

PRELIMINARY OFFICIAL STATEMENT DATED MAY 20, 2026

NEW ISSUE

NOT RATED

In the opinion of FBT Gibbons LLP, Bond Counsel to the Township (as defined herein), assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. Under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**TOWNSHIP OF CEDAR GROVE
IN THE COUNTY OF ESSEX, NEW JERSEY**

**\$12,322,000 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF:
\$8,505,000 GENERAL IMPROVEMENT NOTES, SERIES 2026,
\$2,479,100 WATER UTILITY NOTES, SERIES 2026
AND
\$1,337,900 SEWER UTILITY NOTES, SERIES 2026
(NON-CALLABLE) (BOOK-ENTRY ONLY)**

Dated: Date of Delivery
Due: June 22, 2027
Interest Rate: _____%
Yield: _____%
CUSIP No.: _____

The Township of Cedar Grove, in the County of Essex, New Jersey (the "Township") is offering \$12,322,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of \$8,505,000 General Improvement Notes, Series 2026 (the "General Improvement Notes"), \$2,479,100 Water Utility Notes, Series 2026 (the "Water Utility Notes") and \$1,337,900 Sewer Utility Notes, Series 2026 (the "Sewer Utility Notes" and together with General Improvement Notes and the Water Utility Notes, the "Notes").

The Notes will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as 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 or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases of the Notes may be made in the principal amount of \$5,000 each and any integral multiple of \$1,000 in excess thereof (except for two odd pieces) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes. See "THE NOTES – Book-Entry Only System" herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on June 22, 2027, and shall bear interest at the rate of interest set forth above, payable at maturity, calculated on the basis of a 360-day year of twelve 30-day calendar months. So long as DTC or its nominee is the registered owner of the Notes, principal of and interest on the Notes will be paid to DTC by the Township at maturity. Principal of and interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of June 15, 2027. The Notes are not subject to redemption prior to maturity.

The Notes are being issued pursuant to the Local Bond Law of the State of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and various bond ordinances in order to provide funds to (i) currently refund certain outstanding bond anticipation notes issued in connection with various capital projects of the Township, (ii) temporarily finance certain previously unfunded capital projects of the Township and (iii) pay certain costs incurred in connection with the issuance of the Notes.

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

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

The Notes are offered when, as and if received by the Underwriter (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by FBT Gibbons LLP, Newark, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about June 23, 2026 through the facilities of DTC in New York, New York.

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

**TOWNSHIP OF CEDAR GROVE
IN THE COUNTY OF ESSEX
NEW JERSEY**

MAYOR

Michele Mega

TOWNSHIP COUNCIL

Joseph Maceri, Deputy Mayor
Kerry Peterson
Melissa Skabich
John Zazzali

TOWNSHIP CLERK

Dale A. Forde

TOWNSHIP MANAGER

Joseph M. Zichelli, Esq.

CHIEF FINANCIAL OFFICER

Rebecca M. Roth

TOWNSHIP COUNSEL

Daniel Lagana, Esq.,
Oakland, New Jersey

MUNICIPAL ADVISOR

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

TOWNSHIP AUDITOR

Nisivoccia LLP
Mt. Arlington, New Jersey

BOND COUNSEL

FBT Gibbons LLP
Newark, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Township.

Any statements contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. This Official Statement is submitted in connection with the sale of the Notes and may not be reproduced or used, in whole or in part, for any other purpose.

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

FBT Gibbons LLP has not verified the accuracy, completeness or fairness of the information contained herein, except under "TAX MATTERS", and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

The term CUSIP referenced on the front cover page hereof is a registered trademark of American Bankers Association. The CUSIP number referenced on the front cover page hereof is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number referenced on the front cover page hereof is being provided solely for the convenience of holders of the Notes only at the time of issuance of the Notes and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number referenced on the front cover page hereof is subject to being changed after the issuance of the Notes.

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OFFICIAL STATEMENT

Relating to

TOWNSHIP OF CEDAR GROVE IN THE COUNTY OF ESSEX, NEW JERSEY

**\$12,322,000 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF:
\$8,505,000 GENERAL IMPROVEMENT NOTES, SERIES 2026
\$2,479,100 WATER UTILITY NOTES, SERIES 2026
AND
\$1,337,900 SEWER UTILITY NOTES, SERIES 2026
(NON-CALLABLE) (BOOK-ENTRY ONLY)**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Cedar Grove (the "Township"), in the County of Essex (the "County"), in the State of New Jersey (the "State"), in connection with the sale and the issuance of \$12,322,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of \$8,505,000 General Improvement Notes, Series 2026 (the "General Improvement Notes"), \$2,479,100 Water Utility Notes, Series 2026 (the "Water Utility Notes") and \$1,337,900 Sewer Utility Notes, Series 2026 (the "Sewer Utility Notes" and together with General Improvement Notes and the Water Utility Notes, the "Notes"). This Official Statement has been executed by and on behalf of the Township by its Township Manager and may be distributed in connection with the sale of the Notes described herein.

THE NOTES

Description of the Notes

The Notes are dated their date of delivery and will mature on June 22, 2027 and shall bear interest at the rate as set forth on the front cover page hereof, payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be credited to the participants of The Depository Trust Company, New York, New York ("DTC") as listed on the records of DTC as of June 15, 2027. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Township 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 Notes.

The Notes will be issued in fully registered book-entry form of one certificate in the principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co. as nominee of the DTC, which will act as Securities Depository for the Notes. 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 or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each and any integral multiple of \$1,000 in excess thereof (except for two odd pieces) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interest in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. See "Book-Entry-Only System" herein.

Redemption Provisions for the Notes

The Notes are not subject to redemption prior to maturity.

Book-Entry Only System

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

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

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

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

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

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

Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Township believes to be reliable, but Township takes no responsibility for the accuracy thereof.

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuance of Book-Entry-Only System

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

In the event that the book-entry only system for the Notes is discontinued, the Township has provided that upon receipt of the Note certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the certificates so provided.

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and the interest due on the Notes without limitation as to rate or amount.

MARKET PROTECTION

The Township does not anticipate issuing any bonds or tax anticipation notes during the balance of the calendar year 2026. The Township may issue additional bond anticipation notes, as necessary, during the balance of the calendar year 2026.

NO DEFAULT

The Township has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Township's indebtedness past due.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Bond Law"), and various ordinances finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law.

The Notes are being issued to temporarily finance \$1,522,800 in new money projects and to currently refund, together with \$2,618,800 of other available funds of the Township, the Township's \$13,418,000 Bond Anticipation Notes, Series 2025, issued June 25, 2025 and maturing June 24, 2026, as authorized by and described in the bond ordinances set forth below.

General Improvement Notes

Ordinance Number	Description	Principal Amount
20-868	Public Safety Radio Communications	\$ 389,395
21-872	Various Capital Improvements	1,043,500
22-892	Various Capital Improvements	915,200
23-908	Various Capital Improvements	1,384,450
24-932	Various Capital Improvements	1,401,120
25-949	Various Capital Improvements	1,848,535
26-973	Various Capital Improvements	1,522,800
		<hr/>
		\$8,505,000

Water Utility Notes

Ordinance Number	Description	Principal Amount
17-809	Various Water Utility Improvements	\$ 306,000
18-828	Various Water Utility Improvements	447,500
19-843	Various Water Utility Improvements	345,900
20-858	Various Water Utility Improvements	174,600
21-873	Various Water Utility Improvements	95,900
22-893	Various Water Utility Improvements	64,200
24-933	Various Water Utility Improvements	1,045,000
		<hr/>
		\$2,479,100

Sewer Utility Notes

Ordinance Number	Description	Principal Amount
18-827	Various Sewer Utility Improvements	\$ 85,500
19-842	Various Sewer Utility Improvements	207,100
20-857	Various Sewer Utility Improvements	254,000
21-874	Various Sewer Utility Improvements	384,500
22-894	Various Sewer Utility Improvements	206,800
24-934	Various Sewer Utility Improvements	200,000
		\$1,337,900

**MUNICIPAL FINANCE -
FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3¹/₂% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation is \$3,054,335,133.

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

The Township has not exceeded its statutory debt limit. As of December 31, 2025, the statutory net debt as a percentage of average equalized valuation was 0.697%. As noted above, the statutory limit is 3¹/₂%.

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

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

amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

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

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

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

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

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

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

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

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers

require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations. A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

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

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the Township to pay debt service on its bonds or notes.

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Township was last completed in 2009 for the 2010 tax year.

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

Tax bills are mailed annually in June by the Township. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. In connection with any delinquency of taxes, assessments or municipal charges exceeding \$10,000 which has not been paid prior to the end of a calendar year, there may also be imposed a penalty in the sum not in excess of 6% of the delinquency.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2025 for the Township is on file with the Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Notes from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Notes. The Township will make certain representations in its tax certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause the interest on the Notes to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. FBT Gibbons LLP, Bond Counsel to the Township, has relied upon the representations of the Township made in its tax certificate and has assumed continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to continuing compliance with the Code, FBT Gibbons LLP, Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

Tax Treatment of Original Issue Premium

The initial public offering price of the Notes is greater than the principal amount of the Notes payable at maturity. An amount equal to the excess of the purchase price of the Notes over its stated redemption price at maturity constitutes premium on the Notes. A purchaser of the Notes must amortize any premium over the Notes' term using constant yield principles, based on the Notes' yield to maturity. As premium is amortized, the purchaser's basis of the Notes and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of the Notes prior to their maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of the Notes, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning the Notes.

Additional Federal Income Tax Consequences

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

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code, interest on the Notes not constituting an item of tax preference under Section 57 of the Code, and interest on the Notes being included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

State Taxation

Bond Counsel to the Township is of the opinion that, under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Miscellaneous

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Notes, the exclusion of interest on the Notes from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Notes or any other date, or that such changes will not result in other adverse federal or state tax consequences.

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

LITIGATION

To the knowledge of the Township Attorney, Daniel Lagana, Esq., Oakland, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes,

or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (“Rule 15c2-12”) effective July 3, 1995 which generally prohibits a broker, dealer or municipal securities dealer (“Participating Underwriter”) from purchasing or selling municipal securities, such as the Notes, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board (“MSRB”) (the “Continuing Disclosure Requirements”).

On the date of delivery of the Notes, the Township will enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Notes pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the notices of enumerated events is set forth in “Appendix C - Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

In accordance with Rule 15c2-12 and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file its annual operating data for the year ended December 31, 2020. While the Township filed its operating data, as required by Rule 15c2-12, certain information was omitted or incomplete in such year. Additionally, the Township failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with the MSRB. The Township has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information with the MSRB as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes. Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that

Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Notes are subject to the approval of FBT Gibbons LLP, Newark, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Township by its Counsel, Daniel Lagana, Esq., Oakland, New Jersey.

INFECTIOUS DISEASE OUTBREAK - COVID-19

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain in effect.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

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

Based on available information as of the date hereof, the Township has received \$1,307,205.44 from the Plan. The Township received its first installment under the Plan in the amount of \$653,602.72 on July 13, 2021, and its second installment under the Plan in the amount of \$653,602.72 on July 6, 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The deadline to commit the funds was December 31, 2024 which was satisfied and to spend the funds is December 31, 2026 which was satisfied.

To date, the overall finances and operations of the Township have not been materially adversely affected due to the COVID-19 outbreak. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact governmental entities, including the Township. The Township cannot quantify any such potential impacts at this time.

CYBER SECURITY

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing,

viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

UNDERWRITING

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

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

MUNICIPAL ADVISOR

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

INDEPENDENT AUDITORS

The financial statements of the Township as of December 31, 2025 and for the year then ended, as included in Appendix B to this Official Statement, have been audited by Nisivoccia LLP, independent auditors, as stated in its report appearing herein.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Notes, by certificates signed by the Township Manager of the Township, that to his knowledge such descriptions and statements, as of the date of this Official Statement and on the date of issuance of the Notes, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

Nisivoccia LLP takes responsibility for the financial statements to the extent specified in its Independent Auditors' Report.

