,000*
REFUNDING SCHOOL BONDS, SERIES 2026
(NEW JERSEY SCHOOL BOND RESERVE ACT, 1980 N.J. Laws c. 72, as amended)

NON-CALLABLE

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Education of the Township of Old Bridge in the County of Middlesex, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the offering, sale and issuance of its \$14,600,000* aggregate principal amount of Refunding School Bonds, Series 2026 (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the offering and sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds 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 Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated their date of delivery and shall mature on July 15 in each of the years and in the amounts set forth on the inside cover page hereof. The Bonds shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of January and July (each an "Interest Payment Date"), commencing on July 15, 2026, in each of the years and at the interest rates set forth on the inside cover page hereof until maturity by check mailed by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each January 1 and July 1 immediately preceding the respective Interest Payment Date (the "Record Dates"). So long as The Depository Trust Company, Brooklyn, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC participants, which will in turn remit such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

* Preliminary, subject to change.

The Bonds will be issued in fully registered book-entry only form, without certificates. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds (the "Securities Depository"). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

The Bonds of this issue are not subject to redemption prior to their stated maturities.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the School District without limitation as to rate or amount. The Bonds are additionally secured by the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

School Bond Reserve Act (1980 N.J. Laws c. 72)

All school bonds are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The 2003 amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one-and-a-half (1.5%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one percent (1%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the Treasurer of the State of New Jersey (the "State") shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be

necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

Authorization and Purpose

The Bonds have been authorized by and are issued pursuant to Title 18A, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967, as amended and supplemented (the "School Bond Law") (N.J.S.A. 18A:24-1 *et seq.*), a refunding bond ordinance entitled "REFUNDING BOND ORDINANCE OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF OLD BRIDGE IN THE COUNTY OF MIDDLESEX, NEW JERSEY PROVIDING FOR THE REFUNDING OF ALL OR A PORTION OF ITS OUTSTANDING REFUNDING SCHOOL BONDS, SERIES 2016, DATED APRIL 20, 2016, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$32,215,000 AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$14,650,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING SCHOOL BONDS OF THE BOARD TO EFFECT SUCH REFUNDING," finally adopted by the Board on March 10, 2026 (the "Refunding Bond Ordinance") and a resolution duly adopted by the Board on March 10, 2026 (the "Resolution").

The proceeds of the Bonds will be used to refund, on a current basis, all or a portion of the Board's \$14,355,000 aggregate principal amount of the outstanding Refunding School Bonds, Series 2016, dated April 20, 2016 maturing on or after July 15, 2027 (the "Refunded Bonds"), at a redemption price equal to one hundred percent (100%) of the principal amount thereof (the "Redemption Price"). Specifically, the proceeds of the Bonds will be used to pay: (i) the interest, when due, on the Refunded Bonds on July 15, 2026 (the "Call Date"); (ii) the Redemption Price due on the Call Date and (iii) the costs associated with the issuance of the Bonds.

Escrow Deposit Agreement

A portion of the proceeds of the Bonds may be used to purchase United States Treasury Securities and/or direct non-callable obligations of the United States of America (the "Escrow Securities"). The Escrow Securities will be deposited into an escrow account that will be created pursuant to an Escrow Deposit Agreement. The Escrow Deposit Agreement will be executed between the Board and Manufacturers and Traders Trust Company, Iselin, New Jersey, as escrow agent (the "Escrow Agent"), and will be dated as of the date of closing on the Bonds. All moneys and Escrow Securities, if any, deposited into the escrow account created pursuant to the Escrow Deposit Agreement for payment of the Refunded Bonds are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds. The Escrow Securities will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, the proceeds of the Escrow Securities will be sufficient to make full and timely payments of: (i) the interest, when due, on the Refunded Bonds to the Call Date; and (ii) the Redemption Price due on the Call Date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The Board expects to use the proceeds from the sale of the Bonds as provided in the chart below:

Sources of Funds:

Par Amount of the Bonds.....	\$
Plus Original Issue Premium.....	
Other Available Funds of the Board.....	_____
Total Sources of Funds	\$ =====

Uses of Funds:

Deposit to Escrow Fund.....	\$
Costs of Issuance*	
Total Uses of Funds.....	\$ =====

BOOK-ENTRY ONLY SYSTEM**

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

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, as set forth on the inside cover hereof, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

* Includes Underwriter's discount, legal, accounting, printing, municipal advisory, verification, escrow agent, rating agency and fiduciary fees and other expenses incurred in connection with the issuance of the Bonds

** Source: The Depository Trust Company

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

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

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

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

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

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

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

The Paying Agent, upon direction of the Board, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). In that event, Bond certificates will be printed and delivered.

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

Discontinuance of Book-Entry Only System

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

THE SCHOOL DISTRICT AND THE BOARD

The Board is a nine (9) member board with members elected for staggered three (3) year terms. The Superintendent of Schools is the chief administrative officer of the School District. The Business Administrator/Board Secretary is the chief financial officer of the School District and oversees the Board's business functions. The Business Administrator/Board Secretary reports to the Superintendent of Schools.

The School District is a Type II school district and provides a full range of educational services appropriate to grades pre-kindergarten ("Pre-K") through twelve (12), including regular and special education programs for the Township. The School District operates one (1) preschool, eleven (11) elementary schools, two (2) middle schools and one (1) high school. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Township of Old Bridge, in the County of Middlesex, State of New Jersey."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the State shall provide for the maintenance and support of a thorough and efficient ("T&E") system of free public schools for the instruction of all children between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey State Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these

responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts, to acquire land and other property.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been approved by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, effective April 3, 2007, the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally classified in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate. The board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, and approves all fiscal matters;

(2) Type II, in which the registered voters within a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters with the exception set forth in the new Budget Election Law (as hereinafter defined in "School Budgetary Process"), or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, and approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters within the school district elect members of the board of education and vote upon all fiscal matters with certain exceptions. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State-operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of county commissioners appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of county commissioners and a fifth member being the county executive or the director of the board of county commissioners, which approves all fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of county commissioners. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of county commissioners and a fifth member being the commissioner-director of the board of county commissioners, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district without a board of school estimate.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, a budget is no longer required to be submitted to the voters for approval if the budget is at or below the two percent (2%) property tax levy cap as provided in the Tax Levy Cap Law (as hereinafter defined).

The Budget Election Law, P.L. 2011, c. 202, effective January 17, 2012 (the "Budget Election Law") establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least fifteen percent (15%) of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

The Board conducts its annual election in November.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts which are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate in accordance with the requirements of the New Jersey Department of Education. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards (as defined herein) required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitations were known as a "cap" on expenditures. The "cap" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (the "QEA") (now repealed), also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (the "CEIFA"), as amended by P.L. 2004, c. 732, effective July 1, 2004, also limited the annual increase in a school district's net budget by a spending growth limitation. The CEIFA limited the amount school districts can increase their annual current expense and capital outlay budgets (the "Spending Growth Limitations"). Generally, budgets could increase either by two-and-a-half percent (2.5%) or the consumer price index, whichever is greater. Amendments to the CEIFA decreased the budget cap to two-and-a-half percent (2.5%) from three percent (3%). Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of sixty percent (60%) at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007, provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by four percent (4%) over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2010 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expense and capital outlay budgets created by CEIFA (as amended by P.L. 2004, c. 73, effective July 1, 2004). However, chapter 62 was in effect only through fiscal year 2012.

Without an extension of chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the four percent (4%) cap on the tax levy increase imposed by chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, effective July 13, 2010 and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of two percent (2%) over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the "Tax Levy Cap Law"). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy cap by a separate proposal can bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of "banked cap" only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, effective July 24, 2018, which increases State school aid to underfunded school districts and decreases state school aid to overfunded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban districts formerly referred to as Abbott Districts referred to herein under "SUMMARY OF STATE AID TO SCHOOL DISTRICTS", are permitted increases in the tax levy over the two percent (2%) limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one (1) year must be treated as operating expenses. Accordingly, under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its two percent (2%) tax levy cap on spending.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years; (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district); and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant no later than five (5) months after the end of the school fiscal year or by the date extended by statute or by the State of New Jersey Department of Education. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that 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 said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five (5) years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the "EFCFA"), repealed the authorization to enter into facilities leases in excess of five (5) years. The payment of rent on an equipment lease and on a five (5) year and under facilities lease is treated as a current expense and within the cap on the school district's budget. Under the CEIFA, lease purchase payments on leases in excess of five (5) years issued under prior law are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's tax levy cap.

Financing Under County School Construction Financing Law

Recently enacted P.L. 2023, c. 311, approved January 16, 2024, as amended by P.L. 2024, c. 79, approved September 12, 2024, provides a means by which a county and a county improvement authority can assist a local school district with financing and construction of a school capital project without the school district authorizing and issuing school bonds. Under the newly enacted legislation, a school district can lease a school property to a county improvement authority, which would issue its bonds for the financing and construction of a school project. The county improvement authority would then lease the school property to the county and the county would further lease it back to the school district. The school district would be obligated to cover the cost of principal and interest on the authority bonds through its lease payments to the county, and the county would pass through the payments to the authority through its lease to the authority for the payment of the bonds. The leases would remain valid and binding and in effect until the bonds are fully paid off. When the leases expire, the school property will be fully vested in the school district. The lease payments would be outside the caps on spending and raising taxes for both the school district and the county. The obligation would not be limited by the school district's legal borrowing limit as the school district is not issuing school bonds. The law requires the annual school district lease payments to be included in each school budget over the life of the bonds. The county improvement authority bonds would receive debt service aid otherwise available to the school district project as if the school district had authorized and issued school bonds. The program requires the cooperation of the county, the county improvement authority and the school district. Under the county improvement authorities law, the county or municipality could agree to guaranty the authority bonds as well if the credit support would help reduce financing costs. The program could help school districts that otherwise have difficulty getting voter approval to be able to obtain financing at a reduced cost, as (i) the State would still pay a share of the debt service due on the improvement authority bonds for which the project is entitled under the Educational Facilities Construction and Financing Act and (ii) if guaranteed, the improvement authority bonds could benefit from the credit enhancement provided by a county or municipality.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grades Pre-K through twelve (12) school district, the School District can borrow up to four percent (4%) of the average equalized valuation of taxable property in the School District. The School District has not exceeded its four percent (4%) debt limit. See “APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Township of Old Bridge, in the County of Middlesex, State of New Jersey.”

Exceptions to Debt Limitation

A Type II school district (other than a regional district) may also utilize its constituent municipality’s remaining statutory borrowing power (i.e. the excess of three-and-a-half percent (3.5%) of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality’s net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Energy Saving Obligations

Under P.L. 2010, c. 4, effective January 21, 2010 and effective sixty (60) days thereafter, school districts may issue “energy savings obligations” without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the amount of the savings will cover the cost of the improvements.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the “Court”) ruled in *Robinson v. Cahill* that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court’s ruling, the Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 *et seq.*, P.L. 1975, c. 212 (the “Public School Education Act”) (as amended and partially repealed), which required funding of the State’s school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, as amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts (previously called “Abbott Districts”, now referred to as “SDA Districts”) were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State’s responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included QEA, CEIFA and EFCFA. For many years aid has simply been determined in the State budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, effective January 1, 2008, attempts to remove the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State’s then current plan for school aid was a “constitutionally adequate scheme.” However, the State continued to underfund certain school districts and to overfund other school districts in its budgets based on the statutory scheme. In its budget process for

fiscal year 2019 and with the enactment of P.L. 2018, c. 67, effective July 24, 2018, the State moved the school districts toward the intent of the statutory scheme by increasing funding for underfunded school districts and decreasing funding for overfunded school districts over the next seven (7) years and providing cap relief for overfunded school districts to enable them to pick up more of the local share.

Notwithstanding over thirty-five (35) years of litigation, the State provides State aid to school districts of the State in amounts provided in the State budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or forty percent (40%) times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State upfront and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by fifteen percent (15%) annually since fiscal year 2011. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in each fiscal year budget since 2011 representing fifteen percent (15%) of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

Pursuant to P.L. 2018, c. 67, effective July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State ("SFRA Modification Law"). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a seven (7) year transition period during which funding will be reduced (with the exception of The Board of Education of the City of Jersey City, where the transition period will be five (5) years). For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one (1) year.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The 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 municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and

that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township is limited by statute, subject to certain exceptions noted below, to an amount equal to three-and-a-half percent (3.5%) of its average equalized valuation basis. The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the Township as annually determined by the New Jersey Board of Taxation are set forth in APPENDIX A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

A municipality may exceed its debt limit with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, a municipality 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 municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, 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).

A municipality may sell "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as it may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) 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 four (4) months 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 an annual operating budget in the form required by the Division of Local Government Services, New Jersey Department of Community Affairs (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it has been certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law, N.J.S.A. 40A:4-1 et seq. (the "Local Budget Law") requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit, may review the adequacy of such appropriations.

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 in which they were issued.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary 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.

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues, except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with a municipality's calendar fiscal 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. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between appropriation accounts are prohibited until the last two (2) months of the year. Appropriation reserves may be transferred during the first three (3) months of the year, to the previous year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a 2/3 vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Certain types of appropriations are excluded from the provisions permitting transfers. Generally, transfers cannot be made from the down payment account, interest or debt redemption charges or the capital improvement fund or for contingent expenses.

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

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 (6) 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 (6) 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.

Fiscal Year Adjustment Law (1991 N.J. Laws c. 75)

Chapter 75 of the Laws of New Jersey of 1991, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six (6) month transition budget for January 1 through June 30. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one time deficit for the six (6) month transition budget. The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the act is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Appropriations "Cap"

The New Jersey "Cap Law" (the "Cap Law") (N.J.S.A. 40A:4-45.1 et seq.) places limits on municipal tax levies and expenditures. The Cap Law provides that a local unit shall limit any increase in its budget to two-and-a half percent (2.5%) or the Cost-Of-Living Adjustment (as defined in the Cap Law), whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living

Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than two-and-a-half percent (2.5%), a local unit may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the local unit for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than three-and-a-half percent (3.5%) over the previous year's final appropriations. In addition, N.J.S.A. 40A:4-45.15a restored "cap" banking to the Local Budget Law. Municipalities are permitted to appropriate available "cap bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "cap".

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

The Division has advised that counties and municipalities must comply with both the budget "cap" and the tax levy limitation. Neither the tax levy limitation nor the "Cap" Law, however, limits the obligation of the county or municipality to levy *ad valorem* taxes upon all taxable property within its boundaries to pay debt service on its bonds and notes.

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. However, a divergence of the assessment ratio to true value is typically due to changes in market value over time.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the county Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, 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.

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

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State

statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the county Board of Taxation on or before April 1 of the current year 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 the State of New Jersey (the "State Tax Court") 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.

