

PRELIMINARY OFFICIAL STATEMENT DATED MAY 12, 2026

NEW ISSUE

NOT RATED

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

**TOWNSHIP OF LAWRENCE,
IN THE COUNTY OF MERCER, NEW JERSEY
\$3,519,000 BOND ANTICIPATION NOTES, SERIES 2026
(Book-Entry-Only) (Non-Callable) (Bank-Qualified)**

Interest Rate: %
Yield: %
CUSIP*:

Dated: Date of Delivery

Due: June 1, 2027

The \$3,519,000 Bond Anticipation Notes, Series 2026 (the "Notes"), are being issued by the Township of Lawrence, in the County of Mercer, New Jersey (the "Township"), and will be issued in the form of one certificate for the aggregate principal amount of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See "BOOK-ENTRY-ONLY SYSTEM" herein. The principal of and interest on the Notes will be paid on the maturity date to DTC by the Township or its designated paying agent. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes are not subject to redemption prior to their stated maturity date. See "THE NOTES – Redemption" herein.

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

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

The Notes will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by Arthur R. Sypek, Jr., Esq., Newark, New Jersey, Township Attorney. 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 will be available for delivery through the facilities of DTC in Brooklyn, New York, on or about June 2, 2026.

**BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE
ON TUESDAY, MAY 19, 2026. FOR MORE DETAILS ON HOW TO BID,
VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes, and the 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 for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**TOWNSHIP OF LAWRENCE,
IN THE COUNTY OF MERCER, NEW JERSEY**

MAYOR

Christopher Bobbitt

TOWNSHIP COUNCIL

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MUNICIPAL ADVISOR

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Hamilton, 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 or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Township. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

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

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

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

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

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

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF LAWRENCE,
IN THE COUNTY OF MERCER, NEW JERSEY**

RELATING TO THE

\$3,519,000 BOND ANTICIPATION NOTES, SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Lawrence (the “Township”), in the County of Mercer (the “County”), State of New Jersey (the “State”), in connection with the sale and issuance of its \$3,519,000 Bond Anticipation Notes, Series 2026 (the “Notes”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement contains specific information relating to the Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE NOTES

General Description

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

Redemption

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

BOOK-ENTRY-ONLY SYSTEM*

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

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

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants

* Source: The Depository Trust Company.

to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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).

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

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

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

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

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

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTE HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST

DUE ON THE NOTES; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE NOTES. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

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

Discontinuation of Book-Entry-Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified securities depository. If the Township fails to find such a securities depository, or if the Township determines, in its 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.

AUTHORIZATION AND PURPOSE OF NOTES

The Notes have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the “Local Bond Law”), and the bond ordinances adopted by the Township referred to in the chart below. The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel periods for the bond ordinances have concluded as of the date of this Official Statement.

Proceeds from the sale and issuance of the Notes, along with other available funds of the Township in the amount of \$2,423,000, will be used to: (i) refund, on a current basis, the Township’s \$5,942,000 Bond Anticipation Notes, dated June 4, 2025 and maturing on June 3, 2026 (the “Prior Notes”); and (ii) pay the costs associated with the authorization, sale and issuance of the Notes.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded
2360-20	Various road improvements, finally adopted May 5, 2020.	\$1,913,154

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded
2394-21	Various road improvements, finally adopted May 18, 2021.	<u>1,605,846</u>
	TOTAL NOTE PROCEEDS:	<u>\$3,519,000</u>

SECURITY AND SOURCE OF PAYMENT

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

RESILIENCY PLANNING

Weather Related Matters

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

Cybersecurity

The Township relies upon a large and 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.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the 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 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of the Township, as annually determined by the State Director of Taxation, is shown in Appendix "A".

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

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

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.

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

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

The Township is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law.

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

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

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

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

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

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

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, 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.

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

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

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

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result

of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

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, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, and if a delinquency (including interest) is in excess of \$10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing delinquent taxes and tax title liens is included in Appendix "A".

Tax Appeals

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

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

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

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

FINANCIAL STATEMENTS

Excerpts from the audited financial statements of the Township for the Township's year ending December 31, 2025 are presented in Appendix "B" to this Official Statement (the "Financial Statements"). The Financial Statements have been prepared by Mercadien, P.C., Hamilton, New Jersey (the "Auditor"), an independent auditor, as stated in its report appearing in Appendix "B" to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE TOWNSHIP OF LAWRENCE, IN THE COUNTY OF MERCER, NEW JERSEY" herein.

LITIGATION

To the knowledge of the Township Attorney, Arthur R. Sypek, Jr., Esquire, of Murphy Orlando LLC, Newark, New Jersey (the "Township Attorney"), there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the 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.

TAX MATTERS

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

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

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest

on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

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

Original Issue Premium

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

Bank-Qualification

The Notes will be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

Additional Federal Income Tax Consequences of Holding the Notes

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

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

Changes in Federal Tax Law Regarding the Notes

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

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

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

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Notes are not exempt from the Rule and provided that the Notes are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Township shall provide for the benefit of the holders of the Notes and the beneficial owners thereof, in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system, notice of any of the following events with respect to the Notes:

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

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

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

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

In the event that the Township fails to comply with its above-described undertakings and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

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

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

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the “Underwriter”) at a price of \$ _____ (consisting of the par amount of the Notes plus original issue premium in the amount of \$ _____ less Underwriter’s discount in the amount of \$ _____). The Underwriter has purchased the Notes in accordance with the Notice of Sale.

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

RATING

The Notes have not been rated.

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 this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

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

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

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed Peter Kiriakatis, Chief Financial Officer, Township of Lawrence, 2207 Lawrence Road, Lawrenceville, New Jersey 08648-0006, (609) 844-7015, or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF LAWRENCE, IN THE COUNTY MERCER, NEW JERSEY

By: _____
Peter Kiriakatis
Chief Financial Officer

Dated: May __, 2026

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF
LAWRENCE, IN THE COUNTY OF MERCER, NEW JERSEY**

INFORMATION REGARDING THE TOWNSHIP¹

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

General Description

The Township is a community of twenty-two square miles located in the center of the County. Princeton and West Windsor Township bound it on the north. Its southern neighbor is the City of Trenton, the State capital. It is bounded on the east by Hamilton Township and on the west by Ewing and Hopewell Townships.

The Township and its surrounding communities host one of the largest concentrations of diversified research and development activities in the nation. Among the country’s largest corporations that pursue such activities are Educational Testing Service and Bristol-Myers Squibb, both of which are in the Township. Smaller corporate and office complexes are concentrated at the various Interstate 95 interchanges within the community.

Three large retail establishments serve Township residents, as well as residents of neighboring communities. The Quaker Bridge Mall, a regional enclosed shopping mall anchored by major department stores, the Mercer Mall and the Lawrence Shopping Center provide retail opportunities within the Township’s borders.

Governmental Structure

The Township adopted the council/manager form of government in 1970. The Township Council (the “Council”) is composed of five part-time members elected on a partisan basis and serving the Township for four-year terms. Elections are held every two years, resulting in terms of office which overlap.

The Council elects a Mayor from its members. The Mayor serves a two-year term, presides at all Council meetings and has a voice and vote in the proceedings. The Mayor executes all bonds, notes, contracts and written obligations on behalf of the Township. Powers are limited to those expressly conferred by the charter.