FBT Gibbons LLP, has not verified the accuracy, completeness or fairness of the information contained herein, except under the heading "TAX MATTERS" and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Joseph M. Zichelli, Esq., Township Manager, at 525 Pompton Avenue, Cedar Grove, New Jersey 07009, telephone (973) 239-1410 ext. 202, email zichelli@cedargrovenj.org or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF CEDAR GROVE

By: _____
Joseph M. Zichelli, Esq.,
Township Manager

Dated: May __, 2026

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
ABOUT THE TOWNSHIP OF CEDAR GROVE

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INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The Township is a suburban municipality located in the northeastern part of the County, occupying approximately 4.5 square miles. Neighboring municipalities include the Township of Verona, Borough of North Caldwell, Township of Montclair, and the Township of Little Falls.

Form of Government

The Township operates under the Operational Municipal Charter Act N.J.S.A. 40:60A-1, et. seq. The Township is represented by five (5) at-large council members elected every other odd year for four (4) year terms. The Governing Body is composed of a Mayor and Deputy Mayor who are chosen among the elected council members. Pursuant to N.J.S.A. 40:69A-87, the Mayor shall preside at all meetings of the Council and shall have a voice and vote in its proceedings. Additionally, all bonds, notes, contracts and written obligations of the Township shall be executed on its behalf by the mayor or their designee. The Mayor’s powers are expressly limited by this provision. All powers of the Township and determination of all matters of policy shall be vested in the Township Council except as otherwise provided by the Operational Municipal Charter or general law (N.J.S.A. 40:69A-88). The Council exercises general legislative powers conferred upon it by statute to promote the general welfare of the Township. Such powers include the ability to enact ordinances, approve resolutions, adopt the annual budget, and determine the tax levy.

The Township Manager oversees the day-to-day operations of the Township and executes all laws and policy prerogatives of the Mayor and Council. The Township Manager shall, *inter alia*, (a) be the chief executive and administrative official of the Township; (b) execute all laws and ordinances of the Township; (c) negotiate contracts for the Township subject to the approval of the Township Council, make recommendations concerning the nature and location of municipal improvements, and execute municipal improvements as determined by the Township Council; (d) see that all terms and conditions imposed in favor of the municipality or its inhabitants in any statute, public utility franchise or other contract are faithfully kept and performed, and upon knowledge of any violation call the same to the attention of the Township Council; (e) attend all meetings of the municipal council with the right to take part in the discussions, but without the right to vote; (f) recommend to the Township Council for adoption such measures as he may deem necessary or expedient, keep the Township Council advised of the financial condition of the Township, make reports to the Township Council as requested by it, and at least once a year make an annual report of their work for the benefit of the council and the public; and (g) investigate at any time the affairs of any officer or department of the Township Council (N.J.S.A. 40:69A-95). The Township Manager is responsible for preparing the municipal budget and presenting it to the Township Council (N.J.S.A. 40:69A-96).

¹ Source: The Township, unless otherwise indicated.

Transportation

The Township is located fifteen (15) miles west of New York City. The Township is adjacent to many major interstate and intrastate roadways, including Routes 23, 3, 46, and 280.

Public Safety

The Township is served by a Police Department staffed with thirty-one (31) officers, a Volunteer Fire Department composed of seventy-five (75) volunteer firemen and a hybrid paid/volunteer Ambulance and Rescue Squad.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

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

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024	6,362	6,106	256	4.0%
2023	6,313	6,082	231	3.7
2022	6,213	5,994	219	3.5
2021	6,143	5,752	391	6.4
2020	5,976	5,447	529	8.9
<u>County</u>				
2024	425,042	401,693	23,349	5.5%
2023	421,561	400,097	21,464	5.1
2022	411,706	393,305	18,401	4.5
2021	408,248	375,634	32,614	8.0
2020	413,130	369,222	43,908	10.6
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3
2022	4,756,002	4,572,879	183,123	3.9
2021	4,654,243	4,342,075	312,168	6.7
2020	4,643,700	4,204,301	439,399	9.5

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

Income (as of 2024)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$151,263	\$80,789	\$103,556
Median Family Income	181,893	106,938	127,025
Per Capita Income	67,703	49,449	54,253

Source: US Bureau of the Census, 2024 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	13,766	6.06%	881,527	2.06%	9,500,851	2.28%
2020	12,980	4.58	863,728	10.17	9,288,994	5.65
2010	12,411	0.90	783,969	-1.22	8,791,894	4.49
2000	12,300	2.05	793,633	1.98	8,414,350	8.85
1990	12,053	-4.34	778,206	-8.59	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
May 36 Cliffside Drive Urban Renewal	\$27,805,200	1.22%
Bradford Arms C/O S. Geltman & Co.	17,715,000	0.78
Grove Associates	16,320,000	0.72
Cedar Hill Realty Associates LLC	15,170,000	0.67
691 Pompton A venue Realty LLC	14,541,100	0.64
St Vincent's Propco LLC	11,132,900	0.49
Cliffside Drive Holding LLC	11,104,300	0.49
Waterview Center Realty LLC	10,659,100	0.47
2-48 Grove A venue LLC	9,657,000	0.42
Canterbury At Cedar Grove LLC	<u>9,500,000</u>	<u>0.42</u>
Total	<u>\$143,604,600</u>	<u>6.42%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025	\$61,812,187	\$61,389,346	99.32%
2024	59,459,670	58,564,719	98.49
2023	59,080,370	58,226,816	98.56
2022	57,303,564	56,912,129	99.32
2021	56,396,973	55,998,033	99.29

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2025	\$293,491	\$373,647	\$667,138	1.08%
2024	276,861	861,168	1,138,029	1.91
2023	371,997	651,382	1,023,378	1.73
2022	255,002	367,927	622,929	1.09
2021	239,862	365,636	605,498	1.07

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Year End Balance</u>
2025	\$165,000
2024	165,000
2023	165,000
2022	165,000
2021	165,000

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Special Garbage District</u>	<u>County</u>	<u>Total</u>
2025	\$0.583	\$1.547	\$0.084	\$0.473	\$2.687
2024	0.566	1.493	0.073	0.474	2.606
2023	0.535	1.468	0.073	0.527	2.603
2022	0.535	1.433	0.073	0.523	2.564
2021	0.526	1.409	0.073	0.525	2.533

Municipal rates include local library tax; County rates include open space tax
Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$2,275,407,500	\$3,336,374,633	68.20%	\$1,417,400	\$3,337,792,033
2024	2,259,524,000	3,018,736,139	74.85	1,521,100	3,020,257,239
2023	2,256,985,700	2,807,894,626	80.38	1,501,500	2,809,396,126
2022	2,227,617,600	2,657,620,616	83.82	1,496,669	2,659,117,285
2021	2,221,021,400	2,512,751,895	88.39	1,540,200	2,514,292,095

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$48,223,800	\$1,877,808,400	\$2,164,000	\$195,447,400	\$95,021,900	\$56,742,000	\$2,275,407,500
2024	48,503,100	1,871,874,600	2,164,000	184,895,400	95,344,900	56,742,000	2,259,524,000
2023	48,040,700	1,863,100,900	2,164,000	191,634,100	95,304,000	56,742,000	2,256,985,700
2022	27,243,800	1,854,446,800	2,105,100	191,788,400	95,291,500	56,742,000	2,227,617,600
2021	28,401,900	1,845,843,400	2,105,100	192,637,500	95,291,500	56,742,000	2,221,021,400

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Fund Balance Utilized	\$5,487,206	\$7,217,549	\$7,300,000	\$7,400,000	\$7,400,000
Miscellaneous Revenues	2,892,012	2,548,380	3,281,514	3,478,791	3,290,922
Receipts from Delinquent Taxes	350,000	350,000	350,000	400,000	150,000
Amount to be Raised by Taxation	<u>11,924,488</u>	<u>12,379,920</u>	<u>12,779,010</u>	<u>13,261,233</u>	<u>13,761,914</u>
Total Revenue:	<u>\$20,653,706</u>	<u>\$22,495,848</u>	<u>\$23,710,524</u>	<u>\$24,540,024</u>	<u>\$24,602,835</u>
<u>Appropriations</u>					
General Appropriations	\$14,303,296	\$14,853,448	\$15,629,978	\$16,382,833	\$17,047,282
Operations (Excluded from CAPS)	1,666,212	1,567,367	1,258,239	1,528,478	2,062,087
Deferred Charges and Statutory Expenditures	0	0	0	0	0
Capital Improvement Fund	111,850	1,957,293	1,926,000	1,772,000	750,000
Municipal Debt Service	4,012,348	3,557,740	3,744,650	3,693,995	3,591,260
Reserve for Uncollected Taxes	<u>560,000</u>	<u>560,000</u>	<u>1,151,657</u>	<u>1,162,718</u>	<u>1,152,206</u>
Total Appropriations:	<u>\$20,653,706</u>	<u>\$22,495,848</u>	<u>\$23,710,524</u>	<u>\$24,540,024</u>	<u>\$24,602,835</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$12,333,330	\$7,400,000
2024	11,054,697	7,400,000
2023	12,019,464	7,300,000
2022	13,796,154	7,217,549
2021	11,219,615	5,487,206

Source: Annual Audit Reports of the Township

Sewer Utility Operating Fund

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

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$1,512,306	\$558,200
2024	53,840	0
2023	146,840	93,000
2022	109,389	92,816
2021	227,684	227,684

Source: Annual Audit Reports of the Township

Water Utility Operating Fund

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

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$1,318,370	\$520,000
2024	14,027	0
2023	14,027	0
2022	166,314	152,287
2021	247,653	247,653

Source: Annual Audit Reports of the Township

Swimming Pool Utility Operating Fund

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

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$0.25	\$0
2024	0.25	0
2023	0.25	0
2022	0.25	0
2021	0.25	0

Source: Annual Audit Reports of the Township

Solid Waste Utility Operating Fund

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

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$134,153	\$134,153
2024	82,616	82,616
2023	330,395	329,950
2022	619,498	619,053
2021	1,296,692	770,447

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2025

General Purpose Debt

Serial Bonds	\$11,910,000
Bond Anticipation Notes	8,894,000
Bonds and Notes Authorized but Not Issued	163,794
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$20,967,794

Local School District Debt

Serial Bonds	\$12,246,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$12,246,000

Self-Liquidating Debt

Serial Bonds	\$3,605,000
Bond Anticipation Notes	4,524,000
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$8,129,000

TOTAL GROSS DEBT

\$41,342,794

Less: Statutory Deductions

General Purpose Debt \$0

Local School District Debt 12,246,000

Self-Liquidating Debt 7,804,000

Total: \$20,050,000

TOTAL NET DEBT

\$21,292,794

Source: Annual Audit Report of the Township

Overlapping Debt (as of December 31, 2025)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$12,246,000	100.00%	\$12,246,000
County	947,474,874	2.19%	<u>20,732,580</u>
Net Indirect Debt			\$32,978,580
Net Direct Debt			<u>21,292,794</u>
Total Net Direct and Indirect Debt			<u>\$54,271,374</u>

Debt Limit

Average Equalized Valuation Basis (2023, 2024, 2025)	\$3,054,335,133
Permitted Debt Limitation (3 1/2%)	106,901,730
Less: Net Debt	<u>21,292,794</u>
Remaining Borrowing Power	<u>\$85,608,936</u>
Percentage of Net Debt to Average Equalized Valuation	0.697%
Gross Debt Per Capita based on 2020 population of 12,980	\$3,185
Net Debt Per Capita based on 2020 population of 12,980	\$1,640