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

This law regulates the nonbudgetary 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's "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

FINANCIAL STATEMENTS

The audited financial statements of the Board as of and for the year ended June 30, 2025 together with the notes to the financial statements have been provided by the Board and are presented in APPENDIX B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by the Board's Auditor, Samuel Klein and Company, LLP, CPA's, Newark, New Jersey (the "Auditor"). See "APPENDIX B – Financial Statements of The Board of Education of the Township of Old Bridge in the County of Middlesex, New Jersey."

MUNICIPAL ADVISOR

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

LITIGATION

To the knowledge of the Board Attorney, Kenney, Gross, Kovats & Parton, Manalapan, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened against the Board, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a materially adverse impact on the financial condition of the

Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

TAX EXEMPTION

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax.

The Bonds shall not be deemed bank qualified pursuant to Section 265 of the Code.

Premium Bonds

[The Bonds [maturing on July 15 in the years 20__ through 20__, inclusive (collectively, the "Premium Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

Discount Bonds

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on July 15 in the years 20__ through 20__, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In the case of any holder of the [Discount] Bonds, the amount of such original issue discount which is treated as having accrued with respect to the [Discount] Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the [Discount] Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

Additional Federal Income Tax Consequences Relating to Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income

credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds, and any gain on the sale of the Bonds, are not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds. See “APPENDIX C – Form of Approving Legal Opinion” for the complete text of the proposed form of Bond Counsel’s approving legal opinion.

Prospective Tax Law Changes

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

Other Tax Consequences

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

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

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO ALL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF HOLDING THE BONDS.

RISK TO HOLDERS OF BONDS

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

Municipal Bankruptcy

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

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

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

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

Cyber Security

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. To mitigate these risks to the greatest extent possible, the School District uses multi-factor authentication for all staff members accessing systems storing sensitive information. Furthermore, the School District leverages network segmentation to harden security, and all workstations and servers are running Endpoint Detection and Response (EDR) with 24/7 Managed Detection and Response (MDR). In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District maintains a comprehensive insurance policy and maintains adequate reserves that could be used in the event of extreme weather.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as APPENDIX C. Certain legal matters will be passed upon for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter (as hereinafter defined) by a certificate signed by the Board President and Business Administrator/Board Secretary. See "CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT" herein.

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

The Municipal Advisor has participated in the review of this Official Statement but has not verified the accuracy, completeness or fairness thereof, and, accordingly, takes no responsibility and expresses no opinion with respect thereto.

The Board Auditor takes responsibility for the collection of financial, statistical and demographic information contained in APPENDIX A and for the Financial Statements to the extent specified in the Independent Auditor's Report appearing in APPENDIX B hereto.

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

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

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services, LLC (the "Rating Agency"), has assigned a rating of "AA-" to the Bonds based upon the creditworthiness of the School District. The Bonds are additionally secured by the New Jersey School Bond Reserve Act.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Board forwarded to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the rating will be maintained for any given period of time or that the rating will 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 Bonds.

UNDERWRITING

The Bonds are being purchased from the Board by _____ (the "Underwriter"), at a price of \$ _____ (the "Purchase Price"). The Purchase Price reflects the principal amount of the Bonds minus an Underwriter's discount of \$ _____ less/plus a[n] [net] original issue discount/premium of \$ _____. The Underwriter is obligated to purchase all of the Bonds if any Bonds are so purchased.

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations supporting the conclusion that the portion of the proceeds of the Bonds to be deposited in the escrow account is sufficient to pay interest on the Refunded Bonds on the Call Date and the Redemption Price due on the Call Date, will be independently verified by Samuel Klein and Company, LLP, CPA's, Newark, New Jersey.

SECONDARY MARKET DISCLOSURE

The Board has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Board, as set forth in "APPENDIX D – Form of Continuing Disclosure Certificate," commencing with the fiscal year ending June 30, 2026 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Board with the Municipal Securities Rulemaking Board (the "MSRB") or any other entity designated by the MSRB. The notices of material events will be filed by the Board with the MSRB through its Electronic Municipal Market Access ("EMMA") system and with any other entity designated by the MSRB, as applicable. The nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "SEC Rule").

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Business Administrator/Board Secretary, David P. Weidele, (732) 290-3952, to Charles Anthony Solimine, Esq., Wilentz, Goldman & Spitzer, P.A., Bond Counsel to the Board, (732) 855-6430, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one or more of its authorized officials to the effect that he/she has examined this Official Statement (including the

Appendices) and the financial and other data concerning the School District contained herein and that, to the best of his knowledge and belief: (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (ii) between the date of this Official Statement and the date of delivery of the Bonds, there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. 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 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Board since the date hereof.

The Board has authorized the preparation of this final Official Statement containing pertinent information relative to the Bonds, and this Official Statement is deemed to be the final Official Statement as required by Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. By awarding the Bonds to the Underwriter, the Board agrees that, within the earlier of seven (7) business days following the date of such award or to accompany the purchasers' confirmations requesting payment for the Bonds, it shall provide without cost to the Underwriter, for distribution purposes, copies of this final Official Statement. The underwriter agrees that (i) it shall accept such designation, and (ii) it shall assure the distribution of the final Official Statement.

THE BOARD OF EDUCATION OF THE TOWNSHIP OF OLD BRIDGE IN THE COUNTY OF MIDDLESEX, NEW JERSEY

DAVID P. WEIDELE,
**Business Administrator/
Board Secretary**

DATED: _____, 2026

APPENDIX A

**Certain Economic and Demographic Information Relating to the
School District and the Township of Old Bridge,
in the County of Middlesex, State of New Jersey**

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**GENERAL INFORMATION OF THE TOWNSHIP OF OLD BRIDGE
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

LOCATION AND AREA

The Township of Old Bridge (the "Township") in the County of Middlesex (the "County"), State of New Jersey (the "State") is a growing community of over 70,000 people in the southeastern portion of the County and the central-eastern portion of the State. The Township is situated between the Gateway Region, with its tourism, culture and other urban amenities, and the Short Region, with its beaches, boardwalks, and other amusements. The Township is approximately 42 square miles and is bordered by the Boroughs of Sayreville and Spotswood and the Townships of East Brunswick and Monroe in Middlesex County and the Townships of Aberdeen, Manalapan and Marlboro and the Borough of Matawan in Monmouth County.

Although the atmosphere of the Township appears to be primarily residential, a considerable portion of the Township is zoned for commercial and industrial use and has excellent access to the major transportation corridors of the New York-northern New Jersey metropolitan area. The Township is situated along the Garden State Parkway at milepost 120, approximately 36 miles south of New York City, 10 miles east of the City of East Brunswick, the County seat, and 15 miles northeast of Princeton. The Township is also only 10 miles from the New Jersey Turnpike. Passenger rail service and buses to New York City are accessible from the Township. Newark-Liberty International Airport is only a 30-minute drive from the Township.

HISTORICAL INFORMATION

The first inhabitants of the area known as the Township were the Lenni Lenape Indians. They, like many people today, migrated to the shore and coastal regions along the Raritan each summer from their hunting grounds in the north.

When the English gained control of the colony from the Dutch in 1664, the colony was divided into 2 provinces, East and West Jersey. In 1682, the general assembly of East Jersey defined the boundaries of the County as containing all plantations on both sides of the Raritan River, as far as Cheesequake Harbor to the east, then southwest to the provincial line. This provincial line is now the border separating the Counties of Monmouth and Middlesex and also forms the Township's southern border.

In 1684, the Township of South Amboy was formed. It covered an area that now consists of the Township of Monroe and Old Bridge, the Borough of Sayreville and the City of South Amboy. The 42 square miles that currently comprise the Township separated from the Township of South Amboy in 1869 and was called Madison Township until 1975, when the name was changed by voter referendum to the Township of Old Bridge.

The first Township settlers were John Warne, son of an original proprietor of East Jersey, and John and Susannah Brown, who obtained a 10,000 acre land grant from the King of England in 1737. A section of the Township still carries the name Browntown.

Prior to 1950, many portions of the Township were undeveloped and agriculture was the main stay of the Township's economy. However, with the opening of the Garden State Parkway and improvements to Federal, State and County highways and roadways after 1950, residential development increased, commercial development followed soon thereafter and, accordingly, the population of the Township began to grow. For several decades, the County's population and development have increased among the fastest of all counties in the State. The Township has experienced a growth in its ratables as a result of the increase in residential and commercial development. Today, the Township's population is in excess of 70,000 people and is primarily a residential and commuter community, with its residents commuting to the New York-northern New Jersey metropolitan area.

MUNICIPAL GOVERNMENT

The Township operates under the Mayor-Council Plan of the Optional Municipal Charter Law, N.J.S.A. 40:69A-1 et seq., as amended and supplemented. The Township is governed by a 9-member Township Council and a Mayor. The Township Council consists of 6 individual Ward Council Members and 3 at-large Council Members, all of whom are elected for staggered terms of 3 years each. The Mayor is elected for a term of 4 years. The Township Council has the responsibility for all legislative matters ranging from the enactment of ordinances and adoption of resolution to the representation of general citizens. The Governing Body meets on the second and fourth Mondays of each month. The meetings are open to the public and public discussion and comments are allowed and encouraged.

TRANSPORTATION

Train Service:

Train service to New York City, Newark, Philadelphia, Boston and Washington is served by New Jersey Transit through nearby railroad stations.

Bus Service:

Bus service to New York City, Newark, Philadelphia, Boston and Washington is served by the following transit companies: New Jersey Transit, Academy Bus Line and Coach USA.

Public Highways:

New Jersey Highway Routes 9, 18, 34 and 35 traverse the Township. Additionally, direct north and south bound exits and entrances, Numbers 9 and 11, to the New Jersey Turnpike are located nearby in Woodbridge and East Brunswick. The Cheesequake entrance to the Garden State Parkway at milepost 120 is located within the Township.

Deep Water Ports and Airports:

Within 26 miles of the Township are the Ports of New York, Newark and Elizabeth with the world's largest container facilities. Four major airports are within 90 minutes of the Township, with Newark-Liberty International Airport being only a 30 minute drive from the Township.

EDUCATION

Local School District

The public school system in the Township, operated by the Board of Education of the Township of Old Bridge in the County of Middlesex, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed thereby), as a Type II School District. The School District is coterminous with the Township.

The School District provides a full range of educational services for students in grades kindergarten through 12. The Board functions independently through a 9 member board elected by the School District's voters to staggered 3 year terms. The Board appoints a Superintendent and a School Business Administrator/Board Secretary, who are responsible for budgeting, planning, and operational functions of the School District. The Board operates 11 elementary schools, 2 middle schools, and 1 high school. The schools provide a wide breadth of curriculum offerings to students ranging from classified to gifted. The Township's public school system, with a student population of 8,122, ranks as one of the largest suburban school districts in the State. The school system enjoys a fine reputation with many of its graduates being accepted by and graduating from leading colleges and universities.

School District Enrollment

Trends of Enrollment

<u>Fiscal Year</u>	<u>District Enrollment</u>
2024 - 2025	8,122
2023 - 2024	7,977
2024 - 2023	8,122
2023 - 2022	8,060
2022 - 2021	8,067

Colleges and Universities

Situated in central New Jersey, the Township has the advantage of having the following universities and colleges located within a distance of approximately 10 miles: Rutgers, The State University of New Jersey, Middlesex County College, Monmouth University and Brookdale Community College.

Other Schools

In addition to its public schools, the Township's students also attend St. Ambrose Roman Catholic School and St. Thomas the Apostle School, each offering grades K-8.

PUBLIC SAFETY

Police Service

The Township's public safety needs are satisfied by the Old Bridge Police Department. The Police Department currently has 90 full-time sworn officers and 24.5 civilian employees, who respond to approximately 60,000 calls for service each year. The Police Department is equipped with modern and scientific crime-fighting equipment and its employees and officers are trained in modern law enforcement techniques.

Volunteer First Aid Service

The Old Bridge Township Emergency Medical Services (OBTEMS) was created in 1995 in response to declining volunteer membership in the Township's first aid squads. Leaders from the volunteer squads worked together to ensure residents would continue to receive timely emergency medical care, especially during daytime hours when volunteers were often unavailable. Over time, OBTEMS developed into a professional EMS provider staffed by trained EMTs who respond to 911 calls across the Township.

Today, OBTEMS plays a key role in emergency medical coverage in Old Bridge. The service operates ambulances staffed with certified EMTs and works alongside remaining volunteer squads and regional advanced life support units to provide rapid medical care to the community.

Fire Department Service

Fire protection is provided by 4 Fire Districts which oversee and maintain the 9 firehouses within the Township. Fire service is provided predominantly by volunteers, although paid firefighters are used to enhance volunteer coverage during day-time hours. The locations of the firehouses are such that a fire anywhere within the Township can be quickly answered and serviced. All fire-fighting apparatus and equipment are of the latest design. In addition, a continuous training program keeps all firefighting personnel abreast of the latest techniques. These public safety services are maintained on a 24 hour-a-day, 365 days-a-year basis call.

PUBLIC LIBRARY

The Old Bridge Public Library has been a cornerstone of the community for decades evolving from early local reading collections into a full-service modern public library. Originally formed through the merger of smaller community libraries, including the Laurence Harbor Library founded by the Laurence Harbor Women's Club in 1957, which operated out of the former Township Police Building. Old Bridge residents voted in 1972 to establish a Municipal Public Library to better serve the growing Township. A dedicated central library building was constructed in the 1970's and as demand continued to grow, it was replaced with the current larger main library completed in 1993. Today, the Library serves tens of thousands of residents with a vast collection of books and digital resources, programs for all ages, public computers and Wi-Fi, and numerous community services, making it a cultural hub for Old Bridge.

The Township provides an annual appropriation from its budget for library services, \$4,508,543.00 in Calendar Year 2025. The Old Bridge Public Library is a member of the Libraries of Middlesex Automation Consortium, and MURAL; a mutual, reciprocal book lending organization with access to libraries in Middlesex and Union counties. A new agreement expands reciprocal borrowing to Passaic, Bergen and Morris counties.

The Old Bridge Public Library is governed by a Board of Trustees comprised of the Mayor, the Superintendent of Schools, 2 alternates and 5 members appointed by the Mayor. Meetings are held 12 times a year and the public is welcome.

CULTURE AND RECREATION

The Township has a great number of attractions and recreational facilities, including Old Bridge Ice Arena, which is used as an ice skating and hockey facility during the winter, and in the summer, the rink is used for roller hockey. The Township is also home to the 1,284 acre Cheesequake State Park, which has facilities and activities including an interpretive center, camping, swimming, boating, canoeing, food concessions, fishing, hiking, biking, sledding, and cross country skiing. The Township also has the Raritan Bay beachfront and numerous Township parks offer picnicking, ball fields and courts, playgrounds, and recreational centers. The Township is home to the Thomas Warne Historical Museum and Library, once a one-room school built in 1885. Raceway Park has been of the drag racing's premier facilities since opening in 1965.