The Township Manager is the chief executive and administrator of the Township. The Township Manager serves the Council for an indefinite term of office and may be removed by a majority vote of the Council.

Services

Education. The Lawrence Township School District (the “District”) serves the Township, which is coterminous with the District. In addition to the public schools within the District, Notre Dame High School, Chapin School and The Lawrenceville School are located in

¹ Source: The Township, unless otherwise indicated.

the Township. Higher educational opportunities are available at Rider University, located in the Township, and Princeton University, Rutgers, The State University and The College of New Jersey, which are located within a short distance.

Municipal Clerk. The Council appoints the Municipal Clerk, who is responsible for keeping minutes and records of the proceedings of the Council and any Council committees. The Municipal Clerk is statutorily responsible for all elections. The Municipal Clerk's Office also issues various permits and licenses.

Public Safety Department. The Township provides public safety services through a full-time police division and a combination of paid and volunteer firefighters and emergency medical technicians. The police division consists of uniformed officers and civilian personnel.

Fire service is provided by Lawrenceville Fire Company, Lawrence Road Fire Company and Slackwood Fire Company, which are all volunteer units except for daytime paid apparatus drivers. EMS service is now provided full-time by Township employees.

Department of Community Development. The Department of Community Development is comprised of the Divisions of Planning and Redevelopment, Engineering and Code Enforcement. The role of the Department is to regulate the development, construction and occupancy of property through the application of State statutes and local ordinances. Land development is regulated by the Township's Land Use Ordinance and approved by the Township Planning and Zoning Boards.

The Division of Planning and Redevelopment services the Planning and Zoning Boards, as well as several other volunteer committees. In addition, housing rehabilitation and the Township's Affordable Housing Program are directed from this division.

The Engineering Division principally serves three functions. The first is the inspection of improvements on development projects, ensuring that the work meets the approved project plans. The second activity is the preparation of plans and specifications and project supervision for privately contracted municipal public improvements – primarily roads. The third function is assisting the Department of Public Works with various in-house public improvement projects.

Code Enforcement personnel review the plans and perform site inspections for all construction undertaken within the Township to ensure compliance with construction codes. Additionally, the division performs fire inspections on non-residential properties and housing inspections on multi-family units.

Department of Finance. The Department of Finance is responsible for the collection, disbursement and investment of all Township funds and the administration of the Township's self-insurance program. The Township Council appoints a Chief Financial Officer who directs the activities of the department. Through the office of the Tax Assessor, the value of property is assessed for tax purposes. The Tax Collector is accountable for the billing and collecting of both property taxes and sewer service charges.

The Finance Department also oversees the purchase of all goods and services, assists in the preparation of the municipal budget and provides for an annual audit of all Township financial records.

Department of Health. The Department of Health inspects all food establishments and enforces the State and local health codes. The core activities of the Health Department are health promotion programs, environmental health inspections, communicable disease control and infant, child and adult health services, including immunizations.

Department of Public Works. The Department of Public Works is responsible for the maintenance of all municipal property, including parks, municipal buildings and Township roads. Trash removal and recycling are provided through contract services.

The Township, along with Princeton, funds and operates the Joseph H. Maher Jr. Ecological Center, a leaf and brush composting facility on Princeton Pike in the Township. Leaves and brush are collected and turned into mulch and wood chips which are used in public parks and on municipal grounds. These products also are made available to residents of the three communities at no cost and to non-residents or businesses for a fee.

Roadway maintenance is provided by the Public Works Department for roadway resurfacing and through private contractors for complete roadway reconstruction. On average, the department resurfaces approximately 40,000 square yards of roadway annually.

Recreation Department. The Department of Recreation plans and coordinates recreational activities for all age groups and interest levels. Programming is year-round and includes activities such as aquatic instruction, summer enrichment, seasonal sports and after-school programs. The department also arranges community activities, including the Memorial Day Parade, Fourth of July fireworks, Community Day, Kids Triathlon, Veterans Day Observances, and an annual holiday tree-lighting ceremony.

Within the Recreation Department is the Office on Aging, which is responsible for providing various recreational programs to the senior citizens of the community. The Lawrence Township Senior Citizen Center offers senior residents an opportunity to gather for special programs, bingo, social interaction and a daily hot lunch program. The center also hosts the activities of forty (40) senior citizen clubs.

Municipal Court. The Township operates its own Municipal Court with a full-time staff and part-time municipal court judge. By state law, the Council appoints the Municipal Court Judge to a term of three years.

Utilities. Water services are provided and billed directly to the property owner by the City of Trenton Water Utility, the Aqua Water Company and the New Jersey American Water Company.

The Ewing-Lawrence Sewerage Authority (“ELSA”) provides for the collection, treatment, and disposal of sanitary sewage. The Township is billed for its proportionate share of

ELSA's cost of operations and, in turn, recovers those costs by charging system users for the service.

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 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 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	17,462	16,816	646	3.7%
2023	17,373	16,790	583	3.4%
2022	17,150	16,628	522	3.0%
2021	16,873	16,018	855	5.1%
2020	17,170	16,044	1,126	6.6%
<u>County</u>				
2024	199,583	190,833	8,750	4.4%
2023	198,699	190,533	8,166	4.1%
2022	195,425	188,302	7,123	3.6%
2021	192,685	180,980	11,705	6.1%
2020	192,510	177,193	15,317	8.0%
<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	\$130,142	\$100,645	\$103,556
Median Family Income	154,791	127,747	127,025
Per Capita Income	61,892	53,765	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.	32,388	-2.08%	392,138	1.24%	9,500,851	2.28%
2020	33,077	-1.18	387,340	5.68	9,288,994	5.65
2010	33,472	14.79	366,513	4.49	8,791,894	4.49
2000	29,159	13.08	350,761	7.65	8,414,350	8.85
1990	25,787	30.74	325,824	5.83	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Bristol-Myers Squibb	\$469,818,800	9.88%
Town Court Owners TIC LLC	111,202,600	2.34%
Education Testing Service	85,596,300	1.80%
Quakerbridge Mall	83,366,100	1.75%
Mercer Mall	72,647,900	1.53%
Lenox Driver Office Park	70,634,600	1.49%
North East Multifamily Exchange	63,148,800	1.33%
BCI IV Princess Logistics	41,547,800	0.87%
Stewarts Crossing	37,304,400	0.78%
Federal Realty Invest Trust	<u>25,753,500</u>	<u>0.54%</u>
Total	<u>\$1,061,020,800</u>	<u>22.32%</u>

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

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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	\$151,397,828	\$150,067,966	99.12%
2024	146,914,796	146,256,815	99.30%
2023	143,818,799	143,177,807	99.17%
2022	140,440,996	140,325,106	99.02%
2021	138,738,187	137,767,763	98.98%

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	\$2,372,187	\$1,337,013	\$3,709,200	2.45%
2024	2,264,174	1,267,670	3,572,613	2.54%
2023	3,189,626	1,216,092	3,461,038	2.49%
2022	2,868,719	833,152	3,361,200	2.48%
2021	2,663,061	909,552	3,153,447	2.37%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2025	\$168,410
2024	168,410
2023	168,410
2022	168,410
2021	168,410