Source: Annual Audit Report of the Township

Litigation

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

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

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APPENDIX B

FINANCIAL STATEMENTS

TOWNSHIP OF CEDAR GROVE
APPENDIX B
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AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025, 2024
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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Cedar Grove
Cedar Grove, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* – of the various funds and account group of the Township of Cedar Grove in the County of Essex (the "Township") as of, and for the years ended December 31, 2025 and 2024, and the related notes to financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting as of December 31, 2024

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Township as of December 31, 2024, in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting as of December 31, 2025 and 2024 and for the General Fixed Assets Account Group as of December 31, 2025

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Township as of December 31, 2025 and each fund as of December 31, 2024, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years ended December 31, 2025 and 2024 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2025 and 2024, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and General Fixed Assets Accounts Group as of December 31, 2025 and on the Various Funds as of December 31, 2024 and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting as of December 31, 2024

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

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group as of December 31, 2024 on Regulatory Basis of Accounting

The financial statements – *regulatory basis as of December 31, 2024* – of the Township do not include the general fixed assets account group, which should be included to conform with the accounting practices prescribed or permitted by the Division. As described in Note 1, the amount that should be recorded in the general fixed asset account group as of December 31, 2024 cannot be determined.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 GAAS and *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Mount Arlington, New Jersey
April 26, 2026

NISIVOCCIA LLP



TOWNSHIP OF CEDAR GROVE
CURRENT FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	\$ 16,831,184.26	\$ 14,479,565.91	\$ 17,291,087.58
Change Fund	265.00	265.00	265.00
	<u>16,831,449.26</u>	<u>14,479,830.91</u>	<u>17,291,352.58</u>
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions	275.00		
	<u>16,831,724.26</u>	<u>14,479,830.91</u>	<u>17,291,352.58</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	373,647.39	861,167.90	651,381.69
Tax Title Liens Receivable	293,491.04	276,861.31	371,996.60
Property Acquired for Taxes at Assessed Valuation	165,000.00	165,000.00	165,000.00
Revenue Accounts Receivable	30,192.93	16,600.07	24,294.52
Due Federal and State Grant Fund	45,037.36	27,735.87	14,823.28
Due Animal Control Fund	6,842.85	8,865.13	16,883.41
Due Other Trust Fund	4,444.82		
Due General Capital Fund	51,862.00	220,000.00	18,187.04
Due Water Utility Operating Fund	398,034.74	31,042.41	
Due Sewer Utility Operating Fund	42,618.46	249,783.28	
Due Swimming Pool Operating Fund	23,418.54		
Due Solid Waste District Fund		416,996.25	
Due Payroll Account	3,985.03		
	<u>1,438,575.16</u>	<u>2,274,052.22</u>	<u>1,262,566.54</u>
Total Receivables and Other Assets with Full Reserves			
	<u>18,270,299.42</u>	<u>16,753,883.13</u>	<u>18,553,919.12</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	257,381.18	2,716,336.84	2,110,335.43
Grants Receivable	185,341.83	10,121.26	211,639.45
Due General Capital Fund	207,917.47		
Due from Cedar Grove Free Public Library	7,029.00		
	<u>657,669.48</u>	<u>2,726,458.10</u>	<u>2,321,974.88</u>
Total Federal and State Grant Fund			
	<u>\$ 18,927,968.90</u>	<u>\$ 19,480,341.23</u>	<u>\$ 20,875,894.00</u>

TOWNSHIP OF CEDAR GROVE
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	December 31,		December 31,	
	2025	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Regular Fund:				
Appropriation Reserves:				
Encumbered	\$ 177,972.42	\$ 50,765.19		
Unencumbered	1,339,314.64	1,183,014.77	\$ 1,019,890.92	
	<u>1,517,287.06</u>	<u>1,233,779.96</u>	<u>1,019,890.92</u>	
Due State of New Jersey:				
Senior Citizens' and Veterans' Deductions	5,785.74	5,785.74	5,535.74	
Lead Inspection Fees	160.00			
DCA Fees	2,255.00			
Burial Permits	5.00			
Local School District Taxes Payable	2,218,400.48	1,481,587.00	1,182,970.50	
County Added and Omitted Taxes Payable		63,772.17	26,439.24	
County Taxes Payable - Payment in Lieu of Taxes	297,302.47	297,589.65	297,107.93	
Prepaid Taxes	372,267.74	235,782.60	300,964.10	
Prepaid Payment in Lieu of Taxes	32,230.88	39,321.31	7,409.97	
Payment in Lieu of Taxes Overpayments		7,409.97	36,437.68	
Due Other Trust Funds		8,976.81	1,104,320.88	
Due Water Utility Capital Fund		3,735.75		
Due Sewer Utility Capital Fund		542.97		
Due Swimming Pool Utility Operating Fund		49.70		
Due SOLID WASTE DISTRICT FUND			1,136,624.29	
Reserve for:				
Township Revaluation		416.30	416.30	
Pending Tax Appeals		46,383.98	44,986.45	
Municipal Relief Fund Aid			108,784.94	
Tax Sale Premiums	52,700.00			
	<u>4,498,394.37</u>	<u>3,425,133.91</u>	<u>5,271,888.94</u>	
Reserve for Receivables and Other Assets	1,438,575.16	2,274,052.22	1,262,566.54	
Fund Balance	<u>12,333,329.89</u>	<u>11,054,697.00</u>	<u>12,019,463.64</u>	
Total Regular Fund	<u>18,270,299.42</u>	<u>16,753,883.13</u>	<u>18,553,919.12</u>	
Federal and State Grant Fund:				
Due Current Fund	45,037.36	27,735.87	14,823.28	
Due to General Capital Fund		1,307,205.58		
Due Other Trust Funds	14,639.57			
Appropriated Reserves	546,685.49	1,359,571.62	2,036,333.10	
Unappropriated Reserves	30,938.87	1,884.25	242,890.60	
Reserve for Encumbrance	6,355.05			
Reserve for Maintenance of Free Public Library	14,013.14	30,060.78	27,927.90	
	<u>657,669.48</u>	<u>2,726,458.10</u>	<u>2,321,974.88</u>	
Total Federal and State Grant Fund	<u>657,669.48</u>	<u>2,726,458.10</u>	<u>2,321,974.88</u>	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 18,927,968.90</u>	<u>\$ 19,480,341.23</u>	<u>\$ 20,875,894.00</u>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE

<u>Revenue and Other Income Realized</u>	Year Ended December 31,		
	2025	2024	2023
Fund Balance Utilized	\$ 7,400,000.00	\$ 7,300,000.00	\$ 7,217,548.68
Miscellaneous Revenue Anticipated	4,033,067.57	4,829,688.93	3,298,717.76
Receipts from:			
Delinquent Taxes	859,496.07	651,381.69	275,827.50
Current Taxes	61,389,345.51	58,564,719.36	58,226,816.05
Nonbudget Revenue	4,429,599.34	6,209,783.13	6,043,913.19
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	889,271.84	662,254.91	857,610.95
Federal and State Grant Fund - Appropriated Reserves Cancelled	219,644.94	209,245.26	
Federal and State Grant Fund - Unappropriated Reserves Cancelled		10,547.24	
Reserve for Third Party Liens Cancelled	46,383.98		
Payment in Lieu of Taxes Overpayments Cancelled	7,409.97		
Prepaid Payment in Lieu of Taxes Applied	39,321.31	36,437.68	28,686.14
Due Other Trust Funds:			
Prior Year Interfund Cancelled	9,950.97		
Reimbursement for Prior Year Expenditures paid by Current Fund	572,702.70		
Due General Capital Fund:			
Other Trust Reserve Closed to General Capital Fund	51,862.00		
Interfunds Returned	378,179.14		
Total Income	<u>80,326,235.34</u>	<u>78,474,058.20</u>	<u>75,949,120.27</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes	23,530,886.77	23,155,672.21	21,317,308.81
County Taxes	10,880,228.51	10,781,538.36	11,626,270.12
Local School District Taxes	35,226,434.00	33,752,807.00	33,155,574.00
Special District Taxes	1,906,483.11	1,835,048.96	1,805,588.56
Prior Year Senior Citizens Deductions' Disallowed	250.00		
Reserve for Tax Sale Premiums	60,500.00		
Refund of Prior Year Revenue:			
Other			8,281.00
Federal and State Grant Fund - Grants Receivable Cancelled	42,820.06	211,639.45	
Interfunds and Other Accounts Receivable Advanced		904,529.21	226,531.99
Payment in Lieu of Taxes - Local School		1,200,000.00	1,800,000.00
Payment in Lieu of Taxes - County		297,589.65	297,107.93
Prior Years' State of New Jersey Tax Court Judgements			271,599.86
Total Expenditures	<u>71,647,602.45</u>	<u>72,138,824.84</u>	<u>70,508,262.27</u>
Excess in Revenue	<u>8,678,632.89</u>	<u>6,335,233.36</u>	<u>5,440,858.00</u>
<u>Fund Balance</u>			
Balance January 1	11,054,697.00	12,019,463.64	13,796,154.32
	<u>19,733,329.89</u>	<u>18,354,697.00</u>	<u>19,237,012.32</u>
Decreased by:			
Utilized as Anticipated Revenue	7,400,000.00	7,300,000.00	7,217,548.68
Balance December 31	<u>\$ 12,333,329.89</u>	<u>\$ 11,054,697.00</u>	<u>\$ 12,019,463.64</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,					
	2025		2024		2023	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 7,400,000.00	\$ 7,400,000.00	\$ 7,300,000.00	\$ 7,300,000.00	\$ 7,217,548.68	\$ 7,217,548.68
Total Miscellaneous Revenue	3,633,494.79	4,033,067.57	3,281,514.44	4,829,688.93	2,548,379.82	3,298,717.76
Receipts from Delinquent Taxes	400,000.00	859,496.07	350,000.00	651,381.69	350,000.00	275,827.50
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes	13,261,233.05	14,538,917.96	12,779,009.54	13,346,981.80	12,379,919.72	12,199,383.37
Nonbudget Revenue		4,429,599.34		6,209,783.13		6,043,913.19
Total Income	\$ 24,694,727.84	\$ 31,261,080.94	\$ 23,710,523.98	\$ 32,337,835.55	\$ 22,495,848.22	\$ 29,035,390.50

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	2025				2024				2023			
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Operations for Municipal Purposes:												
Salaries and Wages	\$ 7,708,815.00	\$ 7,280,663.33	\$ 234,001.67	\$ 7,541,836.68	\$ 6,966,577.26	\$ 383,259.42	\$ 7,342,581.96	\$ 6,809,099.46	\$ 340,633.50			
Other Expenses	10,357,199.77	9,446,036.80	1,105,312.97	9,951,080.07	9,343,324.72	799,755.35	9,078,233.26	7,973,295.49	679,247.36			
Capital Improvements	1,772,000.00	1,772,000.00		1,926,000.00	1,926,000.00		1,957,293.00	1,957,282.94	10.06			
Debt Service	3,693,995.00	3,692,872.00		3,744,650.25	3,736,755.46		3,557,740.00	3,557,740.00				
Total Operations for Municipal Purposes	23,532,009.77	22,191,572.13	1,339,314.64	23,163,567.00	21,972,657.44	1,183,014.77	21,935,848.22	20,297,417.89	1,019,890.92			
Reserve for Uncollected Taxes	1,162,718.07	1,162,718.07		1,151,656.76	1,151,656.76		560,000.00	560,000.00				
	\$ 24,694,727.84	\$ 23,354,290.20	\$ 1,339,314.64	\$ 24,315,223.76	\$ 23,124,314.20	\$ 1,183,014.77	\$ 22,495,848.22	\$ 20,857,417.89	\$ 1,019,890.92			
Adopted Budget	\$24,540,023.89			\$ 23,710,523.98			\$ 22,495,848.22					
Added by NJSA 40A:4-87	154,703.95			604,699.78								
	\$ 24,694,727.84			\$ 24,315,223.76			\$ 22,495,848.22					