INTERNAL TOWNSHIP OPERATIONS

Financial

The Township's financial operations are run using local government software. This permits the Township to closely monitor revenues and investments. If a shortfall occurs in the collections, delinquent notices can be sent immediately. Also, notices threatening of rent and income receivership are issued. If any income producing property does not pay taxes within six months, the Township may make an application to take rents and profits through Superior Court. These procedures have proven effective with a resulting collection rate that consistently exceeds 99%.

Engineering and Planning Department

The Township maintains a full-time Engineering staff and Planning Department.

Assessment and Collection of Taxes

The Township is the political entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county, school district and fire districts.

Assessment and Collection of Taxes (Continued)

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated, and are levied for either the calendar year or the state fiscal year. The taxes for municipal, local school districts, and county purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purpose of school districts cover the current calendar year. Turnover of tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality remits 100% of the county taxes, payable quarterly on the 15th day of February, May, August and November. The fire districts receive 4 payments a year based on the following: April 1, 21.25%; July 1, 22.50%; October 1, 25.00%; and December 31, 31.25%.

In the calendar year, municipality tax bills are to be delivered on or before June 14. The tax bill is a final bill covering the last 6 months of the current year and a preliminary bill for the first 6 months of the next calendar year, based on half of the current year total levy.

Delinquent payments are subject to an interest penalty of 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00 and, if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency, subject to any abatement or discount for the late payment of taxes as provided by law. Unpaid taxes are subject to tax sale as of July 1 following the year of levy (or, under certain circumstances, as early as the final month of the year of the current tax levy), in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

Tax Appeals

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

UTILITY INFORMATION

Sewer and Water Services

Sewer and water services are provided by the Old Bridge Municipal Utilities Authority. Customer charges provide the funds to pay for the system's maintenance, the expansion of lines, improvement of services, and retirement of debt. The Old Bridge Municipal Utilities Authority is responsible for the supply of water to fill the needs of residences and businesses. The water rents collected are used to pay for the day-to-day operations, expansions of water lines, improvement of service, and retirement of debt. The Old Bridge Municipal Utilities Authority maintains and operates its own internal sewer and water distribution systems, and maintains at least two water treatment plants. The Old Bridge Municipal Utilities Authority has adequate capacity as well as water mains to provide water services for current and future needs, be it residential, industrial, or commercial.

For sewage disposal and processing purposes, the Authority is a participant in the MCUA.

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING
TO THE SCHOOL DISTRICT AND THE TOWNSHIP OF OLD BRIDGE,
IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY**

Summary

The public school system in the Township of Old Bridge, in the County of Middlesex, State of New Jersey (the “Township”), is operated by the Board of Education of the Township of Old Bridge, in the County of Middlesex, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed thereby), as a Type II School District. The School District is coterminous with the Township.

The School District provides a full range of educational services for students in grades kindergarten through twelve (12). The Board functions independently through a nine (9) member board elected by the School District’s voters to staggered three (3) year terms. The Board appoints a Superintendent and a Business Administrator/Board Secretary who are responsible for budgeting, planning and operational functions of the School District. The Board operates eleven (11) elementary schools, two (2) middle schools and one (1) high school.

SCHOOL DISTRICT ENROLLMENT

Trends of Enrollment		Projected Enrollment	
Fiscal Year	Average Daily School District Enrollment (1)	Fiscal Year	Total School District Enrollment (2)
2024 - 2025	8,016	2025 - 2026	8,118
2023 - 2024	7,977	2026 - 2027	8,150
2022 - 2023	8,036		
2021 - 2022	7,991		
2020 - 2021	7,985		

(1) Source: The Board of Education of the Township of Old Bridge Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025; Assistant Superintendent for Business/Board Secretary.

(2) Source: Business Administrator/Board Secretary.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2024-2025 fiscal year with an average daily enrollment of 8,016 students, which is 39 students above the previous year's average enrollment. The following details the changes in the student enrollment of the district over the last five years:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2024 - 2025	8,016	0.49%
2023 - 2024	7,977	-0.74%
2022 - 2023	8,036	0.56%
2021 - 2022	7,991	0.08%
2020 - 2021	7,985	-4.22%

MAJOR INITIATIVES

Old Bridge Township School Districts' salient accomplishments for the 2024 - 2025 school year included:

High School 2024 - 2025

- Old Bridge High School continued to improve its Crisis Management and Security Plan to ensure the continued safety of our students and staff, specifically reconstructing our entry doors and procedures.
- Old Bridge High School continues to utilize an online system for Parent/Teacher Conference Scheduling.
- Old Bridge High School's student internship program hosted over 230 students to work alongside our teachers as interns gaining valuable hands-on experiences, and an additional 27 students traveling to intern at community-based locations.
- Old Bridge High School Boys Volleyball Team - Red Division, GMC Conference and Sectional Champions and Group 4 State Champions.
- Old Bridge High School Girls Volleyball Team - Red Division, GMC Conference Champions and Group 4 Central Jersey State Champions.
- Old Bridge High School Field Hockey - An athlete set the school record for most goals scored and 3 athletes were named to top 100 Field Hockey players in the State.
- Old Bridge High School Girls/Boys Swimming - 2 new school records were set.
- Old Bridge High School Girls Tennis - White Division Champions first time in Old Bridge High School History.
- Old Bridge High School Ice Hockey - Won the Community Cup for first time in Old Bridge High School History.
- Old Bridge Marching Knights - Second place US Band State Championship, Ninth Place National Championship.
- Old Bridge High School created the "Hope Squad" Initiative to foster student well-being by creating supportive outlets that promote mental health and wellness.

Staff (3)

The Superintendent is the Chief Administrative Officer of the School District. The Business Administrator/Board Secretary oversees the business functions of the Board and reports through the Superintendent to the Board. As of June 30, 2025, the School District employed the following staff:

<u>Description</u>	<u>Full-Time</u>
Instruction:	
Regular	476
Special Education	208
Other Special Education	159
Support Services:	
Student and Instruction Related Services	138
School Administrative Services	48
General and Business Administration	29
Plant Operations and Maintenance	29
Pupil Transportation	84
	<hr/>
Total	<u>1,171</u>

Labor Relations (4)

The teachers of the School District are represented in labor relations matters by the Old Bridge Educational Association (“OBEA”). The current labor contract of the Board with the OBEA is set to expire June 30, 2029.

Cash and Investments (5)

	<u>Cash and Investments</u>
General Fund	\$13,945,635.35
Special Revenue Fund	598,569.76
Enterprise Fund	1,019,324.68
Debt Service Fund	<hr/> 0.53
	<u>\$15,563,530.32</u>

(3) Source: Business Administrator/Board Secretary; Board records.

(4) Source: Business Administrator/Board Secretary; Board records.

(5) Source: The Board of Education of the Township of Old Bridge Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025; Board Auditor.

Budget Referendum History (6)

<u>Budget Year</u>	<u>Budget Category</u>	<u>Budget Amount</u>
2025 - 2026	\$154,179,064	\$185,040,895
2024 - 2025	125,557,050	168,482,555
2023 - 2024	114,246,633	160,570,287
2022 - 2023	109,187,563	152,039,519
2021 - 2022	107,046,650	147,033,086

Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) the Board has opted to move its annual school election to November and is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap. If the Board proposes to spend above the two-percent property (2%) tax levy cap, it would then be required to submit its budget to voters at the annual school election in November.

(6) Source: Business Administrator/Board Secretary; Board records.

ACTUAL GENERAL FUND REVENUES AND EXPENDITURES FOR
FISCAL YEAR 2025-2026 AND
GENERAL FUND BUDGETED REVENUES AND APPROPRIATIONS FOR
FISCAL YEARS 2025-2026 AND 2024-2025 (7)

<u>GENERAL FUND</u>	(Budget) Fiscal Year <u>2025-2026</u>	(Budget) Fiscal Year <u>2024-2025</u>	(Actual) Fiscal Year <u>2024-2025</u>
<u>Revenues</u>			
Local Sources:			
Local Tax Levy	\$ 154,179,064.00	\$ 125,557,050.00	\$ 125,557,050.00
Tuition from Individuals	257,998.00	150,000.00	192,910.00
Tuition from Other LEAs Within the State	50,000.00	65,600.00	43,420.80
Rents and Royalties	591,400.00	574,384.00	530,504.89
Adjustment to Prior Year Encumbrances		222,812.62	222,812.62
Interest on Capital Reserve Account	288,000.00	200,000.00	323,727.85
Withdraw from Maintenance Reserve Account	4,000.00	4,000,875.00	4,000,875.00
Withdraw from Capital Reserve for Local Share	775,000.00	1,984,545.00	1,984,545.00
Budgeted Fund Balance		5,361,093.00	5,361,093.00
Unrestricted Miscellaneous Revenue	554,760.00	785,000.00	757,208.50
Total Local Sources	<u>156,700,222.00</u>	<u>138,901,359.62</u>	<u>138,974,147.66</u>
State Sources	28,307,157.00	29,429,743.00	66,300,559.46
Federal Sources	33,516.00	151,452.00	75,655.06
Total Revenues	<u>\$ 185,040,895.00</u>	<u>\$ 168,482,554.62</u>	<u>\$ 205,350,362.18</u>
<u>Expenditures</u>			
Current:			
Regular Instruction	\$ 47,391,479.00	\$ 44,472,311.73	\$ 44,472,311.73
Special Education Instruction	17,301,798.00	16,427,153.87	16,427,153.87
Other Special Instruction	6,038,843.00	5,671,509.23	5,671,509.23
Other Instruction	1,779,045.00	1,868,228.79	1,867,571.82
Support Services and Undistributed Costs:			
Tuition	6,260,579.00	4,828,063.50	4,801,627.97
Student and Instruction Related Services	16,535,403.00	15,905,792.84	15,905,792.84
School Administrative Services	2,668,639.00	2,780,412.92	2,637,980.82
Other Administrative Services	6,920,503.00	6,513,325.72	6,513,325.72
Plant Operations and Maintenance	20,279,375.00	18,569,434.64	18,534,007.45
Pupil Transportation	16,505,635.00	15,657,579.82	15,647,028.82
Employee Benefits	41,314,312.00	33,272,559.46	70,074,247.91
Charter School	518,852.00	568,840.00	568,840.00
Capital Outlay	1,522,432.00	1,947,342.10	744,447.00
Interest Earned on Maintenance Reserve	4,000.00		
Total Expenditures	<u>\$ 185,040,895.00</u>	<u>\$ 168,482,554.62</u>	<u>\$ 203,865,845.18</u>

(7) Source: Board Auditor.

**GOVERNMENTAL FUND REVENUES BY SOURCE
LAST FIVE FISCAL YEARS (8)
(Unaudited)**

Year Ended June 30	<u>Tax Levy</u>	<u>Other Local Revenue</u>	<u>State Revenue</u>	<u>Federal Revenue</u>	<u>Total</u>
2025	\$128,235,287	\$3,757,779	\$67,320,202	\$3,910,492	\$203,223,760
2024	116,919,594	4,273,216	69,847,533	6,590,218	197,630,561
2023	111,858,721	3,442,979	74,582,228	9,865,715	199,749,643
2022	109,718,963	2,453,642	73,162,352	7,883,540	193,218,497
2021	107,602,832	1,733,810	73,239,252	5,702,448	188,278,342

Short-Term Obligations

The Board has no short-term debt.

School District Debt Limit and Borrowing Margin (9)

The debt limitation of the School District is established pursuant to N.J.S.A. 18A:24-19. The School District is permitted to incur debt up to four percent (4%) of the average equalized valuation of taxable property in the School District before requiring an extension of credit from the Township and the Local Finance Board. The total equalized valuation of real property, including improvements, in the Township for the last three (3) years and the School District's available borrowing margin as of December 31, 2025 are summarized below:

<u>Year</u>	<u>Amount</u>
2025	\$13,241,636,781
2024	12,175,641,697
2023	<u>10,812,011,048</u>
Total	<u>\$36,229,289,526</u>
Average for the Three (3) Year Period	<u>\$12,076,429,842</u>
School District Borrowing Margin (4% of \$12,076,429,842)	\$483,057,194
Net Bonded School Debt as of December 31, 2025	<u>16,465,000</u>
Available School District Borrowing Margin	<u>\$466,592,194</u>

(8) Source: The Board of Education of the Township of Old Bridge Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, Township Tax Collector.

(9) Source: Township of Old Bridge, 2025 Annual Debt Statement.

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024 (10)
(Unaudited)**

Net Direct Debt of School District as of December 31, 2024		\$18,495,000.00
Net Overlapping Debt of School District:		
Township of Old Bridge (100%)	\$49,797,143.53	
County of Middlesex - Township's Share (7.60%)	<u>4,548,253.94</u>	
Total Direct and Overlapping Bonded Debt as of December 31, 2024		<u>54,345,397.47</u>
		<u><u>\$72,840,397.47</u></u>

(10) Source: 2024 Middlesex County Annual Debt Statement, 2024
Township of Old Bridge Annual Debt Statement.

Population Trends (11)

<u>Year</u>	<u>Township of Old Bridge</u>	<u>County of Middlesex</u>	<u>State of New Jersey</u>
2024	70,506	890,119	9,500,851
2023	68,165	876,119	9,379,642
2022	67,774	866,241	9,295,227
2021	67,454	862,513	9,270,541

Number of Building Permits Issued (12)

<u>Year</u>	<u>Township of Old Bridge</u>
2025	9
2024	47
2023	97
2022	83
2021	544

Money Income - 2025 (13)

	<u>Median Household Income</u>	<u>Per Capita Income</u>
Township of Old Bridge	\$112,297	\$54,486
County of Middlesex	110,830	51,865
State of New Jersey	104,287	55,036

(11) Source: State of New Jersey, Data Center, Sub-County Population Estimates: New Jersey.

(12) Township of Old Bridge.

(13) Source: State of New Jersey, Data Center, Money Income - New Jersey and Counties: Money Income by Municipality - Middlesex County.

**STATEMENT OF STATUTORY NET DEBT
FOR THE TOWNSHIP OF OLD BRIDGE
AS OF DECEMBER 31, 2025 (14)**

	<u>Gross Debt</u>	<u>Statutory Deductions</u>	<u>Net Statutory Debt</u>
Local District School Debt:			
Bonds Outstanding	\$16,465,000.00	\$16,465,000.00	\$
Municipal Debt:			
Issued and Outstanding:			
General Improvement Bonds	16,940,000.00		16,940,000.00
General Improvement Notes	15,000,000.00		15,000,000.00
Arena Utility Improvement Notes	300,000.00		300,000.00
Arena Utility Improvement Bonds	515,000.00		515,000.00
Authorized but Not Issued:			
General Obligation Bonds	18,262,160.76		18,262,160.76
Arena Utility Improvement Bonds	57,782.77		57,782.77
	<u>\$67,539,943.53</u>	<u>\$16,465,000.00</u>	<u>\$ 51,074,943.53</u>
Gross Debt, Giving Effect to New Authorizations	<u>\$67,539,943.53</u>		
Total Statutory Deductions		<u>\$16,465,000.00</u>	
Net Statutory Debt			<u>\$ 51,074,943.53</u>
Average of Equalized Valuation Basis of Real Property with Improvements 2023, 2024 and 2025)			\$12,076,429,842.00
Gross Debt Expressed as A Percentage of Average Equalized Valuation Basis			0.559%
Net Debt Expressed as a Percentage of Average Equalized Valuation Basis			0.423%

(14) Source: 2025 Township of Old Bridge Annual Debt Statement.