Source: Annual Audit Reports of the Township

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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>County</u>	<u>Total</u>
2025	\$0.682	\$1.688	\$0.795	\$3.165
2024	0.682	1.648	0.768	3.098
2023	0.682	1.630	0.724	3.036
2022	0.657	1.612	0.712	2.981
2021	0.627	1.595	0.721	2.943

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Value 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	\$4,748,572,100	\$6,434,379,539	73.80%	\$5,887,200	\$6,440,266,739
2024	4,715,087,900	5,717,337,092	82.47	6,458,700	5,723,795,792
2023	4,699,769,100	5,698,762,095	82.47	6,583,100	5,705,345,195
2022	4,686,397,800	5,484,374,254	85.45	6,723,265	5,491,097,519
2021	4,642,983,500	5,227,407,678	88.82	6,801,280	5,234,208,958

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	\$39,363,400	\$2,893,529,200	\$29,857,500	\$1,382,334,200	\$102,349,200	\$301,138,600	\$4,748,572,100
2024	40,910,200	2,859,097,800	29,740,800	1,403,888,700	101,797,200	279,653,200	4,715,087,900
2023	43,089,600	2,842,511,500	29,980,300	1,424,213,100	103,076,900	256,897,700	4,699,769,100
2022	41,161,700	2,822,041,000	29,984,800	1,456,598,600	103,316,600	233,295,100	4,686,397,800
2021	46,970,300	2,797,684,000	30,471,500	1,473,205,200	61,357,400	233,295,100	4,642,983,500

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	\$6,915,000	\$9,915,000	\$8,315,000	\$9,315,000	\$9,315,000
Miscellaneous Revenues	15,608,169	20,331,937	20,799,510	18,979,828	18,405,180
Receipts from Delinquent Taxes	830,000	830,000	820,000	1,150,000	1,150,000
Amount to be Raised by Taxation	<u>29,427,104</u>	<u>30,686,651</u>	<u>30,785,718</u>	<u>31,000,179</u>	<u>32,093,973</u>
Total Revenue:	<u>\$52,780,273</u>	<u>\$61,763,588</u>	<u>\$60,720,228</u>	<u>\$60,445,007</u>	<u>\$60,964,152</u>
<u>Appropriations</u>					
General Appropriations	\$34,099,139	\$35,971,041	\$36,704,293	\$37,239,046	\$39,635,056
Operations (Excluded from CAPS)	9,115,376	12,492,543	12,003,426	10,439,827	10,243,503
Deferred Charges and Statutory Expenditures	630	0	0	0	0
Judgments	0	0	0	0	0
Capital Improvement Fund	2,610,000	5,960,000	4,520,325	5,520,325	4,360,325
Municipal Debt Service	2,595,495	2,898,841	2,992,165	2,741,624	2,679,069
Reserve for Uncollected Taxes	<u>4,359,633</u>	<u>4,441,163</u>	<u>4,500,019</u>	<u>4,504,185</u>	<u>4,046,199</u>
Total Appropriations:	<u>\$52,780,273</u>	<u>\$61,763,588</u>	<u>\$60,720,228</u>	<u>\$60,445,007</u>	<u>\$60,964,152</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

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>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$21,283,550	\$9,315,000
2024	22,091,314	9,315,000
2023	20,638,658	8,315,000
2022	20,687,140	9,915,000
2021	17,529,313	6,915,000

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2025

General Purpose Debt

Serial Bonds	\$0
Bond Anticipation Notes	5,942,000
Bonds and Notes Authorized but Not Issued	1,218,548
Other Bonds, Notes and Loans	0
Total:	<u>\$7,160,548</u>

Local School District Debt

Serial Bonds	\$113,105,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$113,105,000</u>

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$0</u>

TOTAL GROSS DEBT

\$120,265,548

Less: Statutory Deductions

General Purpose Debt \$1,303,263

Local School District Debt 113,105,000

Self-Liquidating Debt 0

Total: \$114,408,263

TOTAL NET DEBT

\$5,857,285

Source: Annual Debt Statement of the Township

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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	\$113,105,000	100.00%	\$113,105,000
County	617,540,115	9.37%	<u>57,891,656</u>
Net Indirect Debt			\$170,996,656
Net Direct Debt			<u>5,857,285</u>
Total Net Direct and Indirect Debt			<u>\$176,853,941</u>

Debt Limit

Average Equalized Valuation Basis (2023, 2024, 2025)	\$5,950,159,575
Permitted Debt Limitation (3 1/2%)	208,255,585
Less: Net Debt	<u>5,857,285</u>
Remaining Borrowing Power	<u>\$202,398,300</u>
Percentage of Net Debt to Average Equalized Valuation	0.098%
Gross Debt Per Capita based on 2020 population of 33,077	\$3,636
Net Debt Per Capita based on 2020 population of 33,077	\$177

Source: Annual Debt Statement of the Township

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

APPENDIX B

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE TOWNSHIP OF LAWRENCE, IN
THE COUNTY OF MERCER, NEW JERSEY**

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

FINANCIAL STATEMENTS

December 31, 2025

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

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INTRODUCTORY SECTION - UNAUDITED

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

INTRODUCTORY SECTION – UNAUDITED
December 31, 2025

The Annual Comprehensive Financial Report for the Township of Lawrence (the “Township”) for the fiscal year ended December 31, 2025, is submitted herewith. New Jersey statutes require the Township to annually issue a report on its financial position and activity. An independent Registered Municipal Accountant must audit the report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Township. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the activities of the Township have been included.

The Annual Comprehensive Financial Report is presented in four sections: an introductory section, a financial section, a statistical section, and general comments and recommendations. The introductory section, which is unaudited, includes this transmittal, an organizational chart, and a list of the Township’s principal elected and appointed officials. The financial section includes the general purpose financial statements and the combined and individual fund and account group financial statements with schedules, as well as the independent auditors’ report on these statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information. The general comments and recommendations include basic information about the Township and recommendations, if any.

General Description

The Township is a community of twenty-two square miles located in the center of Mercer County, New Jersey. Princeton and West Windsor Townships border it on the north. Its southern neighbor is the City of Trenton, the state capital. It is bordered on the east by Hamilton Township and on the west by Ewing and Hopewell Townships.

The Township and its surrounding communities host one of the largest concentrations of diversified research and development activities in the nation. Among the country’s largest corporations that pursue such activities are Educational Testing Service and Bristol-Myers Squibb, both of which are in Lawrence. Smaller corporate and office complexes are concentrated at the various Interstate 95 interchanges within the community.

Three large retail establishments serve township residents, as well as residents of neighboring communities. The Quaker Bridge Mall, a regional enclosed shopping mall anchored by two major department stores; the Mercer Mall; and the Lawrence Shopping Center provide retail opportunities within the Township’s borders.

Governmental Structure

The Township adopted the council/manager form of government in 1970. The Township Council (the “Council”) is composed of five part-time members elected on a partisan basis and serves the Township for four-year terms. Elections are held every two years, resulting in terms of office which overlap.

The Council elects a Mayor from its members. The Mayor serves a two-year term, presides at all Council meetings, and has a voice and vote in the proceedings. The Mayor executes all bonds, notes, contracts and written obligations on behalf of the Township. Powers are limited to those expressly conferred by the charter.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

INTRODUCTORY SECTION – UNAUDITED
December 31, 2025

Governmental Structure (Continued)

The Township Manager is the chief executive and administrator of the Township. The Township Manager serves the Council for an indefinite term of office and may be removed by a majority vote of the Council.