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	\$ 23,264.05	\$ 25,605.13	\$ 33,382.21
Other Trust Funds:			
Cash and Cash Equivalents	2,961,517.61	3,568,121.83	2,171,380.34
Investments			546,175.71
	<u>2,961,517.61</u>	<u>3,568,121.83</u>	<u>2,717,556.05</u>
Due Current Fund		8,976.81	919,233.63
Due from Federal and State Grant Fund	14,639.57		
Due from General Capital Fund	52,712.50		
Community Development Block Grants Receivable		52,712.50	52,712.50
	<u>3,028,869.68</u>	<u>3,629,811.14</u>	<u>3,689,502.18</u>
TOTAL ASSETS	<u><u>\$ 3,052,133.73</u></u>	<u><u>\$ 3,655,416.27</u></u>	<u><u>\$ 3,722,884.39</u></u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State Board of Health		\$ 405.00	\$ 50.40
Due Current Fund	\$ 6,842.85	8,865.13	16,883.41
Reserve for Animal Control Expenditures	16,421.20	16,335.00	16,448.40
	<u>23,264.05</u>	<u>25,605.13</u>	<u>33,382.21</u>
Other Trust Funds:			
Due to Current Fund	4,444.82		
Special Deposits			162,796.98
Other Deposits	1,435,438.76	1,708,581.01	1,533,251.92
Reserve for:			
Depositors' Funds Assigned as Security	1,494,739.10	1,722,907.59	1,809,217.60
Community Development Block Grant Programs		104,574.50	104,574.50
Municipal Open Space Trust	38,986.95	38,272.32	37,654.52
State Unemployment Insurance	55,260.05	55,475.72	42,006.66
	<u>3,028,869.68</u>	<u>3,629,811.14</u>	<u>3,689,502.18</u>
TOTAL LIABILITIES AND RESERVES	<u><u>\$ 3,052,133.73</u></u>	<u><u>\$ 3,655,416.27</u></u>	<u><u>\$ 3,722,884.39</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,356,133.51	\$ 4,806,932.16	\$ 7,338,485.31
Grants Receivable:			
New Jersey Department of Transportation CARES Act Grant	1,237,007.73	938,953.12	938,953.12 1,307,205.58
Due from Federal and State Grant Fund		1,307,205.58	
Deferred Charges to Future Taxation:			
Funded	11,910,000.00	12,826,000.00	13,742,000.00
Unfunded	9,057,794.11	9,382,474.00	9,520,450.00
TOTAL ASSETS	\$ 27,560,935.35	\$ 29,261,564.86	\$ 32,847,094.01
<u>LIABILITIES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	\$ 8,894,000.00	\$ 8,984,000.00	\$ 9,520,450.00
General Serial Bonds Payable	11,910,000.00	12,826,000.00	13,742,000.00
Improvement Authorizations:			
Funded	2,589,014.09	4,201,163.63	4,800,403.49
Unfunded	1,300,629.14	1,650,930.06	1,668,211.03
Due to Current Fund	51,862.00	220,000.00	18,187.04
Due to Federal and State Grant Fund	207,917.47		
Due to Other Trust Fund	52,712.50		
Capital Improvement Fund	1,125,992.00	23,327.00	1,592,043.00
Reserve for Grants Receivable:			
New Jersey Department of Transportation	350,000.00	350,000.00	350,000.00
Reserve for Fire Apparatus	700,000.00	700,000.00	700,000.00
Fund Balance	378,808.15	306,144.17	455,799.45
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,560,935.35	\$ 29,261,564.86	\$ 32,847,094.01

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Year Ended December	Year Ended December 31,	
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 306,144.17	\$ 455,799.45	\$ 224,163.25
Increased by:			
Premium on Sale of Notes	72,663.98	70,344.72	375,542.06
Premium on Sale of Bonds			80,257.39
	<u>378,808.15</u>	<u>526,144.17</u>	<u>679,962.70</u>
Decreased by:			
Fund Balance Anticipated in Current Fund		220,000.00	224,163.25
Ending Balance	<u><u>\$ 378,808.15</u></u>	<u><u>\$ 306,144.17</u></u>	<u><u>\$ 455,799.45</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 1,880,403.93	\$ 69,640.75	\$ 265,094.82
Due from Water Utility Capital Fund		17,559.69	4,666.25
Due from Solid Waste District		130,007.59	
	<u>1,880,403.93</u>	<u>217,208.03</u>	<u>269,761.07</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	251,794.08	310,875.69	209,590.79
Inventory - Materials and Supplies	20,959.56	19,477.00	19,702.50
	<u>272,753.64</u>	<u>330,352.69</u>	<u>229,293.29</u>
Deferred Charges:			
Overexpenditure of Appropriations	6,542.65	38,047.49	
Deficit in Operations		76,909.70	
	<u>2,159,700.22</u>	<u>662,517.91</u>	<u>499,054.36</u>
Capital Fund:			
Cash and Cash Equivalents	952,709.36	1,184,044.55	131,418.43
Due from Current Fund		3,735.75	
Fixed Capital	12,284,771.95	12,284,771.95	12,284,771.95
Fixed Capital Authorized and Uncompleted	1,760,000.00	1,760,000.00	660,000.00
	<u>14,997,481.31</u>	<u>15,232,552.25</u>	<u>13,076,190.38</u>
TOTAL ASSETS	<u>\$ 17,157,181.53</u>	<u>\$ 15,895,070.16</u>	<u>\$ 13,575,244.74</u>

TOWNSHIP OF CEDAR GROVE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	December 31,		December 31,	
	2025	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Operating Fund:				
Appropriation Reserves:				
Unencumbered	\$ 28,969.13	\$ 34,677.86	\$ 164,060.16	
Encumbered	50,381.88	148,943.53		
	<u>79,351.01</u>	<u>183,621.39</u>	<u>164,060.16</u>	
Due to Current Fund	398,034.74	31,042.41		
Water Rent Overpayments	10,933.33	12,893.04	21,712.15	
Accrued Interest on Bonds	21,541.67	23,541.67	24,916.67	
Accrued Interest on Notes	58,716.00	67,039.50	45,044.88	
	<u>568,576.75</u>	<u>318,138.01</u>	<u>255,733.86</u>	
Reserve for Receivables	272,753.64	330,352.69	229,293.29	
Fund Balance	<u>1,318,369.83</u>	<u>14,027.21</u>	<u>14,027.21</u>	
Total Operating Fund	<u>2,159,700.22</u>	<u>662,517.91</u>	<u>499,054.36</u>	
Capital Fund:				
Bond Anticipation Notes Payable	2,796,000.00	2,868,000.00	2,083,000.00	
Serial Bonds Payable	1,150,000.00	1,270,000.00	1,380,000.00	
Contracts Payable		164,054.50		
Improvement Authorizations:				
Unfunded	908,678.34	962,521.97	33,004.79	
Due to Water Utility Operating Fund		17,559.69	4,666.25	
Capital Improvement Fund	21,187.70	21,187.70	76,187.70	
Reserve for Amortization	9,984,471.95	9,132,771.95	9,022,771.95	
Deferred Reserve for Amortization	114,300.00	774,000.00	459,000.00	
Fund Balance	<u>22,843.32</u>	<u>22,456.44</u>	<u>17,559.69</u>	
Total Capital Fund	<u>14,997,481.31</u>	<u>15,232,552.25</u>	<u>13,076,190.38</u>	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 17,157,181.53</u></u>	<u><u>\$ 15,895,070.16</u></u>	<u><u>\$ 13,575,244.74</u></u>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized			\$ 152,286.52
Water Rents	\$ 2,650,081.06	\$ 2,250,218.51	2,098,597.10
Miscellaneous Revenue Anticipated	1,335,749.65	81,593.81	148,360.52
Water Capital Fund Surplus	22,456.44	17,559.69	26,248.69
Deficit - General Budget			531.41
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	34,411.66	16,832.81	108,987.51
	<u>4,042,698.81</u>	<u>2,366,204.82</u>	<u>2,535,011.75</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating	2,076,500.00	1,788,041.51	1,927,776.50
Capital Improvements			33,000.00
Debt Service	364,478.00	522,812.13	412,380.04
Deferred Charges and Statutory Expenditures	297,378.19	132,260.88	161,855.21
	<u>2,738,356.19</u>	<u>2,443,114.52</u>	<u>2,535,011.75</u>
Excess in Revenue	\$ 1,304,342.62	\$ (76,909.70)	
Adjustment Before Fund Balance:			
Deferred Charges:			
Overexpenditure of Appropriations		76,909.70	
Statutory Excess to Fund Balance	\$ 1,304,342.62		
<u>Fund Balance</u>			
Balance January 1	14,027.21	14,027.21	\$ 166,313.73
	1,318,369.83	14,027.21	166,313.73
Decreased by:			
Utilization as Anticipated Revenue:			
Water Operating Budget			152,286.52
Balance December 31	<u>\$ 1,318,369.83</u>	<u>\$ 14,027.21</u>	<u>\$ 14,027.21</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE

	Year Ended December 31,		
	2025	2024	2023
Beginning Balance	\$ 22,456.44	\$ 17,559.69	\$ 26,248.69
Increased by:			
Premium on Sale of Notes	22,843.32	22,456.44	17,559.69
	45,299.76	40,016.13	43,808.38
Decreased by:			
Fund Balance Anticipated in Current Fund	22,456.44	17,559.69	26,248.69
Ending Balance	\$ 22,843.32	\$ 22,456.44	\$ 17,559.69

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,			
	2025	2024		2023
	Anticipated	Realized	Anticipated	Realized
Operating Surplus Anticipated				
Water Rents	\$ 2,250,218.51	\$ 2,650,081.06	\$ 2,461,654.40	\$ 2,250,218.51
Miscellaneous Revenue	81,500.00	1,335,749.65	148,360.52	81,593.81
Water Capital Fund Surplus	22,456.44	22,456.44	17,559.69	17,559.69
Anticipated Deficit - Current Fund	398,034.74			307,679.19
Total Income	\$ 2,752,209.69	\$ 4,008,287.15	\$ 2,627,574.61	\$ 2,349,372.01
			\$ 2,544,731.21	\$ 2,426,024.24