**RATIO OF SCHOOL NET DEBT TO
ASSESSED VALUE AND NET DEBT PER CAPITA
LAST FIVE FISCAL YEARS (15)
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>School District Population</u>	<u>Net Assessed Value</u>	<u>Net Bond School Debt</u>	<u>Ratio</u>	<u>School Debt Per Capita</u>
2025	*	\$3,751,355,700	\$18,495,000	0.49%	\$ *
2024	70,506	3,674,431,800	20,445,000	0.56%	290
2023	68,165	3,623,832,655	22,310,000	0.62%	327
2022	67,738	3,169,061,637	24,090,000	0.76%	356
2021	67,284	3,161,037,151	25,795,000	0.82%	383

*Information Not Available.

ASSESSED VALUATION OF REAL PROPERTY BY CLASSIFICATION (16)

<u>Fiscal Year Ended June 30</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Regular</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Railroads/ Business Personal Property</u>	<u>Total Assessed Value</u>
2025	\$ 101,170,000	\$2,969,322,700	\$ 7,605,800	\$360,145,200	\$43,384,800	\$269,727,200	\$ 1,040,700	\$3,752,396,400
2024	84,270,800	2,938,761,000	7,666,000	349,810,700	43,512,700	249,369,900	1,040,700	3,674,431,800
2023	69,047,300	2,897,531,800	7,923,000	356,170,200	43,389,000	246,881,200	9,228,107	3,630,170,607
2022	68,179,800	2,869,674,600	8,297,800	350,362,500	43,389,000	221,769,700	3,129,137	3,564,802,537
2021	68,306,400	2,861,695,000	8,422,300	352,156,700	43,389,900	218,652,200	3,272,251	3,555,894,751

Ratio of Assessed Valuation to Estimated Full Cash Value (17)

<u>Year</u>	<u>Net Assessed Value</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage</u>
2025	\$3,751,355,700	\$10,984,447,878	34.15%
2024	3,674,431,800	10,971,728,277	33.49%
2023	3,623,832,655	9,222,108,349	39.30%
2022	3,169,061,637	9,050,175,712	35.02%
2021	3,161,037,151	8,649,707,495	36.55%

(15) Source: The Board of Education of the Township of Old Bridge Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025; Board Auditor.

(16) Source: Township Tax Assessor.

(17) Source: The Board of Education of the Township of Old Bridge Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025; Township Tax Assessor.

Composition of Tax Rate (18)
(Per \$100 of Assessed Valuation)

<u>Fiscal Year Ended June 30</u>	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Old Bridge Township</u>	<u>Middlesex County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2025	\$3.727	\$0.073	\$3.800	\$1.138	\$1.156	\$6.094
2024	3.486	0.073	3.559	1.112	1.081	5.752
2023	3.082	0.075	3.157	1.092	1.053	5.302
2022	3.033	0.075	3.108	1.095	0.978	5.181
2021	2.980	0.075	3.055	1.074	0.966	5.095

Largest Taxpayers (19)

The ten largest taxpayers for the fiscal year ended June 30, 2025 are listed below:

<u>Taxpayer</u>	<u>Assessed Valuations</u>
Woodhaven Village, Inc.	\$ 47,163,700
Avalon Old Bridge LLC	27,000,000
Middlesex Builders, Inc.	25,281,100
Madison Gardens LLC	18,000,000
Segme Fairway Lane Property LLC	16,114,800
Route Nine Plaza LLC	16,000,000
Nieuw Amsterdam C/O Smith & Kriegman	15,000,000
Heritage Old Bridge, LLC	14,900,000
Aldercrest, Inc., Section 2	14,425,600
Aldercrest Inc., Section 3	14,425,600
	<u>\$208,310,800</u>

(18) Source: The Board of Education of the Township of Old Bridge Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025; Township Tax Collector.

(19) Source: The Board of Education of the Township of Old Bridge Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025; Township Tax Collector, Municipal Tax Assessor.

Property Tax Levies and Collections (20)

<u>Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage Tax Levy Collected</u>
2025	\$237,064,493.11	\$234,900,349.18	99.08%
2024	212,991,747.86	209,888,366.61	98.54%
2023	202,552,702.68	201,959,579.42	99.71%
2022	193,624,391.45	192,593,168.27	99.47%
2021	188,853,616.17	187,201,514.39	99.13%

Employment and Unemployment Data (21)

The following represents average employment figures from 2021 - 2025 for the Township, County and State:

<u>Township of Old Bridge</u>				
<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2025	36,257	34,476	1,781	4.9 %
2024	36,310	34,752	1,558	4.3
2023	39,100	37,600	1,500	3.9
2022	38,801	37,575	1,226	3.2
2021	37,930	35,892	2,038	5.4

<u>County of Middlesex</u>				
<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2025	450,336	427,354	22,982	5.1 %
2024	451,078	430,775	20,303	4.5
2023	465,800	446,900	18,900	4.1
2022	462,728	447,235	15,493	3.3
2021	453,161	427,204	25,957	5.7

<u>State of New Jersey</u>				
<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2025	4,897,829	4,649,130	248,699	5.1 %
2024	4,898,008	4,676,064	221,944	4.5
2023	4,819,800	4,604,100	215,700	4.5
2022	4,731,600	4,584,500	147,100	3.1
2021	4,632,700	4,398,600	234,100	5.1

(20) Source: Old Bridge Township Audit Reports; Annual Financial Statement 2025; Township Tax Collector.

(21) Source: State of New Jersey Data Center, Annual Average Labor Force Estimates by Municipality: 2021 - 2025 and New Jersey Labor Force Estimates for 2021 - 2025 by Area.

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APPENDIX B

**Financial Statements of The Board of Education
of the Township of Old Bridge
in the County of Middlesex, New Jersey**

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**SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS**

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-4543
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Old Bridge Township School District
County of Middlesex
Matawan, New Jersey 07747

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Bridge Township School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Old Bridge Township School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Bridge Township School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. 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 Old Bridge Township School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Old Bridge Township School District'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 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 Old Bridge Township School District'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 Old Bridge Township School District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's contributions, the budgetary comparison information, the schedule of changes in the District's total OPEB liability, related ratios and notes, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Old Bridge Township School District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025, on our consideration of the Old Bridge Township School District'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 Old Bridge Township School District'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 the Old Bridge Township School District's internal control over financial reporting and compliance.

SAMUEL KLEIN AND COMPANY, LLP, CPA's

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI

JOSEPH J. FACCONI
Licensed Public School Accountant #194

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 604,820.27	\$1,019,324.68	\$ 1,624,144.95
Accounts Receivable, Net	5,252,248.70	107,993.81	5,360,242.51
Inventory		2,486.86	2,486.86
Restricted Assets:			
Capital Reserve Account - Cash	13,749,046.91		13,749,046.91
Maintenance Reserve Account - Cash	190,338.46		190,338.46
Total Current Assets	<u>19,796,454.34</u>	<u>1,129,805.35</u>	<u>20,926,259.69</u>
Noncurrent Assets:			
Capital Assets, Net, Note 5	95,023,603.58	385,491.42	95,409,095.00
Deferred Charge - Bond Issuance Costs	50,765.32		50,765.32
Right-of-Use Asset, Net - Financing Lease	8,307,082.00		8,307,082.00
	<u>103,381,450.90</u>	<u>385,491.42</u>	<u>103,766,942.32</u>
Total Assets	<u>123,177,905.24</u>	<u>1,515,296.77</u>	<u>124,693,202.01</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>501,171.00</u>		<u>501,171.00</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,081,068.20	697,250.72	4,778,318.92
Accrued Interest Payable	326,271.88		326,271.88
Intergovernmental Payable	40,701.59		40,701.59
Deferred Inflows	49,211.32		49,211.32
Total Current Liabilities	<u>4,497,252.99</u>	<u>697,250.72</u>	<u>5,194,503.71</u>
Long-Term Liabilities:			
Due Within One Year, Note 6	2,030,000.00		2,030,000.00
Due Beyond One Year, Note 6	22,316,864.77		22,316,864.77
Net Pension Liability, Note 8	19,930,009.00		19,930,009.00
Lease Liability - Financing Lease	9,676,300.78		9,676,300.78
Total Long-Term Liabilities	<u>53,953,174.55</u>		<u>53,953,174.55</u>
Total Liabilities	<u>58,450,427.54</u>	<u>697,250.72</u>	<u>59,147,678.26</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>2,135,513.00</u>		<u>2,135,513.00</u>
NET POSITION			
Investment in Capital Assets, Net of Related Debt	70,401,232.25	385,491.42	70,786,723.67
Restricted for:			
Capital Projects	13,749,046.91		13,749,046.91
Debt Service	0.53		0.53
Unemployment Compensation	258,844.19		258,844.19
Student Activities	809,067.70		809,067.70
Other Purposes	450,615.62		450,615.62
Unrestricted	<u>(22,575,671.50)</u>	<u>432,554.63</u>	<u>(22,143,116.87)</u>
Total Net Position	<u>\$ 63,093,135.70</u>	<u>\$ 818,046.05</u>	<u>\$ 63,911,181.75</u>

See accompanying notes to financial statements.

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 13,945,635.35	\$ 598,569.76	\$0.53	\$ 14,544,205.64
Accounts Receivable - Other	121,313.68	19,495.59		140,809.27
Accounts Receivable - State	4,278,882.09			4,278,882.09
Accounts Receivable - Federal	798.86	831,758.48		832,557.34
Total Assets	\$ 18,346,629.98	\$ 1,449,823.83	\$0.53	\$ 19,796,454.34
LIABILITIES				
Accounts Payable	\$ 2,594,142.87	\$ 550,843.22	\$	\$ 3,144,986.09
Due to State of New Jersey		40,701.59		40,701.59
Payroll Deductions and Withholdings Payable	936,082.11			936,082.11
Deferred Revenue		49,211.32		49,211.32
Total Liabilities	3,530,224.98	640,756.13		4,170,981.11
FUND BALANCES				
Restricted:				
Capital Reserve Account	13,749,046.91			13,749,046.91
Maintenance Reserve Account	190,338.46			190,338.46
Debt Service Fund			0.53	0.53
Unemployment Compensation	258,844.19			258,844.19
Scholarships		81,434.04		81,434.04
Student Activities		727,633.66		727,633.66
Committed to:				
Year Ended Encumbrances	260,277.16			260,277.16
Unassigned, Reported in:				
General Fund	357,898.28			357,898.28
Total Fund Balances	14,816,405.00	809,067.70	0.53	15,625,473.23
Total Liabilities and Fund Balance	\$ 18,346,629.98	\$ 1,449,823.83	\$0.53	\$ 19,796,454.34

Total Fund Balances Above \$ 15,625,473.23

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The costs of the assets is \$218,474,385.58 and the accumulated depreciation is \$123,450,782.00. (See Note 5).	95,023,603.58
The costs associated with the issuance of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance cost is \$111,356.24 and accumulated amortization is \$60,590.92. (See Note 16).	50,765.32
Long-term liabilities, including bonds payable, lease liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6).	(34,023,165.55)
Deferred outflows related to pension contributions subsequent to the Net Position Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8).	501,171.00
Deferred inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the funds. (See Note 8).	(2,135,513.00)
Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$20,675,714.00 and the accumulated amortization is \$12,368,632.00. (See Note 6).	8,307,082.00
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8).	(19,930,009.00)
Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.	(326,271.88)
Net Position of Governmental Activities (A-1)	\$ 63,093,135.70

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Local Sources:				
Local Tax Levy	\$125,557,050.00	\$	\$2,678,237.00	\$128,235,287.00
Tuition from Individuals	192,910.00			192,910.00
Tuition from Other LEAs Within the State	43,420.80			43,420.80
Rents and Royalties	530,504.89			530,504.89
Interest on Capital Reserve Account	323,727.85			323,727.85
Miscellaneous - Unrestricted	757,208.50			757,208.50
Private Sources		<u>1,910,006.65</u>		<u>1,910,006.65</u>
Total Local Sources	<u>127,404,822.04</u>	<u>1,910,006.65</u>	<u>2,678,237.00</u>	<u>131,993,065.69</u>
State Sources	66,563,183.46	757,018.71		67,320,202.17
Federal Sources	75,655.06	3,834,837.30		3,910,492.36
Total Revenues	<u>194,043,660.56</u>	<u>6,501,862.66</u>	<u>2,678,237.00</u>	<u>203,223,760.22</u>
Expenditures				
Current:				
Regular Instruction	44,472,311.73	3,427,898.34		47,900,210.07
Special Education Instruction	16,427,153.87			16,427,153.87
Other Special Instruction	5,671,509.23			5,671,509.23
Other Instruction	1,867,571.82			1,867,571.82
Support Services and Undistributed Costs:				
Tuition	4,801,627.97			4,801,627.97
Student and Instruction Related Services	15,905,792.84	3,081,178.77		18,986,971.61
General Administrative Services	1,977,260.65			1,977,260.65
School Administrative Services	5,479,483.54			5,479,483.54
Other Administrative Services	1,694,562.35			1,694,562.35
Plant Operations and Maintenance	18,534,007.45			18,534,007.45
Pupil Transportation	15,647,028.82			15,647,028.82
Employee Benefits	70,074,247.92			70,074,247.92
Charter School	568,840.00			568,840.00
Debt Service:				
Principal			1,950,000.00	1,950,000.00
Interest			728,237.50	728,237.50
Capital Outlay	<u>744,447.00</u>	<u>3,958.50</u>		<u>748,405.50</u>
Total Expenditures	<u>203,865,845.19</u>	<u>6,513,035.61</u>	<u>2,678,237.50</u>	<u>213,057,118.30</u>
Excess (Deficiency) of Revenues Over/(Under)				
Expenditures	<u>(9,822,184.63)</u>	<u>(11,172.95)</u>	<u>(0.50)</u>	<u>(9,833,358.08)</u>
Other Financing Sources (Uses):				
Transfer Out	<u>(15,650.41)</u>			<u>(15,650.41)</u>
Total Other Financing Sources (Uses)	<u>(15,650.41)</u>			<u>(15,650.41)</u>
Net Change in Fund Balance	<u>(9,837,835.04)</u>	<u>(11,172.95)</u>	<u>(0.50)</u>	<u>(9,849,008.49)</u>
Fund Balance July 1	<u>24,654,240.04</u>	<u>820,240.65</u>	<u>1.03</u>	<u>25,474,481.72</u>
Fund Balance June 30	<u>\$ 14,816,405.00</u>	<u>\$ 809,067.70</u>	<u>\$ 0.53</u>	<u>\$ 15,625,473.23</u>

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Ref.</u>	
Total Net Change in Fund Balances - Governmental Funds	B-2	\$ (9,849,008.49)
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$(4,337,225.00)	
Capital Outlays	748,405.50	
Debt Service Assessment	<u>(159,432.00)</u>	(3,748,251.50)
<p>Repayment of Bond Principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		1,950,000.00
<p>Bond Issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.</p>		
		(6,550.37)
<p>Governmental funds report lease principal payments as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeded lease principal payments in the period.</p>		
Amortization Expense	(1,135,186.13)	
Lease Principal Payment	<u>993,585.81</u>	(141,570.32)
<p>Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest cost, administrative costs, investment returns, and experience/assumption. This is the amount by which net position liability and deferred inflows/outflows related to pension changed during the period.</p>		
		609,396.00
Increase in Compensated Absences		(790,771.49)
Decrease in Accrued Interest Payable		<u>37,846.87</u>
Change in Net Position of Governmental Activities	A-2	<u><u>\$(11,938,909.30)</u></u>

NOTES TO FINANCIAL STATEMENTS

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Old Bridge Township School District (the "District") is a Type II District located in the County of Middlesex, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K - 12. The District had an approximate enrollment at June 30, 2025 of 8,122 students.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- . the organization is legally separate (can sue or be sued in their own name)
- . the District holds the corporate powers of the organization
- . the District appoints a voting majority of the organization's board
- . the District is able to impose its will on the organization
- . the organization has the potential to impose a financial benefit/burden on the District
- . there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund. This fund also includes payroll agency, payroll net and unemployment reserve accounts.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Fund Accounting (Continued)**

1. **Governmental Funds (Continued)**

General Fund (Continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes. This fund also includes scholarship account and student activities accounts.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is, for the benefit of the school district. The District presently has no resources that are considered permanent funds.