Services

Education

The Lawrence Township School District (the “District”) serves the Township, which is coterminous with the District. In addition to the public schools within the District, Notre Dame High School, Chapin School and The Lawrenceville School are located in the Township. Higher educational opportunities are available at Rider University, located in the Township, and Princeton University; Rutgers, The State University; and The College of New Jersey, which are located within a short distance.

Municipal Clerk

The Council appoints the Municipal Clerk, who is responsible for keeping minutes and records of the proceedings of the Council and any Council committees. The Municipal Clerk is statutorily responsible for all elections. The Clerk’s Office also issues various permits and licenses. During 2025, 152 such permits and licenses were issued, of which 28 were Alcoholic Beverage Licenses. Business/Rental Registration 1,319. Animal Licenses 2,815. OPRA Requests 1,046.

Public Safety Department

The Township provides public safety services through a full-time police division and a combination of paid and volunteer firefighters and emergency medical technicians. The police division consists of sixty-five (65) uniformed officers and civilian personnel. During calendar year 2025, the Lawrence Township Police responded to 12,759 calls for service. Overall reported crime decreased 3% in 2025 from 2024.

Fire service is provided by Lawrenceville Fire Company, Lawrence Road Fire Company, and Slackwood Fire Company, which are all volunteer units except for daytime paid firefighters. Emergency Medical Service (“EMS”) is now provided full-time by Township employees.

Department of Community Development

The Department of Community Development is comprised of the Divisions of Planning and Redevelopment, Engineering and Code Enforcement. The role of the department is to regulate the development, construction and occupancy of property through the application of New Jersey statutes and local ordinances. Land development is regulated by the Township’s Land Use Ordinance and approved by the Township Planning and Zoning Boards.

The Division of Planning and Redevelopment services the Planning and Zoning Boards, as well as several other volunteer committees. In addition, housing rehabilitation and the Township’s Affordable Housing Program are directed from this division.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

INTRODUCTORY SECTION – UNAUDITED
December 31, 2025

Services (Continued)

The Engineering Division principally serves three functions. The first is the inspection of improvements on development projects, ensuring that the work meets the approved project plans. The second activity is the preparation of plans and specifications and project supervision for privately contracted municipal public improvements – primarily roads. The third function is assisting the Department of Public Works with various in-house public improvement projects.

Code Enforcement personnel review the plans and perform site inspections for all construction undertaken within the Township to ensure compliance with construction codes. Additionally, the division performs fire inspections on non-residential properties and housing inspections on multi-family units.

Department of Finance

The Department of Finance is responsible for the collection, disbursement and investment of all Township funds and the administration of the Township's self-insurance program. The Township Council appoints a Chief Financial Officer who directs the activities of the department. Through the office of the Tax Assessor, the value of property is assessed for tax purposes. The Tax Collector is accountable for the billing and collecting of both property taxes and sewer service charges. In 2025, the Tax Assessor and Tax Collector were responsible for assessing and collecting revenue from approximately 11,983 properties.

The Finance Department also oversees the purchase of all goods and services, assists in the preparation of the municipal budget, and provides for an annual audit of all Township financial records.

The Township is self-insured, with appropriate stop-loss coverage, for general liability, workers' compensation, auto liability and law liability. Effective January 1, 2013, the Township joined the Garden State Municipal Joint Insurance Fund for identical coverage.

Debt management also falls within the purview of the Department of Finance. The New Jersey Bond Law authorizes bonded indebtedness for municipalities. The amount of indebtedness is limited by statute and is not to exceed three and one-half percent of the average of the equalized assessed valuation of the prior three years. At December 31, 2025, the percentage of net debt to the average equalized assessed value for the Township was .096%. Debt issuers are rated based on creditworthiness. In 2019, Moody's upgraded the Township's debt rating from Aa2 to Aa1.

Department of Health

The Department of Health inspects all food establishments and enforces the state and local health codes. The core activities of the Health Department are health promotion programs, environmental health inspections, communicable disease control, and infant, child and adult health services, including immunizations.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

INTRODUCTORY SECTION – UNAUDITED
December 31, 2025

Services (Continued)

Department of Public Works

The Department of Public Works is responsible for the maintenance of all municipal property, including parks, municipal buildings and Township roads. Trash removal and recycling are provided through contract services.

The Township, along with Princeton, funds and operates the Joseph H. Maher Jr. Ecological Center, a leaf and brush composting facility on Princeton Pike in Lawrence. Leaves and brush are collected and turned into mulch and wood chips which are used in public parks and on municipal grounds. These products also are made available to residents of the two communities at no cost and to non-residents or businesses for a fee.

Roadway maintenance is provided by the Public Works Department for roadway resurfacing and through private contractors for complete roadway reconstruction. On average, the department resurfaces approximately 40,000 square yards of roadway annually.

Department of Recreation

The Department of Recreation plans and coordinates recreational activities for all age groups and interest levels. Programming is year-round and includes activities such as aquatic instruction, summer enrichment and seasonal sports. The department also arranges community activities, including the Memorial Day Parade, Fourth of July fireworks, Community Day, Veterans Day Observances, Colonel Hand March, and an annual tree-lighting ceremony. In 2025, there were 1,979 registrations for both youth programs and adult activities.

Within the Recreation Department is the Office on Aging, which is responsible for providing various recreational programs to the senior citizens of the community. The Lawrence Township Senior Citizen Center offers senior residents an opportunity to gather for special programs, social interaction and host the Mercer County senior lunch program.

Municipal Court

The Township operates its own Municipal Court with a full-time staff and part-time municipal court judge. By state law, the Council appoints the Municipal Court Judge to a term of three years. During 2025, the Municipal Court had a caseload of 4,198 traffic violations. In addition, 1,704 criminal cases were filed and 1,679 were disposed of. The court generated \$419,613.54 in revenue, with the Township retaining \$197,406.56.

Utilities

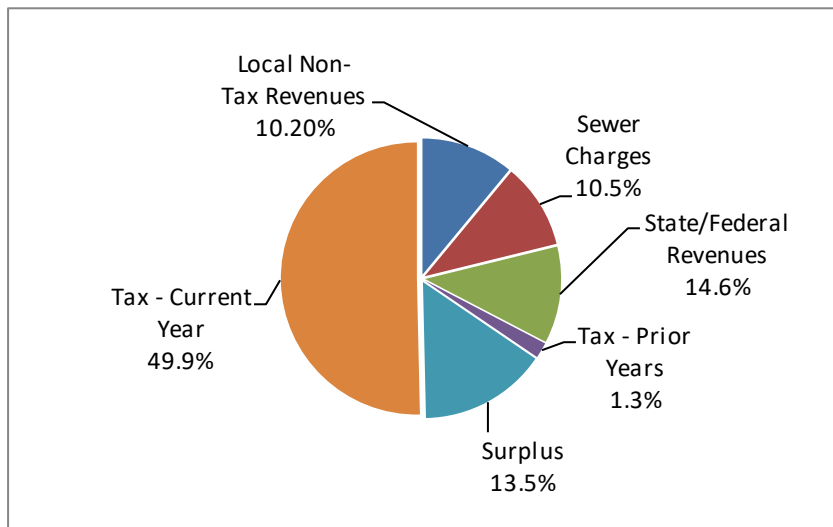
Water services are provided and billed directly to the property owner by the City of Trenton Water Utility, the Aqua Water Company, and the New Jersey American Water Company.