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	2025			2024			2023		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages	\$506,500.00	\$497,783.01	\$ 8,716.99	\$ 600,704.00	\$ 595,797.73	\$ 4,906.27	\$ 604,245.00	\$ 599,098.27	\$ 5,146.73
Other Expenses	1,570,000.00	1,550,498.36	19,501.64	1,503,926.86	1,289,826.80	214,100.06	1,485,386.71	1,338,159.36	147,227.35
Capital Improvements	378,331.50	364,478.00					33,000.00	21,313.92	11,686.08
Debt Service	297,378.19	296,627.69	750.50	522,943.75	522,812.13		422,099.50	412,380.04	
	<u>\$ 2,752,209.69</u>	<u>\$ 2,709,387.06</u>	<u>\$ 28,969.13</u>	<u>\$ 2,627,574.61</u>	<u>\$ 2,408,436.66</u>	<u>\$ 219,006.33</u>	<u>\$ 2,544,731.21</u>	<u>\$ 2,370,951.59</u>	<u>\$ 164,060.16</u>
Adopted Budget	<u>\$2,752,209.69</u>			<u>\$ 2,627,574.61</u>			<u>\$ 2,544,731.21</u>		
				<u>\$ 2,627,574.61</u>			<u>\$ 2,544,731.21</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 1,705,534.17	\$ 148,800.84	\$ 290,215.08
Due From Sewer Utility Capital Fund		37,075.65	12,114.64
Due From Special Gabage District		153,800.00	
	<u>1,705,534.17</u>	<u>339,676.49</u>	<u>302,329.72</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	231,816.49	249,581.84	217,273.46
Inventory - Materials and Supplies	<u>25,102.60</u>	<u>23,243.15</u>	<u>23,962.50</u>
Total Receivables and Inventory with Full Reserves	<u>256,919.09</u>	<u>272,824.99</u>	<u>241,235.96</u>
Deferred Charges:			
Overexpenditure of Appropriations		36,289.05	
Operating Deficit		<u>94,546.57</u>	
Total Deferred Charges		<u>130,835.62</u>	
Total Operating Fund	<u>1,962,453.26</u>	<u>743,337.10</u>	<u>543,565.68</u>
Capital Fund:			
Cash and Cash Equivalents	650,706.56	784,881.12	1,191,008.62
Due from Current Fund		542.97	
Fixed Capital	20,821,479.35	18,376,479.35	18,259,390.81
Fixed Capital Authorized and Uncompleted	<u>1,254,776.46</u>	<u>3,699,776.46</u>	<u>3,600,000.00</u>
Total Capital Fund	<u>22,726,962.37</u>	<u>22,861,679.90</u>	<u>23,050,399.43</u>
TOTAL ASSETS	<u>\$ 24,689,415.63</u>	<u>\$ 23,605,017.00</u>	<u>\$ 23,593,965.11</u>

TOWNSHIP OF CEDAR GROVE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	December 31,		
	2025	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	\$ 60,579.98	\$ 59,422.71	\$ 55,772.69
Encumbered	6,266.59	18,870.92	
	<u>66,846.57</u>	<u>78,293.63</u>	<u>55,772.69</u>
Due to Current Fund	42,618.46	249,783.28	
Sewer Rent Overpayments	4,064.73	227.31	11,043.14
Accrued Interest on Bonds	39,895.83	43,479.17	46,104.17
Accrued Interest on Notes	36,288.00	41,373.75	39,054.75
Reserve for Improvements	3,514.91	3,514.91	3,514.91
	<u>193,228.50</u>	<u>416,672.05</u>	<u>155,489.66</u>
Reserve for Receivables	256,919.09	272,824.99	241,235.96
Fund Balance	<u>1,512,305.67</u>	<u>53,840.06</u>	<u>146,840.06</u>
Total Operating Fund	<u>1,962,453.26</u>	<u>743,337.10</u>	<u>543,565.68</u>
Capital Fund:			
Bond Anticipation Notes Payable	1,728,000.00	1,770,000.00	1,806,000.00
Serial Bonds Payable	2,130,000.00	2,345,000.00	2,555,000.00
Improvement Authorizations:			
Funded	90,819.34	124,766.46	57,405.41
Unfunded	419,849.46	483,802.88	1,010,343.99
Due to Sewer Utility Operating fund		37,075.65	12,114.64
Capital Improvement Fund	116,000.00	116,000.00	86,000.00
Reserve for:			
Engineering Study	9,920.00	9,920.00	9,920.00
Amortization	18,025,855.81	17,235,255.81	17,008,390.81
Deferred Reserve for Amortization	192,400.00	726,000.00	490,000.00
Fund Balance	<u>14,117.76</u>	<u>13,859.10</u>	<u>15,224.58</u>
Total Capital Fund	<u>22,726,962.37</u>	<u>22,861,679.90</u>	<u>23,050,399.43</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 24,689,415.63</u></u>	<u><u>\$ 23,605,017.00</u></u>	<u><u>\$ 23,593,965.11</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 93,000.00	\$ 92,816.45
Sewer Rents	\$ 2,498,576.46	2,129,868.66	2,338,122.28
Miscellaneous Revenue Anticipated	1,304,743.71	58,690.01	64,121.59
Sewer Capital Fund Surplus	13,859.10	15,224.58	22,160.10
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	42,152.62	4,891.30	177,640.02
 Total Income	 3,859,331.89	 2,301,674.55	 2,694,860.44
<u>Expenditures</u>			
Operating	1,661,500.00	1,482,069.87	1,777,445.28
Capital Improvements		30,000.00	52,500.00
Debt Service	427,809.66	634,544.25	475,306.09
Deferred Charges and Statutory Expenditures	311,556.62	249,607.00	259,341.50
 Total Expenditures	 2,400,866.28	 2,396,221.12	 2,564,592.87
 Excess/(Deficit) in Revenue	 1,458,465.61	 (94,546.57)	 130,267.57
Adjustment Before Fund Balance:			
Deferred Charges:			
Overexpenditure of Appropriations		94,546.57	
 Excess in Revenue/Statutory Excess to Fund Balance	 1,458,465.61	 (0.00)	 130,267.57
<u>Fund Balance</u>			
Balance January 1	53,840.06	146,840.06	109,388.94
	1,512,305.67	146,840.06	239,656.51
Decreased by:			
Utilization as Anticipated Revenue:			
Sewer Operating Budget		93,000.00	92,816.45
 Balance December 31	 \$ 1,512,305.67	 \$ 53,840.06	 \$ 146,840.06

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE

	Year Ended December 31,		
	2025	2024	2023
Beginning Balance	\$ 13,859.10	\$ 15,224.58	\$ 22,160.10
Increased by:			
Premium on Sale of Notes	14,117.76	13,859.10	15,224.58
	27,976.86	29,083.68	37,384.68
Decreased by:			
Fund Balance Anticipated in Current Fund	13,859.10	15,224.58	22,160.10
Ending Balance	\$ 14,117.76	\$ 13,859.10	\$ 15,224.58

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,			
	2025	2024		2023
	Anticipated	Realized	Anticipated	Realized
Operating Surplus Anticipated				
Sewer Rents	\$ 2,296,500.00	\$ 2,498,576.46	\$ 93,000.00	\$ 92,816.45
Miscellaneous Revenue	58,690.01	1,304,743.71	2,574,931.82	2,129,868.66
Sewer Capital Fund Surplus	13,859.10	13,859.10	44,761.85	58,690.01
Anticipated Deficit - Current Fund	42,618.46		15,224.58	15,224.58
Total Income	\$ 2,411,667.57	\$ 3,817,179.27	\$ 2,727,918.25	\$ 2,296,783.25
			\$ 2,727,918.25	\$ 2,570,973.78
				\$ 2,517,220.42

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	For the Years Ended December 31,					
	2025		2024		2023	
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages	\$ 591,500.00	\$ 590,983.60	\$ 516.40	\$ 704,698.00	\$ 700,166.60	\$ 792,927.00
Other Expenses	1,381,556.62	1,321,493.04	60,063.58	1,357,030.00	972,087.56	1,243,859.78
Capital Improvements				30,000.00	30,000.00	52,500.00
Debt Service	438,611.25	427,809.66		636,190.25	634,544.25	481,687.00
	<u>\$ 2,411,667.87</u>	<u>\$ 2,340,286.30</u>	<u>\$ 60,579.98</u>	<u>\$ 2,727,918.25</u>	<u>\$ 2,336,798.41</u>	<u>\$ 2,570,973.78</u>
Adopted Budget	<u>\$ 2,411,667.87</u>			<u>\$ 2,727,918.25</u>		<u>\$ 2,570,973.78</u>
				<u>\$ 2,727,918.25</u>		<u>\$ 2,570,973.78</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 38,605.70	\$ 13,334.13	\$ 53,692.63
Due from Swimming Pool Utility Capital Fund		49.70	
Deferred Charges - Overexpenditure of Appropriations		64,608.26	
Total Operating Fund	<u>38,605.70</u>	<u>77,992.09</u>	<u>53,692.63</u>
Capital Fund:			
Cash and Cash Equivalents	20,000.00	20,000.00	16,000.00
Due from Current Fund		49.70	
Due from Swimming Pool Operating Fund			2,000.00
Fixed Capital	<u>3,512,635.42</u>	<u>3,512,635.42</u>	<u>3,478,602.89</u>
Total Capital Fund	<u>3,532,635.42</u>	<u>3,532,685.12</u>	<u>3,496,602.89</u>
TOTAL ASSETS	<u><u>\$ 3,571,241.12</u></u>	<u><u>\$ 3,610,677.21</u></u>	<u><u>\$ 3,550,295.52</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	\$ 9,291.08	\$ 69,598.97	\$ 42,942.38
Encumbered		830.37	
	<u>9,291.08</u>	<u>70,429.34</u>	<u>42,942.38</u>
Due Current Fund	23,418.54		
Due to Swimming Pool Capital Fund			2,000.00
Accrued Interest on Bonds	5,895.83	7,562.50	8,750.00
	<u>29,314.37</u>	<u>7,562.50</u>	<u>10,750.00</u>
Fund Balance	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
Total Operating Fund	<u>38,605.70</u>	<u>77,992.09</u>	<u>53,692.63</u>
Capital Fund:			
Serial Bonds Payable	325,000.00	425,000.00	520,000.00
Due Swimming Pool Utility Operating Fund		49.70	
Capital Improvement Fund	20,000.00	20,000.00	18,000.00
Reserve for Amortization	<u>3,187,635.42</u>	<u>3,087,635.42</u>	<u>2,958,602.89</u>
Total Capital Fund	<u>3,532,635.42</u>	<u>3,532,685.12</u>	<u>3,496,602.89</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 3,571,241.12</u></u>	<u><u>\$ 3,610,677.21</u></u>	<u><u>\$ 3,550,295.52</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Membership Fees	\$ 383,394.00	\$ 425,661.00	\$ 518,092.94
Miscellaneous Revenue Anticipated	52,972.06	48,954.66	36,088.67
Anticipated Deficit - Current Fund	104,866.06		4,542.72
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	59,651.47	40,773.67	6,091.79
Total Income	<u>600,883.59</u>	<u>515,389.33</u>	<u>564,816.12</u>
<u>Expenditures</u>			
Operating	400,210.00	399,716.00	394,660.24
Capital Improvements		44,784.00	28,183.00
Debt Service	114,483.33	113,387.50	116,237.29
Deferred Charges and Statutory Expenditures	86,190.26	22,110.09	25,735.59
Total Expenditures	<u>600,883.59</u>	<u>579,997.59</u>	<u>564,816.12</u>
Deficit in Revenue		<u>(64,608.26)</u>	
Adjustment Before Fund Balance:			
Deferred Charges:			
Overexpenditure of Appropriations		<u>64,608.26</u>	
Statutory Excess to Fund Balance			
<u>Fund Balance</u>			
Balance January 1	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
Balance December 31	<u>\$ 0.25</u>	<u>\$ 0.25</u>	<u>\$ 0.25</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,					
	2025		2024		2023	
	Anticipated	Realized	Anticipated	Realized	Anticipated	Realized
Membership Fees	\$ 425,661.00	\$ 383,394.00	\$ 543,997.59	\$ 425,661.00	\$ 434,212.00	\$ 518,092.94
Miscellaneous Revenue	48,954.66	52,972.06	36,000.00	48,954.66	41,666.00	36,088.67
Anticipated Deficit - Current Fund	128,284.60	104,866.06			88,938.83	4,542.72
Total Income	<u>\$ 602,900.26</u>	<u>\$ 541,232.12</u>	<u>\$ 579,997.59</u>	<u>\$ 474,615.66</u>	<u>\$ 564,816.83</u>	<u>\$ 558,724.33</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