2. **Proprietary Fund Type**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Fund Accounting (Continued)**

2. **Proprietary Fund Type (Continued)**

Enterprise Fund (Continued)

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Machinery and Equipment	5 - 12 Years

Internal Service Funds - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school district is the predominant participant in the activity. The District does not currently utilize any Internal Service Funds.

3. **Long-Term Debt**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments, early retirement incentive programs and rebatable arbitrage.

C. **Measurement Focus**

1. **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

2. **Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office for approval. Budgets which meet the tax levy cap requirements do not require voter approval. Budgets which exceed the tax levy cap require voter approval for the excess amount at the November election. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General Fund Revenue and Special Revenue Fund Revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue".	\$ 193,781,036.56	\$ 6,501,862.66
Difference - Budget-to-GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements - current year.	(2,379,481.00)	
State aid payment not recognized for budgetary purposes, recognized for GAAP statements - prior year.	<u>2,642,105.00</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 194,043,660.56</u>	<u>\$ 6,501,862.66</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 203,865,845.19	\$ 6,513,035.61
Difference - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 203,865,845.19</u>	<u>\$ 6,513,035.61</u>

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred inflows at fiscal year end. There were no open encumbrances recorded in the Special Revenue Fund as of June 30, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances (Continued)

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks, (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

2. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Deferred Outflows in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

3. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities and Equity (Continued)

5. Tuition Payable

Tuition charges for the fiscal years 2023-24 and 2024-25 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 40 Years
Furniture and Equipment	7 - 20 Years
Vehicles	8 Years

8. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For Governmental Fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities and Equity (Continued)

9. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from Governmental Funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

10. Net Position

The District has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The District has implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

11. Deferred Inflows

Deferred inflows in the special revenue fund represents cash that has been received but not yet earned. Deferred inflows in the General Fund represents prepaid fees collected for future programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities and Equity (Continued)

12. Fund Equity

Contributed capital represents the amount of fund capital contributed to the Proprietary Funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

13. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

14. Proprietary Funds Revenues and Expenses

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District Enterprise Fund (the Food Service) are charges to customers for sales of food service. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

15. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Position".

16. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the District and are recorded as nonoperating revenue when received in the Food Service Enterprise Fund at market value. The use of the commodities is included in cost of sales.

17. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers' compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

18. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical and pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities and Equity (Continued)

19. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

20. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities and Equity (Continued)

20. Accounting and Financial Reporting for Pensions (Continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

21. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")

In 2018 the District implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

22. GASB Statement No. 84 Fiduciary Activities

The District implemented GASB Statement No. 84 Fiduciary Activities on July 1, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District reclassified the payroll agency, payroll net and unemployment reserve accounts to the General Fund. The Special Revenue Fund was adjusted to include student activities and scholarship accounts. There was no adverse impact on the financial statements of the District.

23. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 103. Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

- *GASB Statement No. 104. Disclosure of Certain Capital Assets.* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months, but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB No. 3 as amended by GASB No. 40.

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Board will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Board does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Board's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2025, the Board's cash, cash equivalents and investments consisted of:

	<u>2025</u>
Amboy Bank - Checking Accounts	\$15,325,152.91
New Jersey Cash Management Fund	<u>238,377.41</u>
Total Cash, Cash Equivalents and Investments	<u>\$15,563,530.32</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2025 was \$15,563,530.32 and the bank balance was \$19,228,953.79. Of the bank balance, \$250,000.00 was covered by Federal Depository Insurance and \$18,978,953.79 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey Governmental Unit's deposits in excess of the Federal deposit maximums. These funds constitute "deposits with financial institutions" as defined by GASB No. 40.

Of the total amount, deposits of \$13,749,046.91 have been earmarked towards the Capital Reserve Account (See Note 4).

As of June 30, 2025, the Board had investments in the State of New Jersey Cash Management Fund. The carrying amount of the investment at June 30, 2025 was \$238,377.41.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

There were no securities held by the District as of June 30, 2025 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

New Jersey P.L. 2017, c. 310 permits the Board of Education to purchase various investments in accordance with the Board's Cash Management Plan.

4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Resolution on October 10, 2000 by inclusion of \$100.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	\$14,451,744.06
Increased by:	
Interest Earned	<u>323,727.85</u>
	14,775,471.91
Decreased by:	
Budgeted Transfer to Capital Outlay	<u>1,026,425.00</u>
Ending Balance, June 30, 2025	<u><u>\$13,749,046.91</u></u>

5. CAPITAL ASSETS

Classification of Balances - June 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>			
Nondepreciable:			
Sites	\$ 28,837,443.00	\$	\$ 28,837,443.00
<u>Depreciable</u>			
Site Improvements	14,141,742.33	572,425.67	14,714,168.00
Buildings and Improvements	150,602,986.54	2,117.46	150,605,104.00
Machinery and Equipment	24,303,240.21	14,430.37	24,317,670.58
	<u>189,047,969.08</u>	<u>588,973.50</u>	<u>189,636,942.58</u>
Total Assets	217,885,412.08	588,973.50	218,474,385.58
Less Accumulated Depreciation:			
Buildings and Improvements	<u>(119,113,557.00)</u>	<u>(4,337,225.00)</u>	<u>(123,450,782.00)</u>
Assets Net of Depreciation	<u>\$ 98,771,855.08</u>	<u>\$(3,748,251.50)</u>	<u>\$ 95,023,603.58</u>
<u>Capital Outlay</u>			
General Fund		\$ 744,447.00	
Special Revenue Fund		3,958.50	
		<u>748,405.50</u>	
Less: Debt Service Assessment		<u>(159,432.00)</u>	
Total Additions to Capital Assets		<u>\$ 588,973.50</u>	

Business-Type Activities

The following is a summary of Proprietary Fund type capital assets at June 30, 2025:

Machinery and Equipment	\$ 416,036.42
Less: Accumulated Depreciation	<u>(30,545.00)</u>
Net Capital Assets	<u>\$ 385,491.42</u>

6. LONG-TERM DEBT

Long-Term Liability Conversion Schedule - June 30, 2025

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Amounts Due One Year</u>	<u>Long-Term Portion</u>
Compensated Absences*	\$ 5,061,093.28	\$ 790,771.49	\$	\$ 5,851,864.77	\$	\$ 5,851,864.77
Lease Obligations	10,669,886.59		993,585.81	9,676,300.78	1,041,586.75	8,634,714.03
Serial Bonds Payable	<u>20,445,000.00</u>		<u>1,950,000.00</u>	<u>18,495,000.00</u>	<u>2,030,000.00</u>	<u>16,465,000.00</u>
	<u>\$36,175,979.87</u>	<u>\$790,771.49</u>	<u>\$2,943,585.81</u>	<u>\$34,023,165.55</u>	<u>\$3,071,586.75</u>	<u>\$30,951,578.80</u>

*The School District is currently working on generating numbers to be in compliance with GASB Statement No. 101, Compensated Balances. Any adjustments will be reflected in subsequent reports.

6. LONG-TERM DEBT (Continued)

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. Interest rates on outstanding bonds range from 2.00% to 5.00%.

Principal and interest due on serial bonds outstanding is as follows:

<u>Year</u>	<u>Refunding 2016 Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 2,030,000.00	\$ 652,543.75	\$ 2,682,543.75
2026-27	2,110,000.00	571,325.00	2,681,325.00
2027-28	2,190,000.00	496,850.00	2,686,850.00
2028-29	2,260,000.00	430,100.00	2,690,100.00
2029-30	2,340,000.00	349,400.00	2,689,400.00
2030-31	2,430,000.00	254,000.00	2,684,000.00
2031-32	2,525,000.00	154,900.00	2,679,900.00
2032-33	2,610,000.00	52,200.00	2,662,200.00
	<u>\$18,495,000.00</u>	<u>\$2,961,318.75</u>	<u>\$21,456,318.75</u>

B. Bonds Authorized but Not Issued

As of June 30, 2025, the Board had no authorized but not issued bonds.

C. 2002 Project School Bonds

On January 15, 2002, the Board issued \$47,823,000 in School Bonds.

Redemption - The Bonds of this issue maturing on or after July 15, 2012 are redeemable at the option of the Board in whole or in part on any date on or after July 15, 2011 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board of a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the board determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

6. LONG-TERM DEBT (Continued)

C. 2002 Project School Bonds (Continued)

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Authorization and Purpose - The Bonds have been authorized and are issued pursuant to: (i) Title 18A, Chapter 24 of the New Jersey Statutes, as amended and supplemented; (ii) a proposal adopted by the Board on August 21, 2001 and approved by the affirmative vote of a majority of the legal voters present and voting at a special School District election held on September 25, 2001; and (iii) a resolution adopted by the Board on December 18, 2001, which resolution sets forth the terms of the offering and sale of the Bonds.

Proceeds of the Bonds are being issued to construct, renovate and equip additions to the Old Bridge High School East Campus, to convert Old Bridge High School West Campus to a Middle School, to construct additions to, renovate, upgrade and equip all elementary schools, to undertake HVAC upgrades at Salk Middle School and to provide technology systems upgrades to all schools (the "Project"). The \$47,823,000 aggregate cost of the Project will be funded through a combination of the issuance of the Bonds and an approved grant in the amount of \$18,892,084 to be received from the State of New Jersey pursuant to the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72.

Refunding Bond Sale - On September 19, 2006, the School District sold Refunding School Bonds in the sum of \$41,445,000.00. The School District will use the proceeds from the sale to retire previously issued debt resulting in a savings of overall debt service over the life of the Bonds.

On April 20, 2016, the School District sold Refunding School Bonds in the sum of \$32,215,000.00. The School District will use the proceeds from the sale to retire previously issued debt resulting in a savings of overall debt service over the life of the Bonds.

D. Leases

In June 2017, the GASB issued GASB No. 87, Leases. This GASB increases the transparency and comparability of organizations by requiring the capitalization of substantially all leases on the balance sheet and disclosures of key information about leasing arrangements. Under this new guidance, at the lease commencement date, a lessee recognizes a right-of-use asset and lease liability, which is initially measured at the present value of the future lease payments. For income statement purposes, a dual model was retained for lessees, requiring leases to be classified as either operating or finance leases. Under the operation lease model, lease expense is recognized on a straight-line basis over the lease term. Under the finance lease model, interest on the lease liability is recognized separately from amortization of the right-of-use assets.

The District adopted this new accounting standard on June 15, 2021 on a modified retrospective basis and applied the new standard to all leases through a cumulative-effect adjustment to beginning retained earnings. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The District elected a package of practical expedients permitted under the transition guidance, which among other things, allows the carryforward of historical lease classification. The adoption of this new accounting standard is expected to result in recognition of lease liabilities of approximately \$10,669,886.58 and recognition of the right-of-use assets of approximately \$9,442,268.13 net of liabilities. The adoption is also expected to result in a decrease to net position of approximately \$1,227,618.45 due to transition date impairment of right-of-use assets.

6. LONG-TERM DEBT (Continued)

D. Leases (Continued)

The District determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Right-of-use assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date the District has the right to control the property. The District utilizes its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the District's estimated rate of interest for a collateralized borrowing over a similar term as the lease term. The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight line basis over the lease term.

The District accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred.

Finance leases are recognized as a noncurrent asset and as a finance lease liability within accrued expenses and other liabilities and other noncurrent liabilities.

Supplemental balance sheet information related to leases were as follows:

Balance Sheet Supplemental Information:	<u>June 30, 2025</u>
Total Operating Lease Obligations	<u>\$10,744,519.67</u>
Finance Leases:	
Right-of-Use Assets Included in:	
Property, Plant and Equipment, Net	<u>\$ 8,307,082.00</u>
Lease Obligations Included in:	
Other Noncurrent Liabilities	<u>\$ 9,676,300.77</u>
Total Finance Lease Obligations	<u>\$ 9,676,300.77</u>

Average lease term and discount rates as of June 30, 2025 were as follows:

Weighted Average Terms and Discount Rates:	<u>June 30, 2025</u>
Weighted Average Remaining Lease Terms in Years:	
Finance Leases	3.50%
Weighted Average Discount Rate:	
Finance Leases	2.05%

6. LONG-TERM DEBT (Continued)

D. Leases (Continued)

The aggregate future lease payments for operating and finance leases as of June 30, 2025 were as follows:

Future Lease Payments (Fiscal Years):	Finance Lease
2026	\$ 1,275,846.45
2027	1,301,706.83
2028	1,328,109.70
2029	1,311,550.71
2030	1,339,074.71
2031	1,367,179.47
2032	1,395,875.97
2033	1,425,175.83
Total Undiscounted Minimum Lease Payments	10,744,519.67
Less: Present Value Discount	(1,068,218.90)
Lease Liability	<u>\$ 9,676,300.77</u>

7. SUBSCRIPTION LEASES

In June 2022, GASB Statement No. 96, Subscription-Based Information Technology Arrangements was implemented providing School Districts guidance on the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) for government end users. Under this new guidance, the District must disclose and report any SBITAs in excess of one year with the following information. A general description of its SBITAs, including the basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability; principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The Old Bridge School District has reviewed all their SBITAs and determined that they are all considered short-term and require no disclosure under GASB Statement No. 96.

8. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey On-Behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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 Public Employees' Retirement System 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 or local jurisdiction.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Pension benefits for members enrolled in PERS after May 21, 2010 would be based on 1/60th of the average annual compensation for the last five years of service or any five fiscal years of membership that provide the largest benefit to the member of the member's beneficiary. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operates and to the benefit provisions of those systems.

8. PENSION PLANS (Continued)

Significant Legislation (Continued)

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 7.34% of employees' annual compensation, as defined.

Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for both cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium. Under current statute, the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>
June 30, 2025	\$1,995,811.00	\$1,995,811.00	100%
June 30, 2024	1,951,868.00	1,951,868.00	100%
June 30, 2023	1,845,170.00	1,845,170.00	100%

**Three-Year Trend Information for TPAF
(Paid On-Behalf of the District)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Long-Term Disability Insurance Contribution</u>	<u>Post-Retirement Medical Benefits</u>
June 30, 2025	\$24,424,703.00	100%	\$7,633.00	\$7,136,918.00
June 30, 2024	25,336,364.00	100%	7,222.00	6,895,631.00
June 30, 2023	24,732,861.00	100%	6,651.00	6,497,263.00

8. PENSION PLANS (Continued)

Contribution Requirements (Continued)

During the fiscal year ended June 30, 2025, the State of New Jersey contributed \$24,424,703.00 to the TPAF for normal pension, \$7,633.00 for Long-Term Disability Insurance and \$7,136,918.00 for post-retirement medical benefits On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$5,232,434.46 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the State's portion of the net pension liability that was associated with the district was \$290,550,411, as measured on June 30, 2024 and \$304,523,924, as measured on June 30, 2023.

For the year ended June 30, 2025, the district recognized pension expense of \$(1,059,883) and revenue of \$(1,059,883) for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2025 is based upon changes in the collective net pension liability with a measurement period of June 30, 2023 through June 30, 2024. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2023 and June 30, 2024.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan:

8. **PENSION PLANS (Continued)**

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective Deferred Outflows of Resources	\$ 1,176,934,477	\$ 2,413,548,676
Collective Deferred Inflows of Resources	10,530,833,969	14,741,373,312
Collective Net Pension Liability (Nonemployer - State of New Jersey)	49,425,106,602	51,032,669,551
State's Portion of the Net Pension Liability that was Associated with the District	290,550,411	304,523,924
State's Portion of the Net Pension Liability that was Associated with the District as a Percentage of the Collective Net Pension Liability	0.5878599580%	0.5967234848%

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 5.65%
	Based on Years of Service
Investment Rate of Return:	7.00%

Preretirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

8. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the District has no proportionate share of the net pension liability because of the special funding situation, the District would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/documents/financial/qasb/qasb68-tpaf21.pdf>.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability of \$19,930,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2023. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2024 and 2023. At June 30, 2024, the District's proportion was 0.1466731076%, which was an increase of 0.0006328389% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense/(benefit) of \$(559,889). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 399,235	\$ 53,059
Changes of Assumptions	24,759	226,758
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		924,100
Changes in Proportion	77,177	931,596
District Contributions Subsequent to the Measurement Date	<u>1,995,811</u>	
	<u>\$2,496,982</u>	<u>\$2,135,513</u>

The \$1,995,811 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2025 the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability as of June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

8. **PENSION PLANS (Continued)**

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2025	\$(846,180)
2026	654,748
2027	(376,691)
2028	(217,460)
2029	5,660
	<u><u>\$(779,923)</u></u>

Additional Information:

Collective balances at June 30, 2024 and 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective Deferred Outflows of Resources	\$ 983,025,360	\$ 1,101,221,923
Collective Deferred Inflows of Resources	812,747,880	1,648,476,259
Collective Net Pension Liability (Non-State - Local Group)	13,702,423,985	14,606,489,066
District's Portion of Net Pension Liability	19,930,009	21,153,019
District's Proportion Percentage	0.1466731076%	0.1460402687%

Actuarial Assumptions

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

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

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

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Rate of Return

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

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

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability measured as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
District's Proportionate Share of the Collective Net Pension Liability	\$26,704,997.00	\$19,930,009.00	\$14,475,059.00

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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 Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

9. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations, in Fiscal Year 2024, the State funded the various defined benefit pension systems at 104 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2023, which is required to be recorded on the financial statements, is \$79.4 billion.

The Fiscal Year 2025 projected aggregate State contribution to the pension plans of \$7.2 billion represents 104 percent of the actuarially determined contribution.

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2024, the State paid PRM benefits for 161,268 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2024, the State contributed \$2.3 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$2.1 billion in Fiscal Year 2023. The State has appropriated \$2.4 billion in Fiscal Year 2025 as the State's contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2024 State OPEB liability to provide these benefits is \$76.9 billion, an increase of \$2.0 billion, or 2.6 percent from the \$74.9 billion liability recorded in Fiscal Year 2023.

Additional information on Pensions and OPEB can be accessed at nj.gov/treasury/pensions/financial-reports.shtml.

9. POST-RETIREMENT BENEFITS (Continued)

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB's No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the [Office of Management and Budget webpage: nj.gov/treasury/omb/fr.shtml](http://nj.gov/treasury/omb/fr.shtml).

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2024 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability	\$59,650,630,530	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:	2.75% - 5.65%	2.75% - 6.55%
	Based on	Based on
	Service Years	Service Years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

9. POST-RETIREMENT BENEFITS (Continued)

Total OPEB Liability (Continued)

Discount Rate

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

Changes in the Total OPEB Liability Reported by the State of New Jersey

	<u>Increase/(Decrease)</u>
	<u>Total OPEB Liability</u>
Balance Recognized at June 30, 2024 (Based on June 30, 2023 Measurement Date)	<u>\$52,361,668,239</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,152,062,729
Interest on the Total OPEB Liability	1,963,557,443
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	158,934,425
Changes of Assumptions	4,462,660,491
Gross Benefit Payments ¹	(1,499,600,607)
Contributions from the Employer ¹	N/A
Contributions from Employee ¹	51,347,810
Net Investment Income ¹	N/A
Administrative Expense ¹	N/A
Net Changes	<u>7,288,962,291</u>
Balance Recognized at June 30, 2025 (Based on June 30, 2024 Measurement Date)	<u>\$59,650,630,530</u>

¹Data for Measurement Periods Ending June 30, 2024 were provided by the State.

At June 30, 2024, the State's proportionate share of the OPEB liability attributable to the District is \$357,237,056. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2024 to the total OPEB liability of the State Health Benefit Program Fund - Local Education Retired Employees Plan at June 30, 2024. At June 30, 2024, the State's share of the OPEB liability attributable to the District was .5989 percent, which was a decrease of .0042 percent from its proportionate share measured as of June 30, 2023 of .6031 percent.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65 percent in 2023 to 3.93 percent in 2024.

9. POST-RETIREMENT BENEFITS (Continued)

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability as of June 30, 2024 and 2023, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2024		
	At 1% Decrease <u>(2.93%)</u>	At Discount Rate <u>(3.93%)</u>	At 1% Increase <u>(4.93%)</u>
Total OPEB Liability (School Retirees)	\$418,401,101	\$357,237,056	\$308,048,468

	June 30, 2023		
	At 1% Decrease <u>(1.16%)</u>	At Discount Rate <u>(2.16%)</u>	At 1% Increase <u>(3.16%)</u>
Total OPEB Liability (School Retirees)	\$370,221,254	\$315,799,974	\$272,106,004

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB liability as of June 30, 2024 and 2023, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2024		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	\$297,569,091	\$357,237,056	\$434,942,917

	June 30, 2023		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	\$262,162,666	\$315,799,974	\$385,984,530

9. POST-RETIREMENT BENEFITS (Continued)

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

For the year ended June 30, 2025, the board of education recognized OPEB expense of \$10,636,866 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB's No. 75 and in which there is a special funding situation. This amount has been included in the District-Wide Statement of Activities (accrual basis) as a Revenue and Expense in accordance with GASB No. 85.

In accordance with GASB's No. 75, the Old Bridge Township School District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
(1) Difference Between Actual and Expected Experience	\$ 6,378,932,312	\$11,139,706,892
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	0	0
(3) Assumption Changes	10,004,978,073	11,662,607,882
(4) Sub-Total	<u>16,383,910,385</u>	<u>22,802,314,774</u>
(5) Contributions Made in Fiscal Year Ending June 30, 2024 after Measurement Date	<u>TBD</u>	<u>N/A</u>
(6) Total	<u>\$ TBD</u>	<u>\$22,802,314,774</u>

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

<u>Measurement Period Ending June 30,</u>	
2025	\$(2,115,877,507)
2026	(1,774,175,666)
2027	(842,677,045)
2028	221,470,185
2029	(1,537,725,697)
Thereafter	<u>(369,418,659)</u>
	<u>\$ (6,418,404,389)</u>

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past year are as follows:

<u>Year</u>	<u>School District</u>	<u>Employees</u>
2025	\$55,674.33	122

11. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

11. COMPENSATED ABSENCES (Continued)

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Position.

The liability for vested compensated absences of the Proprietary Fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2025, no liability existed for compensated absences in the Proprietary Fund types.

12. DEFERRED COMPENSATION

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Thomas Seely	Lincoln Investment Planning, Inc.
Variable Annuity Life Insurance Company	Fidelity Investments
Vision Financial Services	USAA Insurance Company
VTA (American Skandia)	Vanguard
The Equitable	

13. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District 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 District is billed quarterly for amounts due to the State. The table below is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024-2025	\$2,229.00	\$441,266.85	\$309,581.74	\$685,494.04
2023-2024	2,193.00	296,315.46	325,542.18	551,579.93
2022-2023	2,128.50	283,559.89	477,430.28	578,613.65

Workers' Compensation Insurance

The District's Workers' Compensation Claims are processed by Inservco Insurance Services. As of June 30, 2025, Inservco projects that the District will be liable for open claims in the amount of \$6,079.00.

14. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2025 consisted of Federal Source, State Source, transportation, a capital project grant for the new high school and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Business- Type Activities</u>
State Aid:		
General Fund:		
TPAF FICA Reimbursement	\$ 260,456.09	
Extraordinary Aid	3,830,374.00	
Reimbursement for Menstrual Products	1,611.00	
Nonpublic Transportation Aid	186,441.00	
	<u>\$4,278,882.09</u>	
Federal Aid:		
Medical Assistance Program	<u>\$ 798.86</u>	
Special Revenue Fund:		
State Source	<u>\$ -</u>	
Federal Source	<u>\$ 831,758.48</u>	
Proprietary Fund:		
Enterprise Fund:		
State Source		<u>\$ 6,350.83</u>
Federal Source		<u>\$92,226.46</u>

15. INVENTORY

Inventory in the Enterprise Fund for regular food and supplies at June 30, 2025 of \$2,486.86 is stated at lower of cost or market.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

16. DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (8 to 30 years). The costs associated with the issues of the various bonds amounted to \$111,356.24, the annual amortization is \$6,550.37 and accumulated amortization through June 30, 2025 was \$60,590.92.

17. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$14,816,405.00 General Fund fund balance at June 30, 2025, \$260,277.16 is reserved for encumbrances; \$13,749,046.91 has been reserved in the Capital Reserve Account; \$190,338.46 has been reserved in the Maintenance Reserve Account; \$258,844.19 is reserved for Unemployment Compensation and \$357,898.28 is unreserved and undesignated.

17. FUND BALANCE APPROPRIATED (Continued)

Special Revenue Fund

Of the \$809,067.70 Special Revenue Fund Balance at June 30, 2025, \$81,434.04 is reserved for Scholarships and \$727,633.66 is reserved for Student Activities.

Debt Service Fund - Of the \$.53 Debt Service Fund balance at June 30, 2025, \$.53 is unreserved and undesignated.

18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18:7F-7, as amended by P.L. 2004, c. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance as of June 30, 2025 is \$ - 0 -.

19. 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 Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

20. CONTINGENT LIABILITIES

A. Litigation

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

B. Federal and State Awards

The School District participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies, therefore, to the extent that the School District has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provisions have been recorded in the accompanying general purpose financial statements for such contingencies.

21. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

22. SUBSEQUENT EVENT

The Old Bridge Township School District has evaluated subsequent events that occurred after the balance sheet date, but before December 29, 2025. Based upon this evaluation, the District has determined that no disclosures are needed.

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #1

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Revenues					
Local Sources:					
Local Tax Levy	\$125,557,050.00	\$	\$125,557,050.00	\$125,557,050.00	\$
Tuition from Individuals	150,000.00		150,000.00	192,910.00	42,910.00
Tuition from Other LEAs Within the State	65,600.00		65,600.00	43,420.80	(22,179.20)
Rents and Royalties	574,384.00		574,384.00	530,504.89	(43,879.11)
Interest on Capital Reserve Account	200,000.00		200,000.00	323,727.85	123,727.85
Unrestricted Miscellaneous Revenue	785,000.00		785,000.00	757,208.50	(27,791.50)
Total - Local Sources	127,332,034.00		127,332,034.00	127,404,822.04	72,788.04
State Sources:					
Equalization Aid	16,885,695.00		16,885,695.00	16,885,695.00	
Categorical Special Educational Aid	5,572,334.00		5,572,334.00	5,572,334.00	
Categorical Security Aid	835,366.00		835,366.00	835,366.00	
Extraordinary Aid	3,949,298.00		3,949,298.00	3,830,374.00	(118,924.00)
Categorical Transportation Aid	1,049,333.00		1,049,333.00	1,049,333.00	
Other State Aids	1,137,717.00		1,137,717.00	1,137,717.00	
Nonpublic Transportation Aid				186,441.00	186,441.00
Reimbursement for Menstrual Products				1,611.00	1,611.00
Nonbudgeted:					
On-Behalf Contributions:					
Post Retirement Medical Benefits Contribution				7,136,918.00	7,136,918.00
Pension Contribution				24,424,703.00	24,424,703.00
Long-Term Disability Insurance Contribution				7,633.00	7,633.00
Reimbursed TPAF Social Security Contributions				5,232,434.46	5,232,434.46
Total - State Sources	29,429,743.00		29,429,743.00	66,300,559.46	36,870,816.46
Federal Sources:					
Medical Assistance Program	151,452.00		151,452.00	75,655.06	(75,796.94)
Total - Federal Sources	151,452.00		151,452.00	75,655.06	(75,796.94)
Total Revenues	\$156,913,229.00	\$	\$156,913,229.00	\$193,781,036.56	\$ 36,867,807.56
Expenditures					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:	\$ 1,875,544.00	\$ (212,855.93)	\$ 1,662,688.07	\$ 1,662,688.07	\$
Preschool/Kindergarten	14,235,221.00	34,856.64	14,270,077.64	14,270,077.64	
Grades 1 - 5	10,237,638.00	(288,475.59)	9,949,162.41	9,949,162.41	
Grades 6 - 8	15,279,667.00	200,671.36	15,480,338.36	15,480,338.36	
Grades 9 - 12					