The Ewing-Lawrence Sewerage Authority (“ELSA”) provides for the collection, treatment and disposal of sanitary sewage. The Township is billed for its proportionate share of ELSA’s cost of operations and, in turn, recovers those costs by charging system users for the service.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

**INTRODUCTORY SECTION - UNAUDITED
2025 MUNICIPAL BUDGET REVENUES**

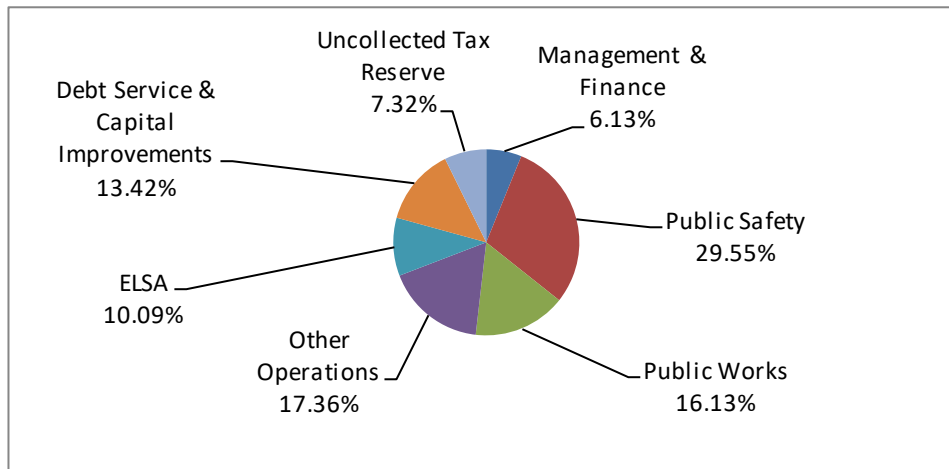
1. Local Non-Tax Revenues	\$ 6,784,226.67
2. Sewer Charges	6,250,000.00
3. State/Federal Revenues	7,068,597.93
4. Tax - Prior Years	1,150,000.00
5. Surplus	9,315,000.00
6. Tax - Current Year	31,000,179.39
Total	<u>\$ 61,568,003.99</u>



**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

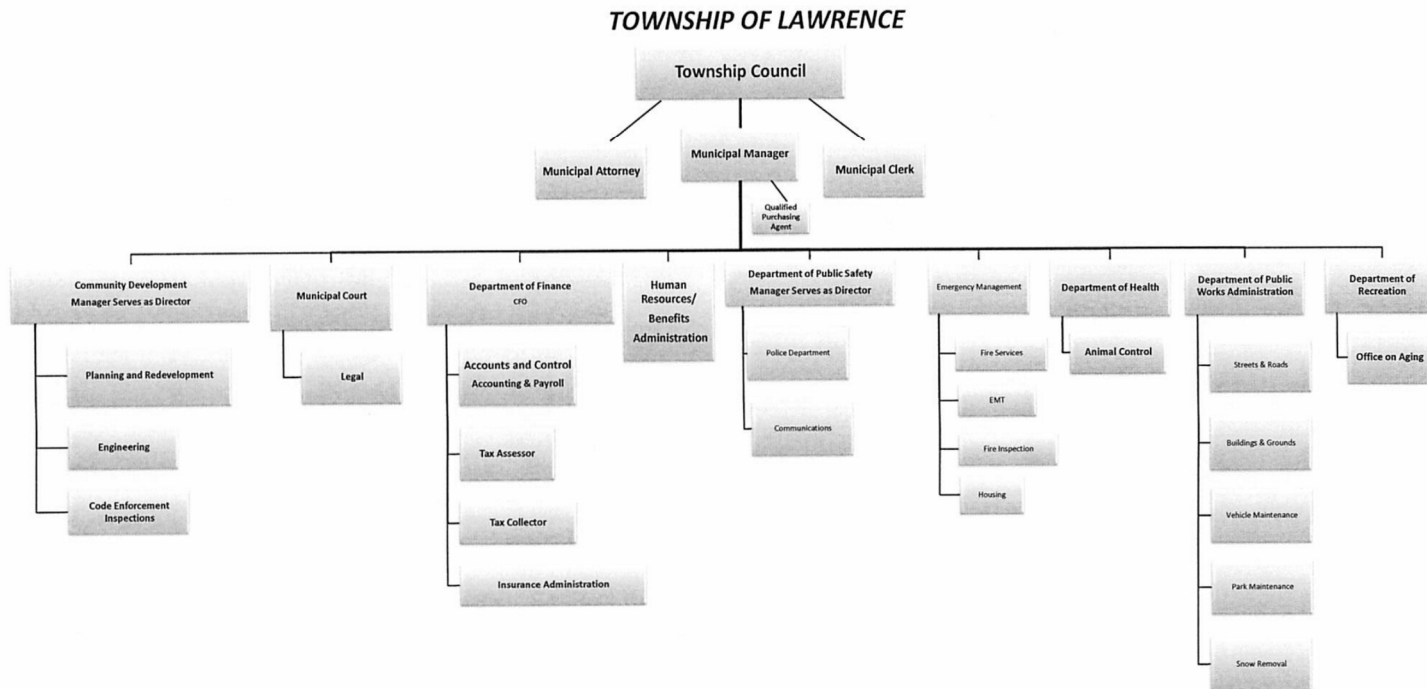
**INTRODUCTORY SECTION - UNAUDITED
2025 MUNICIPAL BUDGET EXPENDITURES**

1. Management & Finance	\$ 3,775,755.73
2. Public Safety	18,194,750.10
3. Public Works	9,932,432.96
4. Other Operations	10,688,399.61
5. ELSA	6,210,531.76
6. Debt Service & Capital Improvements	8,261,948.82
7. Uncollected Tax Reserve	4,504,185.01
Total	<u><u>\$ 61,568,003.99</u></u>



**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

INTRODUCTORY SECTION - UNAUDITED



**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

**INTRODUCTORY SECTION - UNAUDITED
2024-2025 MUNICIPAL BUDGET REVENUES**

	2024			2025		
	Budgeted	Actual	Difference	Budgeted	Actual	Difference
Locally Generated (1)	\$ 5,029,299.17	\$ 5,867,021.72	\$ 837,722.55	\$ 4,521,308.67	\$ 4,982,287.78	\$ 460,979.11
Payment in Lieu of Taxes (2)	431,000.00	793,963.44	362,963.44	600,000.00	443,818.02	(156,181.98)
Interest on Investments/Delinquent Taxes (3)	1,220,000.00	2,668,892.32	1,448,892.32	1,670,000.00	2,477,075.53	807,075.53
Sewer Service Charge	6,460,000.00	6,253,766.30	(206,233.70)	6,250,000.00	6,345,878.39	95,878.39
Energy Receipts Tax	4,004,305.15	4,024,234.99	19,929.84	4,024,234.98	4,024,234.99	0.01
Other State & Federal Revenues (4)	3,654,905.43	3,654,905.43	-	1,914,284.21	1,914,284.21	-
Property Tax Prior Years	820,000.00	2,312,694.32	1,492,694.32	1,150,000.00	1,353,823.29	203,823.29
Surplus Utilized	8,315,000.00	8,315,000.00	-	9,315,000.00	9,315,000.00	-
Property Tax Current Year	30,785,718.39	33,327,559.83	2,541,841.44	31,000,179.39	34,787,576.75	3,787,397.36
Grants After Budget Adopted (4)	937,113.04	937,113.04	-	1,122,996.74	1,122,996.74	-
TOTAL REVENUES	\$ 61,657,341.18	\$ 68,155,151.39	\$ 6,497,810.21	\$ 61,568,003.99	\$ 66,766,975.70	\$ 5,198,971.71