For the Years Ended December 31,

	2025			2024			2023		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages	\$ 244,525.00	\$ 235,233.92	\$ 9,291.08	\$ 271,000.00	\$ 261,125.15	\$ 9,874.85	\$ 283,824.00	\$ 251,802.41	\$ 32,021.59
Other Expenses	241,875.26	241,875.26		150,826.09	99,853.44	50,972.65	136,571.83	128,791.04	7,780.79
Capital Improvements				44,784.00	36,032.53	8,751.47	28,183.00	25,043.00	3,140.00
Debt Service	116,500.00	114,483.33		113,387.50	113,387.50		116,238.00	116,237.29	
	<u>\$ 602,900.26</u>	<u>\$ 591,592.51</u>	<u>\$ 9,291.08</u>	<u>\$ 579,997.59</u>	<u>\$ 510,398.62</u>	<u>\$ 69,598.97</u>	<u>\$ 564,816.83</u>	<u>\$ 521,873.74</u>	<u>\$ 42,942.38</u>
Adopted Budget	<u>\$ 602,900.26</u>			<u>\$ 579,997.59</u>			<u>\$ 564,816.83</u>		
				<u>\$ 579,997.59</u>			<u>\$ 564,816.83</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SOLID WASTE DISTRICT FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2025	2024	2023
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 429,813.22	\$ 959,313.36	
Due Current Fund			\$ 1,136,624.29
TOTAL ASSETS	\$ 429,813.22	\$ 959,313.36	\$ 1,136,624.29
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	\$ 295,591.70	\$ 172,070.65	\$ 806,229.25
Encumbered	68.99	3,822.98	
	<u>295,660.69</u>	<u>175,893.63</u>	<u>806,229.25</u>
Due to Current Fund		416,996.25	
Due to Sewer Utility Operating Fund		153,800.00	
Due to Water Utility Operating Fund		<u>130,007.59</u>	
	<u>295,660.69</u>	<u>876,697.47</u>	<u>806,229.25</u>
Fund Balance	<u>134,152.53</u>	<u>82,615.89</u>	<u>329,950.04</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 429,813.22	\$ 959,313.36	\$ 1,136,179.29

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SOLID WASTE DISTRICT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE

	Year Ended December 31,		
	2025	2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	\$ 82,615.89	\$ 329,950.04	\$ 619,053.12
District Tax	1,906,483.11	1,835,048.96	1,805,588.56
Nonbudget Revenue	31,660.26	10,836.51	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	102,492.27	71,334.38	316,127.46
	<u>2,123,251.53</u>	<u>2,247,169.89</u>	<u>2,740,769.14</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating	1,989,099.00	2,164,999.00	2,410,819.10
Total Expenditures	<u>1,989,099.00</u>	<u>2,164,999.00</u>	<u>2,410,819.10</u>
Excess in Revenue	134,152.53	82,170.89	329,950.04
<u>Fund Balance</u>			
Balance January 1	82,615.89	330,395.04	619,498.12
	216,768.42	412,565.93	949,448.16
Decreased by:			
Utilized as Anticipated Revenue	82,615.89	329,950.04	619,053.12
Balance December 31	<u>\$ 134,152.53</u>	<u>\$ 82,615.89</u>	<u>\$ 330,395.04</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SOLID WASTE DISTRICT FUND
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,			
	2025	2024		2023
	Anticipated	Realized	Anticipated	Realized
Fund Balance Anticipated	\$ 82,615.89	\$ 82,615.89	\$ 329,950.04	\$ 619,053.12
Special District Tax	1,906,483.11	1,906,483.11	1,835,048.96	1,791,765.98
Miscellaneous Revenue				1,805,588.56
Total Income	<u>\$ 1,989,099.00</u>	<u>\$ 1,989,099.00</u>	<u>\$ 2,164,999.00</u>	<u>\$ 2,410,819.10</u>
			<u>\$ 2,164,999.00</u>	<u>\$ 2,424,641.68</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
SOLID WASTE DISTRICT FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	For the Years Ended December 31,					
	2025		2024		2023	
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages	\$ 200,000.00	\$ 186,799.09	\$ 13,200.91	\$ 195,704.00	\$ 195,704.00	\$ 212,070.65
Other Expenses	1,789,099.00	1,506,708.21	282,390.79	2,009,295.00	1,797,224.35	\$ 212,070.65
	<u>\$ 1,989,099.00</u>	<u>\$ 1,693,507.30</u>	<u>\$ 295,591.70</u>	<u>\$ 2,204,999.00</u>	<u>\$ 1,992,928.35</u>	<u>\$ 212,070.65</u>
Adopted Budget	<u>\$ 1,989,099.00</u>			<u>\$ 2,164,999.00</u>		
				<u>\$ 2,410,819.10</u>		
				<u>\$ 2,410,819.10</u>		
					<u>\$ 118,463.87</u>	<u>\$ 26,988.13</u>
					<u>1,486,125.98</u>	<u>779,241.12</u>
					<u>\$ 1,604,589.85</u>	<u>\$ 806,229.25</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Cedar Grove conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Cedar Grove accounts for its financial transactions through the following separate funds:

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

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

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

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

Solid Waste District Fund - Collection of special district taxes for the cost of providing garbage collection.

General Fixed Assets Account Group - Estimated values of land, building and certain fixed assets of the Township as discussed in Note 1E – “Basis of Accounting”.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Township's budget. The amounts recorded as property taxes receivable and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust Funds and in Capital Funds except for Water Utility Capital Fund.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; depreciation would be recorded on fixed assets in the utility capital funds; Federal and State grants and assistance would be recognized when earned, not when budgeted in the Current Fund or when improvements are authorized in the Capital Funds; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor, and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by issuing loans or through financed purchases agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represents total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets, except for the Water and Sewer Utility Operating Funds. The amounts reflected as inventories on the Water and Sewer Utility Funds balance sheets are offset by reserves.

General Fixed Assets – In accordance with accounting requirements in the New Jersey Administrative Code, as promulgated by the Division of Local Government Services, the Township developed a fixed assets accounting and reporting system. General fixed assets are recorded at cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a “Reserve for Fixed Assets”. When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Water Utility Fund, Sewer Utility Fund, Swimming Pool Utility Fund, and Solid Waste Utility Fund. The values recorded in the general fixed assets account group and the capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water Utility Fund, Sewer Utility Fund, Swimming Pool Utility Fund, and Solid Waste Utility Fund is recorded in the capital account at cost. The amount shown does not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility does not record depreciation on fixed assets.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for Current operating, utility, Garbage District and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2025	2024	2023
<u>Issued</u>			
General:			
Bonds and Notes	\$ 20,804,000.00	\$ 21,810,000.00	\$ 23,262,450.00
Water Utility:			
Bonds and Notes	3,946,000.00	4,138,000.00	3,463,000.00
Sewer Utility:			
Bonds and Notes	3,858,000.00	4,115,000.00	4,361,000.00
Swimming Pool Utility:			
Bonds and Notes	325,000.00	425,000.00	520,000.00
Total Issued	<u>28,933,000.00</u>	<u>30,488,000.00</u>	<u>31,606,450.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	163,794.11	398,474.00	
Total Authorized but not Issued	<u>163,794.11</u>	<u>398,474.00</u>	
Net Bonds, Notes, Loans and Leases Issued and Authorized but not Issued	<u>\$ 29,096,794.11</u>	<u>\$ 30,886,474.00</u>	<u>\$ 31,606,450.00</u>

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	<u>Balance</u> <u>12/31/24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/25</u>
Serial Bonds:				
General Capital Fund	\$ 12,826,000.00		\$ 916,000.00	\$ 11,910,000.00
Water Utility	1,270,000.00		120,000.00	1,150,000.00
Sewer Utility	2,345,000.00		215,000.00	2,130,000.00
Swimming Pool Utility	425,000.00		100,000.00	325,000.00
Bond Anticipation Notes:				
General Capital Fund	8,984,000.00	\$ 8,894,000.00	8,984,000.00	8,894,000.00
Water Utility	2,868,000.00	2,796,000.00	2,868,000.00	2,796,000.00
Sewer Utility	1,770,000.00	1,728,000.00	1,770,000.00	1,728,000.00
Total	<u>\$ 30,488,000.00</u>	<u>\$ 13,418,000.00</u>	<u>\$ 14,973,000.00</u>	<u>\$ 28,933,000.00</u>
	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/24</u>
Serial Bonds:				
General Capital Fund	\$ 13,742,000.00		\$ 916,000.00	\$ 12,826,000.00
Water Utility	1,380,000.00		110,000.00	1,270,000.00
Sewer Utility	2,555,000.00		210,000.00	2,345,000.00
Swimming Pool Utility	520,000.00		95,000.00	425,000.00
Bond Anticipation Notes:				
General Capital Fund	9,520,450.00	\$ 8,984,000.00	9,520,450.00	8,984,000.00
Water Utility	2,083,000.00	2,868,000.00	2,083,000.00	2,868,000.00
Sewer Utility	1,806,000.00	1,770,000.00	1,806,000.00	1,770,000.00
Total	<u>\$ 31,606,450.00</u>	<u>\$ 13,622,000.00</u>	<u>\$ 14,740,450.00</u>	<u>\$ 30,488,000.00</u>

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates a statutory net debt of 0.705%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 12,246,000.00	\$ 12,246,000.00	
Water Utility Debt	3,946,000.00	3,946,000.00	
Sewer Utility Debt	3,858,000.00	3,858,000.00	
Swimming Pool Utility Debt	325,000.00		\$ 325,000.00
General Debt	20,967,794.11		20,967,794.11
	\$ 41,342,794.11	\$ 20,050,000.00	\$ 21,292,794.11

Net Debt: \$21,292,794.11 divided by Average Equalized Valuations of \$3,054,335,133.00 of Real Property = 0.705%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 106,901,729.64
Net Debt	21,292,794.11
Remaining Borrowing Power	\$ 85,608,935.53

Calculation of "Self-Liquidating Purpose", Water Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 4,008,287.00
Deductions:	
Operating and Maintenance Cost	\$ 2,373,878.19
Debt Service	364,478.00
Total Deductions	2,738,356.19
Excess in Revenue	\$ 1,269,930.81

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

Calculation of "Self-Liquidating Purpose", Sewer Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 3,817,179.27
Deductions:		
Operating and Maintenance Cost	\$ 1,973,056.62	
Debt Service	<u>427,809.66</u>	
Total Deductions		<u>2,400,866.28</u>
Excess in Revenue		<u>\$ 1,416,312.99</u>

Calculation of "Self-Liquidating Purpose", Swimming Pool Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 436,366.06
Deductions:		
Operating and Maintenance Cost	\$ 486,400.26	
Debt Service	<u>114,483.33</u>	
Total Deductions		<u>600,883.59</u>
(Deficit) in Revenue		<u>\$ (164,517.53)</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount, or the total amount of debt service for that fund, whichever is less.