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #2

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Home Instruction:					
Salaries of Teachers	\$ 35,000.00	\$ 78,898.37	\$ 113,898.37	\$ 113,898.37	\$
Purchased Professional - Educational Services	110,000.00	(86,480.28)	23,519.72	23,519.72	
Purchased Professional - Technical Services	1,800,000.00	45,103.86	1,845,103.86	1,845,103.86	
Regular Programs - Undistributed Instruction:					
Other Purchased Services - Travel	10,000.00	(7,101.66)	2,898.34	2,898.34	
General Supplies	784,396.00	(204,485.33)	579,910.67	579,910.67	
Textbooks	495,212.00	30,177.29	525,389.29	525,389.29	
Other Objects - Miscellaneous	36,000.00	(16,675.00)	19,325.00	19,325.00	
Total Regular Programs - Instruction	<u>44,898,678.00</u>	<u>(426,366.27)</u>	<u>44,472,311.73</u>	<u>44,472,311.73</u>	
Special Education:					
Autism:					
Salaries of Teachers	492,354.00	122,877.21	615,231.21	615,231.21	
Other Salaries for Instruction	596,702.00	208,376.77	805,078.77	805,078.77	
General Supplies	5,000.00	(14.95)	4,985.05	4,985.05	
Total Autism	<u>1,094,056.00</u>	<u>331,239.03</u>	<u>1,425,295.03</u>	<u>1,425,295.03</u>	
Learning/Language Disabilities:					
Salaries of Teachers	815,076.00	90,251.77	905,327.77	905,327.77	
Other Salaries for Instruction	1,039,181.00	245,535.51	1,284,716.51	1,284,716.51	
General Supplies	17,500.00	(7.23)	17,492.77	17,492.77	
Total Learning/Language Disabilities	<u>1,871,757.00</u>	<u>335,780.05</u>	<u>2,207,537.05</u>	<u>2,207,537.05</u>	
Emotional Regulation Impairment:					
Salaries of Teachers	82,592.00	(82,592.00)			
Other Salaries for Instruction	39,551.00	6,890.14	46,441.14	46,441.14	
Total Emotional Regulation Impairment	<u>122,143.00</u>	<u>(75,701.86)</u>	<u>46,441.14</u>	<u>46,441.14</u>	

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #3

	Original Budget	Budget Modifications/Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Special Education:					
Multiple Disabilities:					
Salaries of Teachers	\$ 365,554.00	\$ (45,265.30)	\$ 320,288.70	\$ 320,288.70	\$
Other Salaries for Instruction	441,467.00	64,492.24	505,959.24	505,959.24	
General Supplies	8,000.00	(97.84)	7,902.16	7,902.16	
Total Multiple Disabilities	815,021.00	19,129.10	834,150.10	834,150.10	
Resource Room/Resource Center:					
Salaries of Teachers	8,774,946.00	(12,283.42)	8,762,662.58	8,762,662.58	
Other Salaries for Instruction	1,064,188.00	39,722.57	1,103,910.57	1,103,910.57	
General Supplies	35,000.00	(9,229.67)	25,770.33	25,770.33	
Textbooks	2,000.00	(1,740.66)	259.34	259.34	
Total Resource Room/Resource Center	9,876,134.00	16,468.82	9,892,602.82	9,892,602.82	
Preschool Disabilities Part-Time:					
Salaries of Teachers	672,115.00	(5,348.96)	666,766.04	666,766.04	
Other Salaries for Instruction	287,122.00	133,030.66	420,152.66	420,152.66	
General Supplies	7,000.00	(307.47)	6,692.53	6,692.53	
Total Preschool Disabilities Part-Time	966,237.00	127,374.23	1,093,611.23	1,093,611.23	
Preschool Disabilities Full-Time:					
Salaries of Teachers	182,205.00	212,797.12	395,002.12	395,002.12	
Other Salaries for Instruction	317,663.00	(48,260.59)	269,402.41	269,402.41	
General Supplies	5,000.00	4,000.00	9,000.00	9,000.00	
Total Preschool Disabilities Full-Time	504,868.00	168,536.53	673,404.53	673,404.53	
Home Instruction:					
Salaries of Teachers	125,000.00	56,467.52	181,467.52	181,467.52	
Purchased Professional - Educational Services	65,000.00	7,644.45	72,644.45	72,644.45	
Total Home Instruction	190,000.00	64,111.97	254,111.97	254,111.97	
Total Special Education	15,440,216.00	986,937.87	16,427,153.87	16,427,153.87	
Basic Skills/Remedial:					
Salaries of Teachers	4,435,547.00	199,630.95	4,635,177.95	4,635,177.95	
Other Salaries for Instruction	10,000.00	(9,225.27)	774.73	774.73	
Purchased Professional - Educational Services		10,014.76	10,014.76	10,014.76	
Other Purchased Services	750.00	(428.24)	321.76	321.76	
General Supplies	34,000.00	(11,633.99)	22,366.01	22,366.01	
Textbooks	7,500.00		7,500.00	7,500.00	
Total Basic Skills/Remedial - Instruction	4,487,797.00	188,358.21	4,676,155.21	4,676,155.21	

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #4

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Bilingual Education:					
Salaries of Teachers	\$ 1,093,354.00	\$ (97,999.98)	\$ 995,354.02	\$ 995,354.02	\$
Other Purchased Services	300.00	(300.00)			
General Supplies	3,000.00	(3,000.00)			
Textbooks	250.00	(250.00)			
Total Bilingual Education - Instruction	<u>1,096,904.00</u>	<u>(101,549.98)</u>	<u>995,354.02</u>	<u>995,354.02</u>	
School Sponsored Cocurricular Activities:					
Salaries	245,354.00	19,249.34	264,603.34	264,603.34	
Supplies and Materials	22,000.00	(8,943.72)	13,056.28	13,056.28	
Total School Sponsored Cocurricular Activities	<u>267,354.00</u>	<u>10,305.62</u>	<u>277,659.62</u>	<u>277,659.62</u>	
School Sponsored Athletics:					
Salaries	1,341,978.00	(86,004.02)	1,255,973.98	1,255,973.98	
Purchased Services	11,000.00	(1,000.00)	10,000.00	10,000.00	
Supplies and Materials	135,360.00	(609.41)	134,750.59	134,093.62	656.97
Transfers to Cover Deficit	140,000.00		140,000.00	140,000.00	
Total School Sponsored Athletics - Instruction	<u>1,628,338.00</u>	<u>(87,613.43)</u>	<u>1,540,724.57</u>	<u>1,540,067.60</u>	<u>656.97</u>
Instructional Alternative Education Program - Instruction:					
Salaries		49,844.60	49,844.60	49,844.60	
Purchased Professional and Technical Services	32,219.00	(32,219.00)			
General Supplies	18,181.00	(18,181.00)			
Total Instructional Alternative Education Program - Instruction	<u>50,400.00</u>	<u>(555.40)</u>	<u>49,844.60</u>	<u>49,844.60</u>	
Total - Instruction	<u>67,869,687.00</u>	<u>569,516.62</u>	<u>68,439,203.62</u>	<u>68,438,546.65</u>	<u>656.97</u>
Community Service Programs - Operations:					
Salaries	5,600.00	(5,600.00)			
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	67,100.00	18,586.14	85,686.14	85,686.14	
Tuition to Other LEAs Within the State - Special	97,010.00	77,792.10	174,802.10	174,802.10	
Tuition to County Vocational School Districts - Regular	95,000.00	5,769.20	100,769.20	100,769.20	

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #5

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to County Special Service Districts	\$ 3,602,495.00	\$ 19,466.94	\$ 19,466.94	\$ 19,466.94	\$
Tuition to Private Schools for the Handicapped W/1 State	41,897.00	802,947.12	4,405,442.12	4,379,006.59	26,435.53
Tuition - State Facilities	3,903,502.00	924,561.50	4,828,063.50	41,897.00	
Total Instruction				4,801,627.97	26,435.53
Attendance and Social Work Services:					
Salaries	129,266.00	57,096.05	186,362.05	186,362.05	
Total Attendance and Social Work Services	129,266.00	57,096.05	186,362.05	186,362.05	
Health Services:					
Salaries	1,667,585.00	59,026.27	1,726,611.27	1,726,611.27	
Purchased Professional - Technical Services	79,250.00	(17,673.00)	61,577.00	61,577.00	
Other Purchased Services - Travel	300.00	(63.78)	236.22	236.22	
Supplies and Materials	30,000.00	13,261.78	43,261.78	43,261.78	
Menstrual Products		1,611.47	1,611.47	1,611.47	
Total Health Services	1,777,135.00	56,162.74	1,833,297.74	1,833,297.74	
Other Support Services Students - Related Services:					
Salaries	1,407,226.00	(132,925.27)	1,274,300.73	1,274,300.73	
Purchased Professional - Educational Services	2,379,000.00	384,770.53	2,763,770.53	2,763,770.53	
Total Other Support Services Students - Related Services	3,786,226.00	251,845.26	4,038,071.26	4,038,071.26	
Other Support Services Students - Extraordinary Services:					
Salaries	120,000.00	(104,149.30)	15,850.70	15,850.70	
Other Purchased Services	280,000.00	874,296.64	1,154,296.64	1,154,296.64	
Total Other Support Services Students - Extraordinary Services	400,000.00	770,147.34	1,170,147.34	1,170,147.34	
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	3,071,202.00	(36,664.97)	3,034,537.03	3,034,537.03	
Salaries of Secretarial and Clerical Assistants	242,032.00	(37,672.43)	204,359.57	204,359.57	
Other Purchased Professional and Technical Services	190,000.00	7,409.41	197,409.41	197,409.41	
Total Other Support Services - Students - Guidance	3,503,234.00	(66,927.99)	3,436,306.01	3,436,306.01	
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	2,900,785.00	192,280.10	3,093,065.10	3,093,065.10	
Salaries of Secretarial and Clerical Assistants	360,676.00	4,360.67	365,036.67	365,036.67	
Other Purchased Services	10,000.00	(3,257.90)	6,742.10	6,742.10	
Supplies and Materials	50,000.00	2,366.26	52,366.26	52,366.26	
Total Other Support Services - Students - Child Study Teams	3,321,461.00	195,749.13	3,517,210.13	3,517,210.13	

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #6

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 1,326,528.00	\$ (2,244.60)	\$ 1,324,283.40	\$ 1,324,283.40	\$
Salaries of Secretarial and Clerical Assistants	105,065.00	1,219.23	106,284.23	106,284.23	
Purchased Professional - Educational Services	60,000.00	(29,403.64)	30,596.36	30,596.36	
Other Purchased Services	1,000.00	(1,000.00)			
Supplies and Materials	5,500.00	(5,500.00)			
Other Objects - Miscellaneous	10,000.00	96.00	10,096.00	10,096.00	
Total Improvement of Instructional Services	<u>1,508,093.00</u>	<u>(36,833.01)</u>	<u>1,471,259.99</u>	<u>1,471,259.99</u>	
Educational Media Services/School Library:					
Salaries	114,660.00	61.90	114,721.90	114,721.90	
Supplies and Materials	1,681.00	(932.48)	748.52	748.52	
Total Educational Media Services/School Library	<u>116,341.00</u>	<u>(870.58)</u>	<u>115,470.42</u>	<u>115,470.42</u>	
Instructional Staff Training Services:					
Salaries of Other Professional Staff	78,000.00	3,808.59	81,808.59	81,808.59	
Purchased Professional - Educational Services	75,000.00	(23,352.97)	51,647.03	51,647.03	
Other Purchased Professional and Technical Services		600.00	600.00	600.00	
Other Purchased Services		2,975.00	2,975.00	2,975.00	
Supplies and Materials		637.28	637.28	637.28	
Total Instructional Staff Training Services	<u>153,000.00</u>	<u>(15,332.10)</u>	<u>137,667.90</u>	<u>137,667.90</u>	
Support Services General Administration:					
Salaries	778,918.00	18,524.87	797,442.87	797,442.87	
Legal Services	135,000.00	23,418.94	158,418.94	158,418.94	
Accountants/Audit Fees	36,000.00	(2,125.00)	33,875.00	33,875.00	
Architectural/Engineering Service	65,000.00	139,932.85	204,932.85	82,950.75	121,982.10
Other Purchased Professional Services	166,449.00	(69,890.39)	96,558.61	76,108.61	20,450.00
Purchased Technical Services		10,068.25	10,068.25	10,068.25	
Communications/Telephone	308,370.00	(88,914.89)	219,455.11	219,455.11	
Travel		6,058.84	6,058.84	6,058.84	
BOE Other Purchased Services	7,000.00	(176.90)	6,823.10	6,823.10	
Miscellaneous Purchased Services	574,563.00	(89,501.80)	485,061.20	485,061.20	
General Supplies	126,000.00	(61,220.53)	64,779.47	64,779.47	
Judgments		8,479.61	8,479.61	8,479.61	
BOE Membership Fees and Dues	30,067.00	(2,328.10)	27,738.90	27,738.90	
Total Support Services General Administration	<u>2,227,367.00</u>	<u>(107,674.25)</u>	<u>2,119,692.75</u>	<u>1,977,260.65</u>	<u>142,432.10</u>