(1) Local 2% Tax (Cannabis)

(2) Alcoholic Beverage Licenses, Other Licenses, Fees and Permits, Recreation Program Fees, CATV Franchise Fees, Uniform Construction Code Fees, Ambulance Service Fees, Uniform Fire Safety Act, Hotel Tax, Quakerbridge Mall Police, Capital Surplus, Premium on Note Sale, Reserve for Sale of Municipal Assets, Reserve for Sidewalks

(3) Payments in Lieu - Non-Profit Housing and Tax Exempt Property Contributions

(4) Investment Interest and Interest, Costs and Penalties on Delinquent Taxes

(5) **2025 Grants** - ANJEC Open Space Stewardship Project; Body Armor; Bulletproof Vests; BPU Clean Fleet Electric Vehicle Incentive; Clean Communities; Distracted Driving U Drive U Text U Pay; EMS Donation; ETS Lawrence Township Fire Dept. Contribution; LA-2025 LAIF Drainage Infrastructure; Mercer at Play; Municipal Alliance; NJDOT Brunswick Pike Safety Improvement; NJDOT LA-2025; NJDOT Princess Road Connectivity Improvements; Opioid Settlement Fund; Preserve NJ Baker Brearley House; Recycling Tonnage; Safe & Secure - S&W

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

**INTRODUCTORY SECTION - UNAUDITED
2023-2025 MUNICIPAL BUDGET EXPENDITURES**

Expenditure Category	2023	2024	2025
1. Administrative & Executive (1)	\$ 3,659,637.35	\$ 3,426,975.30	\$ 3,482,324.95
2. Financial Administration (2)	2,052,667.23	2,113,421.60	2,154,561.98
3. Public Safety:			
Police	12,092,180.74	12,291,451.78	12,417,497.44
Non-Police (3)	3,716,743.61	4,174,426.44	4,547,904.64
4. Public Works:			
Operations	4,953,801.35	5,222,097.08	5,491,350.78
Trash Collection/Landfill	3,286,000.00	3,722,506.64	3,784,065.60
5. Recreation and Community Programs (4)	1,287,334.93	1,361,450.66	1,420,941.47
6. Health	982,250.69	960,894.72	981,858.98
7. Community Development	2,741,514.25	2,851,894.92	2,869,390.37
8. Boards & Committees	174,300.00	173,300.00	178,300.00
9. Utilities	1,711,000.00	1,711,000.00	1,711,000.00
10. Municipal Court	538,000.00	529,000.00	509,000.00
11. ELSA	6,366,000.00	6,511,141.61	6,210,531.76
12. Capital Improvement Fund	5,960,000.00	4,520,325.00	5,520,325.00
13. Debt Service	2,898,840.50	2,992,165.12	2,741,623.82
14. Reserve for Uncollected Taxes	4,441,163.16	4,500,018.86	4,504,185.01
15. Public & Private Revenues Offset with Appropriations	4,902,153.76	3,658,158.43	1,920,145.46
16. Grants After Adoption	2,065,761.54	937,113.04	1,122,996.74
	<u>\$ 63,829,349.11</u>	<u>\$ 61,657,341.19</u>	<u>\$ 61,568,003.99</u>

(1) Governing Body, Township Clerk, Manager's Office, Legal Services, Accumulated Absences, Buildings and Grounds, Public Defender, Housing

(2) Accounts and Control, Auditor, Collection and Assessment of Taxes

(3) Emergency Management, Fire Salaries, Fire Service Program, Contributions to Fire Companies and Rescue Squad, Emergency Medical Services, Fire Hydrant Services, Ambulance Services

(4) Senior Citizens Center, Community Action Program, Municipal Alliance

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

INTRODUCTORY SECTION - UNAUDITED

ELECTED OFFICIALS

Patricia Farmer, Mayor
Christopher Bobbitt, Councilperson
James S. Kownacki, Councilperson
Olympia l'Liou Perry, Councilperson
Amanda Santos (6/6/2025 – 12/31/2025)
John Ryan, Councilperson (1/1/2025 – 4/15/2025)

MUNICIPAL OFFICIALS

Kevin P. Nerwinski, Municipal Manager/Qualified Purchasing Agent
Peter Kiriakatis, Chief Financial Officer
Tonya D. Carter, Township Clerk
Arthur Sypek, Township Attorney
Kevin Reading, Jr., Interim Police Chief
Gregory Whitehead, Director of Public Works
Nicole Finacchio, Municipal Court Administrator
Louis Sancinito Court Judge
Keith Levine, Health Officer
Nancy Bergen, Recreation Superintendent
Susan McCloskey, Tax Collector
Kenneth Pacera, Tax Assessor (1/1/25 – 4/1/25)
Henry Nonnenberg, Jr., Tax Assessor (4/14/25-12/31/25)

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

INTRODUCTORY SECTION - UNAUDITED

CONSULTANTS AND ADVISORS

Auditors

Mercadien, P.C., Certified Public Accountants
P.O. Box 7648
Princeton, NJ 08543-7648

Attorney

Arthur Sypek
Murphy Orlando LLC
494 Broad Street
5th Floor
Newark, NJ 07102

Bond Counsel

McManimon & Scotland
75 Livingston Avenue
Roseland, NJ 07068

Consulting Planner

Clarke Caton Hintz
400 Station Place
West Trenton, NJ 08628

Financial Advisor

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council Members of
the Township of Lawrence

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements – regulatory basis of the various funds and account group of the Township of Lawrence, County of Mercer, State of New Jersey (“Township”), as of December 31, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective regulatory basis financial position of the Township as of December 31, 2025, and the respective regulatory basis revenues, expenditures and changes in financial position for the year then ended in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note A.

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 financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2025, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and requirements of audit prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and requirements of audit prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and requirements of audit issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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.