The foregoing information is in agreement with the Annual Debt Statement as filed by the Chief Financial Officer.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2025, the Township had Capital Debt issued and outstanding described as follows:

<u>General Capital Serial Bonds</u>				
Purpose	Maturities of Bonds Outstanding		Interest	Balance
	Date	Amount	Rate	Dec. 31, 2025
General Obligation Bonds	7/7/2026	\$ 916,000.00	3.00%	
	7/7/2027	916,000.00	3.00%	
	7/7/2028	916,000.00	3.00%	
	7/7/2029	916,000.00	3.00%	
	7/7/2030	916,000.00	3.00%	
	7/7/2031	916,000.00	3.00%	
	7/7/2032	916,000.00	4.00%	
	7/7/2033	916,000.00	4.00%	
	7/7/2034	916,000.00	4.00%	
	7/7/2035	916,000.00	4.00%	
	7/7/2036	916,000.00	4.00%	
	7/7/2037	916,000.00	4.00%	
	7/7/2038	918,000.00	4.00%	\$ 11,910,000.00
<u>Water Utility Capital Serial Bonds</u>				
Purpose	Maturities of Bonds Outstanding		Interest	Balance
	Date	Amount	Rate	Dec. 31, 2025
Water Refunding Bonds	02/01/26	\$ 125,000.00	4.00%	
	02/01/27	125,000.00	4.00%	
	02/01/28	130,000.00	5.00%	
	02/01/29	140,000.00	5.00%	
	02/01/30	145,000.00	5.00%	
	02/01/31	155,000.00	5.00%	
	02/01/32	160,000.00	4.00%	
	02/01/33	170,000.00	4.00%	\$ 1,150,000.00

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2025, the Township had Capital Debt issued and outstanding described as follows:
(Cont'd)

<u>Sewer Utility Capital Serial Bonds</u>				
Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2025
	Date	Amount		
Sewer Refunding Bonds	02/01/26	\$ 225,000.00	4.00%	
	02/01/27	235,000.00	4.00%	
	02/01/28	245,000.00	5.00%	
	02/01/29	255,000.00	5.00%	
	02/01/30	270,000.00	5.00%	
	02/01/31	285,000.00	5.00%	
	02/01/32	300,000.00	4.00%	
	02/01/33	315,000.00	4.00%	\$ 2,130,000.00

<u>Swimming Pool Utility Capital Serial Bonds</u>				
Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2025
	Date	Amount		
Swimming Pool Refunding Bonds	02/01/26	\$ 105,000.00	4.00%	
	02/01/27	105,000.00	4.00%	
	02/01/28	115,000.00	5.00%	\$ 325,000.00

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and
Thereafter for Bonded Debt Issued and Outstanding

Calendar Year	General		Total
	Principal	Interest	
2026	\$ 916,000.00	\$ 407,700.00	\$ 1,323,700.00
2027	916,000.00	380,220.00	1,296,220.00
2028	916,000.00	352,740.00	1,268,740.00
2029	916,000.00	325,260.00	1,241,260.00
2030	916,000.00	297,780.00	1,213,780.00
Thereafter:			
2031-2035	4,580,000.00	1,003,420.00	5,583,420.00
2036-2038	2,750,000.00	165,080.00	2,915,080.00
	\$ 11,910,000.00	\$ 2,932,200.00	\$ 14,842,200.00

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2025, the Township had Capital Debt issued and outstanding described as follows:
(Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and
Thereafter for Bonded Debt Issued and Outstanding

<u>Calender Year</u>	<u>Water Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 125,000.00	\$ 49,200.00	\$ 174,200.00
2027	125,000.00	44,200.00	169,200.00
2028	130,000.00	38,450.00	168,450.00
2029	140,000.00	31,700.00	171,700.00
2030	145,000.00	14,100.00	159,100.00
Thereafter:			
2031-2033	<u>485,000.00</u>	<u>40,950.00</u>	<u>525,950.00</u>
	<u>\$ 1,150,000.00</u>	<u>\$ 218,600.00</u>	<u>\$ 1,368,600.00</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and
Thereafter for Bonded Debt Issued and Outstanding

<u>Calender Year</u>	<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 225,000.00	\$ 91,250.00	\$ 316,250.00
2027	235,000.00	82,050.00	317,050.00
2028	245,000.00	71,225.00	316,225.00
2029	255,000.00	58,725.00	313,725.00
2030	270,000.00	45,600.00	315,600.00
Thereafter:			
2031-2033	<u>900,000.00</u>	<u>56,625.00</u>	<u>956,625.00</u>
	<u>\$ 2,130,000.00</u>	<u>\$ 405,475.00</u>	<u>\$ 2,535,475.00</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years
for Bonded Debt Issued and Outstanding

<u>Calender Year</u>	<u>Swimming Pool Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 105,000.00	\$ 10,400.00	\$ 115,400.00
2027	105,000.00	6,300.00	111,300.00
2028	115,000.00	2,100.00	117,100.00
	<u>\$ 325,000.00</u>	<u>\$ 18,800.00</u>	<u>\$ 343,800.00</u>

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2025, the Township had Capital Debt issued and outstanding described as follows:
(Cont'd)

General Capital - Bond Anticipation Notes Payable

Purpose	Final Maturity	Interest Rate	Amount
Various General Improvements	06/24/26	4.00%	\$ 286,500.00
Various General Improvements	06/24/26	4.00%	863,700.00
Public Safety Radio Communications	06/24/26	4.00%	964,995.00
Various General Improvements	06/24/26	4.00%	1,100,500.00
Various General Improvements	06/24/26	4.00%	974,200.00
Various General Improvements	06/24/26	4.00%	1,454,450.00
Various General Improvements	06/24/26	4.00%	1,401,120.00
Various General Improvements	06/24/26	4.00%	1,848,535.00
			<u>\$ 8,894,000.00</u>

Sewer Utility - Bond Anticipation Notes Payable

Purpose	Final Maturity	Rate	Amount
Various Sewer Utility Improvements	06/24/26	4.00%	\$ 363,100.00
Various Sewer Utility Improvements	06/24/26	4.00%	89,500.00
Various Sewer Utility Improvements	06/24/26	4.00%	210,100.00
Various Sewer Utility Improvements	06/24/26	4.00%	262,000.00
Various Sewer Utility Improvements	06/24/26	4.00%	392,500.00
Various Sewer Utility Improvements	06/24/26	4.00%	210,800.00
Various Sewer Utility Improvements	06/24/26	4.00%	200,000.00
			<u>\$ 1,728,000.00</u>

Water Utility - Bond Anticipation Notes Payable

Purpose	Final Maturity	Rate	Amount
Various Water Utility Improvements	06/24/26	4.00%	\$ 276,900.00
Various Water Utility Improvements	06/24/26	4.00%	316,000.00
Various Water Utility Improvements	06/24/26	4.00%	456,500.00
Various Water Utility Improvements	06/24/26	4.00%	353,900.00
Various Water Utility Improvements	06/24/26	4.00%	179,600.00
Various Water Utility Improvements	06/24/26	4.00%	100,900.00
Various Water Utility Improvements	06/24/26	4.00%	67,200.00
Various Water Utility Improvements	06/24/26	4.00%	1,045,000.00
			<u>\$ 2,796,000.00</u>

Total Debt Issued and Outstanding \$ 28,933,000.00

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 3: Fund Balances Appropriated

The year ending December 31, 2026 budget has not been introduced as of the date of this report.

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Cedar Grove has elected to defer school taxes.

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

	Balance Dec. 31, 2025	Balance Dec. 31, 2024
Balance of Tax	\$ 17,613,216.98	\$ 16,876,403.50
Less: Amount Deferred	15,394,816.50	15,394,816.50
Tax Payable	\$ 2,218,400.48	\$ 1,481,587.00

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee’s Retirement System (PERS) or the State of New Jersey Police and Firemen’s Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions (Cont'd)

Township contributions to PERS amounted to \$525,870.00 for 2025. During the fiscal year ended June 30, 2024 the State of New Jersey contributed \$18,457.00 to the PERS for normal pension benefits on behalf of the Township.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2024, the Township's liability was \$5,724,928.00 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 used 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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Township's proportion was 0.042%, which was a decrease of 0.006% from its proportion measured as of June 30, 2023. The Township has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2024.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

For the year ended December 31, 2025, the Township recognized actual pension expense in the amount of \$525,870.00.

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, applied to all periods in the measurement.

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%

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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' target asset allocation as of June 30, 2024 are summarized in the following table:

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

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

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

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 7,607,022	\$ 5,724,928	\$ 4,123,277

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount.

The Local Group employer's contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for employers in the Local Group of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not be included in their unfunded liability. The actuaries have determined the unfunded, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

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

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Township contributions to PFRS amounted to \$1,751,107.97 for the year ended December 31, 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$288,565.00 to the PFRS for normal pension benefits on behalf of the Township, which is the same as the contractually required contribution of \$288,565.00.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2024, the Township's liability for its proportionate share of the net pension liability was \$12,723,162.00. The net pension liability was measured as of June 30, 2024, and the total pension liability used 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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Township's proportion was 0.12%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2023. The Township has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,508,344.00 as of June 30, 2024. The net pension liability was measured as of July 1, 2023, and the total pension liability used 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 State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the State's proportion was 0.12%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2023 which is the same proportion as the Township's.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Township's Proportionate Share of the Net Pension Liability	\$ 12,723,162
State's Proportionate Share of the Net Pension Liability Associated with the Township	2,508,344
	2,508,344
Total Net Pension Liability	\$ 15,231,506

For the year ended December 31, 2025, the Township recognized total pension expense of \$1,751,107.97.

Actuarial Assumptions

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

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
All future years	3.25 – 16.25% based on years of service
Investment Rate of Return	7.00%

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

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

Long Term Expected Rate of Return

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

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – PFRS

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 upon 100% of the actuarially determined contributions for the employers in the State Group and 100% of actuarially determined contributions for the employers in the Local Group. 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 Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate (Cont'd)

	June 30, 2024		
	1%	Current	1%
	Decrease (6.00%)	Discount Rate (7.00%)	Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 21,762,435	\$ 15,231,506	\$ 9,792,675

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$18,426.11 for the year ended December 31, 2025. Employee contributions to DCRP amounted to \$20,444.64 for the year ended December 31, 2025.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 6: Accrued Sick and Vacation Benefits

The Township has permitted employees to accrue unused sick pay and, with prior approval, unused vacation pay. Police shall be entitled to convert one (1) accumulated sick day into a personal day of each three (3) month period during which no sick leave is taken. A maximum of 60 sick days may be taken as time off or paid upon retirement at the employee's current rate. At December 31, 2025 and 2024, it was estimated that the current cost of such unpaid compensation would approximate \$746,356.03 and \$874,177.39, respectively. These amounts were not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Balance at December 31, 2024	\$	874,177.39
Net Change		(127,821.36)
Balance at December 31, 2025	\$	746,356.03
Amount Due within One Year	\$	-0-

Note 7: Deferred Compensation Plan

The Township of Cedar Grove offers its employees two deferred compensation plans (the "Plans") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by the Great-West Life Assurance Company, and AXA Equitable are available to all Township employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 8: Selected Tax Rate Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A 6% penalty may be assessed for any unpaid taxes and other municipal charges in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after January 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Selected Tax Rate Information (Cont'd)

	2025	2024	2023
<u>Tax Rate</u>	\$ 2.687	\$ 2.606	\$ 2.603

Apportionment of Tax Rate

Municipal:

Amount to be Raised:

Local	0.539	0.524	0.496
Library	0.044	0.042	0.039
Special Garbage District	0.084	0.073	0.073
County	0.473	0.474	0.527
Local School	1.547	1.493	1.468

Assessed Valuations

2025	\$ 2,276,824,900		
2024		\$ 2,261,045,100	
2023			\$ 2,258,487,200

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a possible increase in future tax levies.

		Currently	
<u>Year</u>	<u>Tax Levy</u>	Cash Collections	Percentage of Collection
2025	\$ 61,812,187.00	\$ 61,389,345.51	99.32%
2024	59,459,670.30	58,564,719.36	98.49%
2023	59,080,370.07	58,226,816.05	98.55%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: 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. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this Note on Investments.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition, and

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 equal to 100% of the amount exceeding 75%.

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

Investments:

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd):

As of December 31, 2025, cash and cash equivalents of the Township of Cedar Grove consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking and Savings Accounts</u>	<u>Total</u>
Current	\$ 265.00	\$ 16,831,184.26	\$ 16,831,449.26
Federal and State Grant		257,381.18	257,381.18
Animal Control		23,264.05	23,264.05
Other Trust		2,961,517.61	2,961,517.61
General Capital		5,356,133.51	5,356,133.51
Water Utility:			
Operating		1,880,403.93	1,880,403.93
Capital		952,709.36	952,709.36
Sewer Utility:			
Operating		1,705,534.17	1,705,534.17
Capital		650,706.56	650,706.56
Swimming Pool Utility:			
Operating		38,605.70	38,605.70
Capital		20,000.00	20,000.00
Special Garbage District		429,813.22	429,813.22
	<u>\$ 265.00</u>	<u>\$ 31,107,253.55</u>	<u>\$ 31,107,518.55</u>

During the period ended December 31, 2025, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2025, was \$31,107,518.55 and the bank balance was \$31,494,278.77.