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #7

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Undistributed Expenditures:					
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 3,712,085.00	\$ 75,741.54	\$ 3,787,826.54	\$ 3,787,826.54	\$
Salaries of Other Professional Staff	361,945.00	(1,158.04)	360,786.96	360,786.96	
Salaries of Secretarial and Clerical Assistants	1,201,414.00	19,321.12	1,220,735.12	1,220,735.12	
Purchased Professional and Technical Services		750.00	750.00	750.00	
Other Purchased Services - Travel	50,000.00	(35,099.79)	14,900.21	14,900.21	
Other Objects	60,000.00	34,484.71	94,484.71	94,484.71	
Total Support Services School Administration	<u>5,385,444.00</u>	<u>94,039.54</u>	<u>5,479,483.54</u>	<u>5,479,483.54</u>	
Central Services:					
Salaries	985,077.00	3,784.37	988,861.37	988,861.37	
Unused Vacation Payment		12,050.74	12,050.74	12,050.74	
Purchased Professional Services	16,330.00	(16,330.00)			
Purchased Technical Services		17,845.00	17,845.00	17,845.00	
Other Purchased Services - Travel		605.00	605.00	605.00	
Miscellaneous Purchased Services - Central Services	7,500.00	(442.90)	7,057.10	7,057.10	
Supplies and Materials	36,670.00	(32,947.03)	3,722.97	3,722.97	
Other Objects		3,700.00	3,700.00	3,700.00	
Total Central Services	<u>1,045,577.00</u>	<u>(11,734.82)</u>	<u>1,033,842.18</u>	<u>1,033,842.18</u>	
Administrative Information Technology:					
Salaries	145,619.00	(10,479.51)	135,139.49	135,139.49	
Purchased Professional Services	340,000.00	22,436.87	362,436.87	362,436.87	
Purchased Technical Services		4,430.00	4,430.00	4,430.00	
Other Purchased Services	4,500.00	(3,474.92)	1,025.08	1,025.08	
Supplies and Materials	178,500.00	(20,811.27)	157,688.73	157,688.73	
Total Administrative Information Technology	<u>668,619.00</u>	<u>(7,898.83)</u>	<u>660,720.17</u>	<u>660,720.17</u>	
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	7,123,730.00	445,712.66	7,569,442.66	7,534,467.95	34,974.71
Custodial Services:					
Salaries	1,793,492.00	(19,874.04)	1,773,617.96	1,773,617.96	
Salaries of Noninstructional Aides	460,000.00	281,271.90	741,271.90	741,271.90	
Other Purchased Professional Services		30,000.00	30,000.00	30,000.00	
Cleaning, Repair and Maintenance Services		6,255.19	6,255.19	6,255.19	
Rental of Land and Buildings Other than Lease	454,646.00	(41,178.09)	413,467.91	413,467.91	
Lease Purchase Payments - Energy Savings Program	1,207,002.00	(0.03)	1,207,001.97	1,207,001.97	
Other Purchased Property Services	460,000.00	(15,413.05)	444,586.95	444,586.95	
Insurance	1,273,555.00	(180,948.71)	1,092,606.29	1,092,606.29	
Travel - Plant and Technology Staff	2,500.00	(2,243.75)	256.25	256.25	
General Supplies	26,000.00	(17,053.57)	8,946.43	8,493.95	452.48
Energy (Electricity)	1,100,000.00	(169,341.08)	930,658.92	930,658.92	
Energy (Natural Gas)	1,300,000.00	317,353.14	1,617,353.14	1,617,353.14	
Other Objects		150.00	150.00	150.00	
Total Custodial Services	<u>8,077,195.00</u>	<u>188,977.91</u>	<u>8,266,172.91</u>	<u>8,265,720.43</u>	

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #8

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Salaries	\$ 195,961.00	\$ 13,957.05	\$ 209,918.05	\$ 209,918.05	\$
Cleaning, Repair, and Maintenance Services	215,000.00	33,656.44	248,656.44	248,656.44	
Total Care and Upkeep of Grounds	410,961.00	47,613.49	458,574.49	458,574.49	
Security:					
Salaries	481,661.00	102,324.51	583,985.51	583,985.51	
Purchased Professional Services	1,700,000.00	(97,770.18)	1,602,229.82	1,602,229.82	
Other Purchased Services	250,000.00	(210,760.15)	39,239.85	39,239.85	
General Supplies		49,789.40	49,789.40	49,789.40	
Total Security	2,431,661.00	(156,416.42)	2,275,244.58	2,275,244.58	
Total Operation and Maintenance of Plant Services	18,043,547.00	525,887.64	18,569,434.64	18,534,007.45	35,427.19
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Noninstructional Aides	533,401.00	169,641.79	703,042.79	703,042.79	
Salaries for Pupil Transportation (Between Home and School) - Regular	793,553.00	277,468.37	1,071,021.37	1,071,021.37	
Salaries for Pupil Transportation (Between Home and School) - Special Education	473,686.00	57,190.91	530,876.91	530,876.91	
Salaries for Pupil Transportation (Other Than Between Home and School)	1,651,190.00	(520,960.19)	1,130,229.81	1,130,229.81	
Salaries for Pupil Transportation (Nonpublic)	200,071.00	51,413.82	251,484.82	251,484.82	
Purchased Professional and Technical Services	6,500.00	876.91	7,376.91	7,376.91	
Cleaning, Repair and Maintenance Services	125,000.00	111,234.81	236,234.81	230,999.19	5,235.62
Rental Payments - School Buses	335,128.00	(215.81)	334,912.19	334,912.19	
Contracted Services (Between Home and School) - Vendors	6,603,076.00	35,703.75	6,638,779.75	6,638,779.75	
Contracted Services (Other Than Between Home and School) - Vendors	25,000.00	(18,030.19)	6,969.81	6,969.81	
Contracted Services (Between Home and School) - Joint Agreements	230,000.00	69,574.93	299,574.93	299,574.93	
Contracted Services - Special Education Students - Vendors	2,777,513.00	(4,912.88)	2,772,600.12	2,772,600.12	
Contracted Services - Special Education Students - Joint Agreement	994,085.00	72,229.99	1,066,314.99	1,066,314.99	
Contracted Services - Aid-in-Lieu - Nonpublic	315,000.00	4,663.72	319,663.72	319,663.72	
Miscellaneous Purchased Services	201,200.00	(171,576.00)	29,624.00	29,624.00	
Transportation Supplies	302,000.00	(47,437.11)	254,562.89	249,247.51	5,315.38
Other Objects		4,310.00	4,310.00	4,310.00	
Total Student Transportation Services	15,566,403.00	91,176.82	15,657,579.82	15,647,028.82	10,551.00

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #9

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Undistributed Expenditures:					
Unallocated Benefits - Employee Benefits:	\$ 1,596,762.00	\$ (22,274.05)	\$ 1,574,487.95	\$ 1,574,487.95	\$
Social Security Contributions	37,500.00	(7,102.68)	30,397.32	30,397.32	
TPAF Contributions - ERIP	2,058,570.00	(62,738.00)	1,995,832.00	1,995,832.00	
Other Retirement Contributions - Regular	50,000.00	(50,000.00)			
Unemployment Benefits	1,109,456.00	(26,821.50)	1,082,634.50	1,082,634.50	
Workers' Compensation Benefits	29,750,756.00	(1,849,954.04)	27,900,801.96	27,900,801.96	
Health Benefits	250,000.00	(117,903.09)	132,096.91	132,096.91	
Tuition Reimbursement	1,200,000.00	(643,691.18)	556,308.82	556,308.82	
Other Employee Benefits	36,053,044.00	(2,780,484.54)	33,272,559.46	33,272,559.46	
Total Unallocated Benefits - Employee Benefits					
Nonbudgeted:					
On-Behalf Contributions:					
Post Retirement Medical Benefits Contribution				7,136,918.00	(7,136,918.00)
Pension Contribution				24,424,703.00	(24,424,703.00)
Long-Term Disability Insurance Contribution				7,633.00	(7,633.00)
Reimbursed TPAF Social Security Contributions				5,232,434.46	(5,232,434.46)
Total Nonbudgeted				36,801,688.46	(36,801,688.46)
Total Undistributed Expenditures	97,593,859.00	(66,690.10)	97,527,168.90	134,114,011.54	(36,586,842.64)
Total Expenditures - Current Expense	165,463,546.00	502,826.52	165,966,372.52	202,552,558.19	(36,586,185.67)
Capital Outlay:					
Interest Deposit to Capital Reserve	200,000.00		200,000.00		200,000.00
Equipment:					
Undistributed Expenditures:					
Custodial Services		12,500.00	12,500.00	12,500.00	
Student Transportation		44,775.10	44,775.10	44,775.10	44,775.10
Total Equipment		57,275.10	57,275.10	12,500.00	44,775.10
Facilities Acquisition and Construction Services:					
Legal Services	5,000.00		5,000.00		5,000.00
Architectural/Engineering Services	160,200.00		160,200.00		160,200.00
Construction Services	1,819,345.00	(453,910.00)	1,365,435.00	572,515.00	792,920.00
Total Facilities Acquisition and Construction Services	1,984,545.00	(453,910.00)	1,530,635.00	572,515.00	958,120.00
Assessment for Debt Service on SDA Funding	159,432.00		159,432.00	159,432.00	

OLD BRIDGE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Sheet #10

	<u>Original Budget</u>	<u>Budget Modifications/Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>Expenditures</u>					
Total Capital Outlay	\$ 2,343,977.00	\$ (396,634.90)	\$ 1,947,342.10	\$ 744,447.00	\$ 1,202,895.10
Transfer of Funds to Charter Schools	452,219.00	116,621.00	568,840.00	568,840.00	
Total Expenditures	168,259,742.00	222,812.62	168,482,554.62	203,865,845.19	(35,383,290.57)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(11,346,513.00)	(222,812.62)	(11,569,325.62)	(10,084,808.63)	1,484,516.99
Other Financing Sources (Uses):					
Accounts Receivable Cancelled				(6,061.28)	6,061.28
State Unemployment Insurance				(9,589.13)	9,589.13
				(15,650.41)	15,650.41
Fund Balances, July 1	27,296,345.04		27,296,345.04	27,296,345.04	
Change in Fund Balances, June 30	\$ 15,949,832.04	\$ (222,812.62)	\$ 15,727,019.42	\$ 17,195,886.00	\$ 1,500,167.40
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Capital Reserve				\$ 13,749,046.91	
Maintenance Reserve				190,338.46	
Unemployment Compensation				258,844.19	
Committed Fund Balance:					
Year Ended Encumbrances				260,277.16	
Unassigned Fund Balance				2,737,379.28	
				17,195,886.00	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				2,379,481.00	
Fund Balance per Governmental Funds (GAAP)				\$ 14,816,405.00	

APPENDIX C

Form of Bond Counsel's Approving Legal Opinion

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

_____, 2026

The Board of Education of the
Township of Old Bridge
Old Bridge, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of \$_____ aggregate principal amount of Refunding School Bonds, Series 2026 (the “Bonds”) of The Board of Education of the Township of Old Bridge in the County of Middlesex, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board).

The Bonds are authorized by and are issued pursuant to: (i) Title 18A, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967 (the “Education Law”); (ii) a refunding bond ordinance finally adopted by the Board on February 11, 2026 (the “Refunding Bond Ordinance”) and (iii) a resolution duly adopted by the Board on February 11, 2026 (the “Resolution”).

The proceeds of the Bonds will be used to refund, on a current basis, all or a portion of the \$14,355,000 aggregate principal amount of the Board’s outstanding callable Refunding School Bonds, Series 2016, dated April 20, 2016 (the “Refunded Bonds”) at a redemption price of 100% of the principal amount thereof (the “Redemption Price”). Specifically, the proceeds of the Bonds will be used to pay: (i) the interest, when due, on the Refunded Bonds on July 15, 2026 (the “Call Date”); the Redemption Price on the Call Date and (iii) the costs associated with the issuance of the Bonds.

The Bonds are issued in fully registered book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. Purchases may be made in the principal amount of \$1,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book entries made on the books and the records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or its designated paying agent, directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of January and July in each year, commencing July 15, 2026, until maturity and shall mature on July 15, in the years and in the principal amounts, and shall bear interest, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026			2030		
2027			2031		
2028			2032		
2029					

The Bonds are not subject to optional redemption prior to their stated dates of maturity.

We have examined such matters of law, certified copies of the proceedings, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Education Law, the Refunding Bond Ordinance and the Resolution, (ii) the Bonds are valid and legally binding obligations of the Board, and (iii) all the taxable real property within the School District is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds in order for the interest on the Bonds to be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of initial issuance and delivery of the Bonds. The Board has covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Board with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds

are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Under existing laws of the State of New Jersey, the interest on the Bonds and any gain on the sale of the Bonds are not includable as gross income under the New Jersey Gross Income Tax Act.

[The Bonds maturing on July 15 in the years 20__ through 20__, inclusive (the “[Premium] Bonds”), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on July 15 in the years 20__ through 20__, inclusive (the “[Discount] Bonds”) and their respective initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the [Discount] Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each [Discount] Bond and the basis of each [Discount] Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.]

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

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights or remedies

heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the executed Bonds and, in our opinion, its form and execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated as of _____, 2026 (the "Disclosure Certificate") is executed and delivered by The Board of Education of the Township of Old Bridge in the County of Middlesex, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the issuance of its \$_____ aggregate principal amount of Refunding School Bonds, Series 2026 dated their date of delivery (the "Bonds"). The Bonds are being issued pursuant to a resolution duly adopted by the Board on March 10, 2026 (the "Bond Resolution"). The Board covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Board acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Board with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Agreement.

"Disclosure Representative" shall mean the Business Administrator/Board Secretary of the Board or his/her designee, or such other person as the Board shall designate in writing from time to time for the purposes of this Disclosure Certificate.

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

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Board or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

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

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“SEC” shall mean the United States Securities and Exchange Commission.

“SEC Release No. 34-59062” shall mean Release No. 34-59062 of the SEC dated December 5, 2008.

“State” shall mean the State of New Jersey.

“*Underwriters*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Board shall provide or cause to be provided to the Dissemination Agent not later than December 31 of each year, commencing December 31, 2026 (for the fiscal year ending June 30, 2026), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Board are not available by December 31, the Board shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Board, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Board.

(b) Not later than January 31 of each year (commencing January 31, 2027) the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Board does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall, in a timely manner, send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Board (if the Dissemination Agent is not the Board).

(d) Each year the Dissemination Agent shall file a report with the Board (if the Dissemination Agent is not the Board), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the Board changes, the Board shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Board, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The Board's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Board (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available as described in 3(a) above).

The audited financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP).

(2) The general financial information and operating data consistent with the information set forth in the Official Statement dated May 6, 2026, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (1) Board indebtedness; (2) property valuation information; (3) tax rate, levy and collection data; and (4) enrollment.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Board is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances of the Bonds;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes of the Bonds;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;

- (15) Incurrence of a Financial Obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, any of which reflect financial difficulties.

The Board shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in this subsection (a) of this Section 5, the Board may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Board has or obtains knowledge of the occurrence of any of the Listed Events, the Board shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Board determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Board is not the Dissemination Agent) and the Board shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Board determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Board) and the Dissemination Agent (if the Dissemination Agent is not the Board) shall be instructed by the Board not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Board (if the Dissemination Agent is not the Board). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Board's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Board is no longer an "Obligated Person" (as defined in the Rule). The Board shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Dissemination Agent; Compensation. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Board. The Board shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Board or “Obligated Person,” or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The Board shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Annual Report or notice

of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Board agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Board) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Board further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Board of Education:

The Board of Education of the
Township of Old Bridge
4207 Route 516
Matawan, New Jersey 07747
Attention: Business Administrator/Board Secretary

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

The Board of Education of the
Township of Old Bridge
4207 Route 516
Matawan, New Jersey 07747
Attention: Business Administrator/Board Secretary

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Board and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Board and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**THE BOARD OF EDUCATION OF THE
TOWNSHIP OF OLD BRIDGE**

By: _____
DAVID P. WEIDELE,
Business Administrator/Board Secretary

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: The Board of Education of the
 Township of Old Bridge
 in the County of Middlesex, New Jersey

Name of Issue: \$_____ Refunding School Bonds, Series 2026
 Dated: _____, 2026
 (CUSIP Number: 67950R____)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the above designated Board has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the Bonds dated as of _____, 2026 executed by the Board.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Board)

cc: The Board

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