Report on Summarized Comparative Information

We have previously audited the Township's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2025, in accordance with the financial reporting provisions described in Note A. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Information

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

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



Digesh B. Patel, CPA, MBA, CGMA, PSA
Registered Municipal Accountant
License No. 578

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

May 11, 2026

BASIC FINANCIAL STATEMENTS

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE – ALL FUND TYPES AND ACCOUNT GROUP –
REGULATORY BASIS**

December 31, 2025

(With comparative totals for 2024)

	Current & Grant Funds	General Capital Fund	Trust Funds (1)	Fixed Asset Account Group	Totals	
					2025	2024
ASSETS						
Cash, Cash Equivalents and Investments	\$ 38,816,433.61	\$ 20,870,187.55	\$ 18,793,028.56	\$ -	\$ 78,479,649.72	\$ 75,260,933.91
Federal and State Grants Receivable	10,906,286.26	2,173,258.87	-	-	13,079,545.13	12,871,872.47
Receivables and Other Assets						
Loan Proceeds Receivable	-	4,905.00	-	-	4,905.00	4,905.00
Delinquent Property Taxes	1,337,012.82	-	-	-	1,337,012.82	1,267,670.36
Delinquent Sewer Charges Receivable	507,947.40	-	-	-	507,947.40	389,604.75
Obligations Under Capital Lease	-	18,389.31	-	-	18,389.31	60,848.55
Tax Title Liens Receivable	2,372,186.77	-	-	-	2,372,186.77	2,264,173.84
Sewer Liens Receivable	6,772.55	-	-	-	6,772.55	8,654.16
Property Acquired for Taxes at Assessed Valuation	168,410.00	-	-	-	168,410.00	168,410.00
Other Accounts Receivable	33,252.40	-	-	-	33,252.40	-
Interfunds Receivable	802,704.29	-	-	-	802,704.29	692,811.52
Deferred Charges	-	7,160,547.79	-	-	7,160,547.79	9,583,547.79
Fixed Assets	-	-	-	102,845,149.00	102,845,149.00	101,464,650.07
Total Assets	<u>\$ 54,951,006.10</u>	<u>\$ 30,227,288.52</u>	<u>\$ 18,793,028.56</u>	<u>\$ 102,845,149.00</u>	<u>\$ 206,816,472.18</u>	<u>\$ 204,038,082.42</u>

(1) - Includes Animal Control, Housing & Community, Self-Insurance and Other Trusts.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE – ALL FUND TYPES AND ACCOUNT GROUP –
REGULATORY BASIS (CONTINUED)**

December 31, 2025

(With comparative totals for 2024)

	Current & Grant Funds	General Capital Fund	Trust Funds (1)	Fixed Asset Account Group	Totals	
					2025	2024
LIABILITIES, RESERVES AND FUND BALANCE						
Tax/Sewer Fee Overpayments	\$ 53,512.97	\$ -	\$ -	\$ -	\$ 53,512.97	\$ 57,321.96
Appropriation Reserves	2,844,361.40	-	-	-	2,844,361.40	3,053,364.35
Prepaid Taxes/Sewer Fees	1,462,534.47	-	-	-	1,462,534.47	1,310,858.37
Federal and State Grants						
Appropriated Reserves	11,287,106.08	-	-	-	11,287,106.08	10,049,493.35
Unappropriated Reserves	35,579.68	-	-	-	35,579.68	78,679.21
Reserve for Encumbrances	1,470,420.70	-	-	-	1,470,420.70	1,242,740.55
Other Liabilities and Reserves						
Due to State of New Jersey	60,057.03	-	-	-	60,057.03	29,561.03
Due to County for Taxes	381,932.20	-	-	-	381,932.20	307,705.20
Due to Mercer County	7,765.75	-	-	-	7,765.75	-
Capital Improvement Fund	-	92,641.05	-	-	92,641.05	92,641.05
Other Reserves	8,271,189.02	4,065,460.02	13,171,690.97	-	25,508,340.01	24,553,670.72
Improvement Authorizations	-	14,765,700.54	-	-	14,765,700.54	14,099,788.31
Interfunds Payable	-	-	802,704.29	-	802,704.29	-
Reserve for Encumbrances	1,130,691.21	2,114,800.71	-	-	3,245,491.92	2,845,377.38
Bond Anticipation Notes	-	5,942,000.00	-	-	5,942,000.00	8,365,000.00
Reserve for Receivables	5,228,286.23	-	-	-	5,228,286.23	4,791,324.63
Accounts Payable	1,434,019.70	-	-	-	1,434,019.70	1,730,410.57
Other Payables	-	18,389.31	4,818,633.30	-	4,837,022.61	4,445,975.96
Investment in Fixed Assets	-	-	-	102,845,149.00	102,845,149.00	101,464,650.07
Fund Balance	21,283,549.66	3,228,296.89	-	-	24,511,846.55	25,519,519.71
Total Liabilities, Reserves and Fund Balance	<u>\$ 54,951,006.10</u>	<u>\$ 30,227,288.52</u>	<u>\$ 18,793,028.56</u>	<u>\$ 102,845,149.00</u>	<u>\$ 206,816,472.18</u>	<u>\$ 204,038,082.42</u>

(1) - Includes Animal Control, Housing & Community, Self-Insurance and Other Trusts.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
CURRENT FUND – REGULATORY BASIS
Year Ended December 31, 2025**

Revenues	
Fund Balance Anticipated	\$ 9,315,000.00
Miscellaneous Revenues	10,608,625.52
State Aid w/o Offsetting Appropriations	4,031,316.99
Special Items with Offsetting Appropriations	4,337,192.07
Special Items with Prior Consent of the Director	2,333,441.08
Delinquent Taxes	1,353,823.29
Amount to be Raised by Taxes for Support of Municipal Budget	<u>34,787,576.75</u>
Total Revenues	66,766,975.70
Other Credits to Income	<u>123,605,743.96</u>
Total Revenues	<u>190,372,719.66</u>
Expenditures	
Budget and Emergency Appropriations	
Appropriations Within "CAPS" Operations	
Salaries and Wages	18,167,001.00
Other Expenses	15,636,623.20
Deferred Charges and Statutory Expenditures - Municipal	4,324,335.00
Appropriations Excluded from "CAPS" Operations	
Salaries and Wages	303,150.00
Other Expenditures	10,370,760.96
Municipal Debt Service	2,741,623.82
Reserve for Uncollected Taxes	4,504,185.01
Capital Improvements	<u>5,520,325.00</u>
Total Expenditures	61,568,003.99
Other Expenditures and Charges to Income	<u>120,297,480.28</u>
Total Expenditures	<u>181,865,484.27</u>
Statutory Excess to Fund Balance	8,507,235.39
Fund Balance, January 1, 2025	<u>22,091,314.27</u>
	30,598,549.66
Decreased by Utilization in Budget	<u>9,315,000.00</u>
Fund Balance, December 31, 2025	<u><u>\$ 21,283,549.66</u></u>

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CURRENT FUND – REGULATORY BASIS
Year Ended December 31, 2025**