Note 10: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through the New Jersey State Health Benefits Program.

Property, Liability and Workers' Compensation

The Township is a member of the North Jersey Intergovernmental Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing insurance for general liability, property and workers' compensation.

As a member of the Fund, the Township could be subjected to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liability.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Risk Management (Cont'd)

Property, Liability and Workers' Compensation (Cont'd)

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year's assessments with their respective share of the distribution.

The December 31, 2025 audit report of the New Jersey Intergovernmental Insurance Fund is not available as of the date of this audit. Selected financial information for the Fund as of December 31, 2024 is as follows:

Total Assets	\$ 116,696,278.00
Net Position	\$ 4,183,027.00
Total Revenue	\$ 34,134,948.00
Total Expenses	\$ 33,354,759.00
Change in Net Position	\$ 780,189.00
Members Dividends	\$ -0-

Financial statements for the Fund are available at the office of the Fund's Executive Director:

New Jersey Intergovernmental Insurance Fund
RHM Benefits Inc.
55 Madison Avenue, Suite 400
Morristown, NJ 07960
(201) 317-6821

New Jersey Unemployment Compensation Insurance

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

The following is a summary of Township contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years.

Year	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2025	\$ 12,264.86	\$ 1,267.40	\$ 13,747.93	\$ 55,260.05
2024	15,533.79	519.27	2,584.00	55,475.72
2023	4,070.84		8,261.07	42,006.66

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheets at December 31, 2025:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 572,258.77	
Federal and State Grant	207,917.47	\$ 59,676.93
Animal Control		6,842.85
Other Trust	67,352.07	4,444.82
General Capital		312,491.97
Water Utility Operating		398,034.74
Sewer Utility Operating		42,618.46
Swimming Pool Utility Operating		23,418.54
	<u>\$ 847,528.31</u>	<u>\$ 847,528.31</u>

The interfund payable in the Federal and State Grant Fund is due to funds received in the Current Fund net of cancellations due to the Current Fund. The interfund payable in the General Capital Fund is due to payments made on behalf of the Federal and State Grant Fund. The interfund receivable in the Current Fund due from the General Capital Fund is due to expenditures paid by Current Fund on behalf of other funds. The interfund payable in the Animal Control Fund is due to the statutory excess due to Current Fund. The interfund payable in the Other Trust Funds is due to interest earned that is not yet turned over to Current Fund. The interfund receivable in the Other Trust Funds is due to Community Development Block Grant money sent over to the General Capital Fund. The interfund payable in the Water Utility Operating Fund, Sewer Utility Operating Fund, and Swimming Pool Utility Operating Fund due to the Current Fund are for anticipated deficits in the utility funds which were not fully realized and should have been returned.

Note 12: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 13: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation on March 8, 1999. The funds collected are used to acquire and maintain open space property in the Township. The balance in the Open Space Trust Fund at December 31, 2025 and 2024 were \$38,986.95 and \$38,272.32, respectively. There was no Township Open Space Tax levied for calendar years 2010 and 2013 - 2025 for the Township. The tax levy for calendar years 2011 and 2012 was established at \$.02 per \$100 of assessed valuation.

Note 14: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Contingent Liabilities (Cont'd)

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 15: Tax Abatement

GASB Statement 77, *Tax Abatements* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

On January 8, 2018, the Township entered into a redevelopment agreement with a tax abatement to a redeveloper for 460 residential housing units and 90 affordable housing units in the Township pursuant to N.J.S.A 40A:20-1 et seq., the *Long Term Tax Exemption Law*, and a financial agreement between the Township and the redeveloper at the property known as Hilltop at Cedar Grove. The agreement is for a period of 30 years. The Township shall remit to the County of Essex on a quarterly basis, 5% of the Annual Service Charge in the form of Payments in Lieu of Taxes ("PILOT") received from the redeveloper in accordance with N.J.S.A. 40A:20-12b. The Township recognized revenue in 2025 in the amount of \$5,946,049.37 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue not anticipated in the Current Fund, of which \$297,302.47 was due to the County of Essex for the county apportionment of payment in lieu of taxes. The tax abatement provided under the agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

Note 16. Postemployment Benefits Other than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.gov/treasury/pensions/financial-reports.shtml>.

Benefits Provided

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

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16. Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Benefits Provided (Cont'd)

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

In accordance with the Township's resolution, Township employees are entitled to the following benefits:

Municipal and Police Employees:

Married Township employees retiring at age 62 or older who have accumulated 15 years or more of uninterrupted service, or under age 62 with 25 years or more, are entitled to fifty percent of the premium for hospital and surgical health insurance family coverage to be paid by the Township. Single employees retiring at age 62 or older who have accumulated 15 years or more of uninterrupted service, or under age 62 with 25 years or more, are entitled to one hundred percent of the premium for hospital and surgical insurance individual coverage to be paid by the Township. All years of qualifying service must be with the Township of Cedar Grove.

Contributions

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

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16. Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and non-employer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Township has rolled forward the net OPEB liability as of June 30, 2024 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2024 OPEB information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

At June 30, 2024, the Township had a liability of \$24,684,268.00 for its proportionate share of the net OPEB liability. At June 30, 2024, the Township's proportion was 0.1379% which was a decrease of 0.0112% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024 the Township's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was \$793,731.00.

The Township's actual post retirement payments in 2025 for 6 retiree employees were \$34,505.00.

Actuarial Assumptions and Other Inputs

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

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16. Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Salary Increases*:

Public Employees' Retirement System (PERS)
Rate for all future years 2.75% - 6.55%

Police and Firemen's Retirement System (PFRS)
Rate for all future years 3.25% to 16.25%

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

Pre-Retirement Healthy Mortality

Pre-retirement mortality rates for PERS 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. Preretirement mortality rates for PFRS were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Post-Retirement Healthy Mortality

Post-retirement mortality rates for Chapter 330 retirees were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates for other retirees is 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.

Disabled Retiree Mortality

Disabled retiree mortality rates for PERS future disabled retirees were 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. Disabled retiree mortality rates for PFRS future disabled retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality rates for Chapter 330 current retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for other current retirees were 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.

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

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

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16. Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

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 rate is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend rate is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

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

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Discount Rate

The following presents the net OPEB Liability of the Township as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (2.93%)	At Current Discount Rate (3.93%)	At 1% Increase (4.93%)
Net OPEB Liability Attributable to the Township	\$ 28,754,512	\$ 24,684,268	\$ 21,424,364

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Township as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Township	\$ 20,877,852	\$ 24,684,268	\$ 29,578,249

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 17. Fixed Assets

The following is a summarization of general fixed assets for the year ended December 31, 2025. A fixed assets accounting and reporting system was implemented in 2025.

	Balance 12/31/2023	Additions	Deletions	(Restated) Balance 12/31/2024
Land	\$22,509,300.00			\$ 22,509,300.00
Buildings and Building Improvements	9,094,300.00			9,094,300.00
Equipment	8,062,894.00			8,062,894.00
	<u>\$39,666,494.00</u>	<u>\$ -0-</u>	<u>\$ - 0 -</u>	<u>\$ 39,666,494.00</u>
	(Restated) Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Land	22,509,300.00	\$ 6,150.00		\$ 22,515,450.00
Buildings and Building Improvements	9,094,300.00	4,039,881.00		13,134,181.00
Equipment	8,062,894.00	198,702.00		8,261,596.00
	<u>\$39,666,494.00</u>	<u>\$ 4,244,733.00</u>	<u>\$ - 0 -</u>	<u>\$ 43,911,227.00</u>

Note 18. Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2025, the Township had the following deferred charges:

	Balance Dec. 31, 2025	2026 Budget Appropriation	Balance to Succeeding Years' Budget
Water Utility Operating Fund:			
Overexpenditure of Appropriation Reserves	\$ 6,542.65	\$ 6,542.65	\$ -0-

The 2026 Budget Appropriation will not be less than that required by Statute.

TOWNSHIP OF CEDAR GROVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 19. Prior Period Adjustment

The Township made a prior year adjustment to record for a reappraisal of fixed assets conducted by an outside vendor as follows:

	12/31/2024 Balance as Previously Reported	Retroactive Adjustments	12/31/2024 Balance as Restated
Assets:			
Land	\$ -0-	\$ 22,509,300.00	\$ 22,509,300.00
Building and Building Improvements	-0-	9,094,300.00	9,094,300.00
Equipment and Vehicles	-0-	8,062,894.00	8,062,894.00
Total Assets	-0-	39,666,494.00	39,666,494.00
Reserves:			
Reserve for Fixed Assets	-0-	39,666,494.00	39,666,494.00
Total Reserves	-0-	39,666,494.00	39,666,494.00

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of June 1, 2026 by the Township of Cedar Grove, in the County of Essex, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$12,322,000 Bond Anticipation Notes, Series 2026, consisting of \$8,505,000 General Improvement Notes, Series 2026, \$2,479,100 Water Utility Notes, Series 2026, and \$1,337,900 Sewer Utility Notes, Series 2026 (collectively, the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

Section 1.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered solely to assist the successful bidder in complying with subsection (b)(5) of the Rule.

Section 1.2. Disclosure Event Notices. If a Disclosure Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events, a Disclosure Event Notice to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.4. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Disclosure Event Notice, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Disclosure Event Notice in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Disclosure Event Notice.

ARTICLE II

OPERATING RULES

Section 2.1. Disclosure Event Notices. Each Disclosure Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Notices. Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ

such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer's notices.

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Termination. (a) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Undertaking may be amended, in writing, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Undertaking and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived, in writing, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Undertaking shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default with respect to the Notes.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

DEFINITIONS

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) "Counsel" means FBT Gibbons LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(2) "Disclosure Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(3) “Disclosure Event Notice” means notice of a Disclosure Event.

(4) “MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

(5) “Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule.

(6) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Undertaking and as may be amended from time to time, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(7) “SEC” means the United States Securities and Exchange Commission.

(8) “State” means the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its Chief Financial Officer as of the date first above written.

**TOWNSHIP OF CEDAR GROVE,
COUNTY OF ESSEX, NEW JERSEY**

By: _____

Name: Rebecca M. Roth

Title: Chief Financial Officer

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APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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June __, 2026

Mayor and Township Council
Township of Cedar Grove
525 Pompton Avenue
Cedar Grove, New Jersey 07009

Dear Mayor and Township Council:

We have examined certified copies of the proceedings of the Township Council of the Township of Cedar Grove, in the County of Essex, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of \$12,322,000 aggregate principal amount of the Township's Bond Anticipation Notes, Series 2026, consisting of \$8,505,000 General Improvement Notes, Series 2026, \$2,479,100 Water Utility Notes, Series 2026, and \$1,337,900 Sewer Utility Notes, Series 2026 (the "Notes"). The Notes are issued in registered form, are dated June 23, 2026, bear interest at the rate of ____ and ____ Hundredths per centum (____%) per annum and are payable at maturity on June 22, 2027.

The Notes are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and the bond ordinances of the Township, in all respects duly adopted by the Mayor and Council of the Township. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. 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.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, and other applicable provisions of law, and that the Notes have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Township.

2. The Township has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Notes.

4. Under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order for interest on the Notes to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Notes, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Notes to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to interest on the Notes not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Township other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Notes.

Our opinion concerning the enforceability of the Notes is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

FBT GIBBONS LLP

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