	Budget as Modified	Actual	Variance
Revenues			
Fund Balance Anticipated	\$ 9,315,000.00	\$ 9,315,000.00	\$ -
Miscellaneous Revenues	9,829,311.76	10,608,625.52	779,313.76
State Aid w/o Offsetting Appropriations	4,031,316.98	4,031,316.99	0.01
Special Items with Offsetting Appropriations	4,337,280.95	4,337,192.07	(88.88)
Special Items with Consent of the Director	1,904,914.91	2,333,441.08	428,526.17
Delinquent Taxes	1,150,000.00	1,353,823.29	203,823.29
Amount to be Raised by Taxes for Support of Municipal Budget	<u>31,000,179.39</u>	<u>34,787,576.75</u>	<u>3,787,397.36</u>
Total Budget Revenues	61,568,003.99	66,766,975.70	5,198,971.71
Other Credits to Income	-	123,605,743.96	123,605,743.96
Total Revenues	<u>61,568,003.99</u>	<u>190,372,719.66</u>	<u>128,804,715.67</u>
Expenditures			
Budget and Emergency Appropriations			
Appropriations Within "CAPS" Operations			
Salaries and Wages	18,167,001.00	18,167,001.00	-
Other Expenses	15,636,623.20	15,636,623.20	-
Deferred Charges and Statutory Expenditures - Municipal	4,324,335.00	4,324,335.00	-
Appropriations Excluded from "CAPS" Operations			
Salaries and Wages	303,150.00	303,150.00	-
Other Expenses	10,370,760.96	10,370,760.96	-
Municipal Debt Service	2,741,623.82	2,741,623.82	-
Reserve for Uncollected Taxes	4,504,185.01	4,504,185.01	-
Capital Improvements	<u>5,520,325.00</u>	<u>5,520,325.00</u>	<u>-</u>
Total Budget Expenditures	61,568,003.99	61,568,003.99	-
Other Expenditures and Charges to Income	-	120,297,480.28	120,297,480.28
Total Expenditures	<u>61,568,003.99</u>	<u>181,865,484.27</u>	<u>120,297,480.28</u>
Statutory Excess to Fund Balance	<u>\$ -</u>	8,507,235.39	<u>\$ 8,507,235.39</u>
Fund Balance, January 1, 2025		<u>22,091,314.27</u>	
		30,598,549.66	
Decreased by Utilization in Budget		<u>9,315,000.00</u>	
Fund Balance, December 31, 2025		<u>\$ 21,283,549.66</u>	

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the Township of Lawrence (the "Township") include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A:5-5. However, the operations of the Board of Education and volunteer fire companies are not included in the Township's financial statements.

Description of Funds

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgeting 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 accounts for its financial transactions through the following separate funds:

Current Fund – The Current Fund is used for resources and expenditures for governmental operations of a general nature, including federal and state grant funds, except as otherwise noted.

Other Trust Fund – The Other Trust Fund is used for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created, pursuant to the provisions of N.J.S.A. 40A:4-39.

Animal Control Fund – The Animal Control Fund and disbursement of funds related to animal control, primarily dogs and cats.

Housing and Community Development Fund – The Housing and Community Development Fund and disbursement of funds related to affordable housing in the Township.

Self-Insurance Fund – The Self-Insurance Fund receipt and disbursement of funds related to various types of insurance covered by the Township.

General Capital Fund – The General Capital Fund is used for the receipt and disbursement of funds for the acquisition of general capital facilities, including federal and state grants in aid of construction, other than those acquired in the Current Fund, including the status of bonds and notes authorized for said purposes.

Basis of Accounting

The Governmental Accounting Standards Board ("GASB") is the accepted standards-setting body for establishing government accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). This structure of funds differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the general-purpose financial statements required by GAAP.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

A modified accrual basis of accounting is followed with minor exceptions. Modifications from the accrual basis are as follows:

Revenues are recorded when received in cash, except for certain amounts that are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes and sewer charges are recorded with offsetting reserves on the combined statement of assets, liabilities, reserves and fund balance of the Township's Current Fund. Accordingly, such amounts are not recorded as revenue until collected. Other amounts which are due to the Township are also recorded as receivables with offsetting reserves and are recorded as revenue when received.

Cash equivalents are carried at cost. Investments are limited by New Jersey Statutes Annotated ("N.J.S.A.") 40A:5-15.1 to bonds or obligations of, or guaranteed by, the federal government and bonds or other obligations of federal or local units having a maturity date not more than 397 days from the date of purchase.

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at year end are reported as a cash liability in the financial statements and constitute part of the Township's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and are recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis, and interest on general capital indebtedness is on the cash basis. Expenditures for compensated absences are recorded in the accounting period in which the payments are made to the dedicated trust fund established for this purpose. GAAP requires that expenditures be recorded when they are incurred.

Pension and Other Post-Employment Benefits ("OPEB") expenses are recorded on a cash basis as billed by the State of New Jersey. Thus, net pension liability, OPEB liability and related deferred inflows and outflows are not recorded on the combined statement of assets, liabilities, reserves and fund balance.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation at the time such property was acquired. The balance of foreclosed property is fully reserved.

Interfund Receivables and Payables - Interfund receivables in the Current Fund are recorded with offsetting reserves; interfund payables are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Inventories of Supplies - The cost of inventories of supplies for all funds is recorded as an expenditure at the time individual items are purchased. The cost of inventories is not included in the various fund balance sheets.

Self-Insurance Reserves - Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period during which budgetary expenditures are recorded. Other earnings are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially.

Sale of Municipal Assets - Cash proceeds from the sale of Township-owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Reserved proceeds are recorded as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the period that the sale is made.

General Fixed Assets - In accordance with New Jersey Administrative Code ("N.J.A.C.") 5:30-5-6, *Accounting for Governmental Fixed Assets*, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Township is required to have and maintain a fixed asset and reporting system for non-expendable personal property with an acquisition cost of \$5,000 or more per unit and a useful life of more than five years. Fixed assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized. For the classification of land, buildings and other improvements, actual cost was used. With respect to machinery and equipment, actual cost was used whenever possible. However, a significant amount of items were valued at their estimated or replacement cost, since the original cost was not available. No depreciation is provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Fund until such time as the construction is completed and the related asset is placed in operation.

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

It is the policy of the Township not to capitalize interest cost on fixed assets constructed.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Reserve for Uncollected Taxes represents an appropriation made to allow total current tax billings to be levied at an amount greater than the appropriations needed. Reserve for Uncollected Taxes is not recognized under GAAP.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension and Other Post-Employment Benefits (“OPEB”) Other than Pensions

The Township implemented GASB Number 68 & 75, which covers accounting and financial reporting requirements for government employers that provide pension and post-employment benefits other than pensions. Since the Township participates in multiple employer cost-sharing plans (Public Employees’ Retirement System (“PERS”) and Police and Firemen’s Retirement System (“PFRS”) and OPEB), the Township’s portion of this liability and cost is calculated and recorded at the State of New Jersey level and included in the state’s Annual Comprehensive Financial Report. The Township records Pension and OPEB expense based on billings from the state PERS. Required financial statement disclosure requirements are included in Notes G and H.

B. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments include amounts on deposit, petty cash, change funds and investments with original maturities of 397 days or less.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund (“NJCMF”). N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

The market value of the collateral must equal five percent of the average daily balance of public funds; and, if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

B. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of December 31, 2025, the Township’s bank balance of \$79,069,892.41 was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured and Collateralized	\$ 500,000.00
Uninsured and Collateralized	<u>78,569,892.41</u>
Total	<u>\$ 79,069,892.41</u>

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township’s deposits may not be returned or the Township will not be able to recover collateral securities in the possession of an outside party. The Township’s policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation. The Township Council approves and designates the authorized depository institution based on evaluation of solicited responses and certifications provided by financial institutions.

Concentration of Credit Risk – This is the risk associated with the amount of investments the Township has with any one issuer that exceeds five percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and the NJCMF are excluded from this requirement. None of the investments held by the Township are exposed to concentration of credit risk.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding credit risk; however, the Township had no investments that were subject to credit risks as of December 31, 2025. The NJCMF is not rated.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township has a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. However, its practice is to hold investments to maturity.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

C. LONG-TERM DEBT

Summary of Municipal Debt

	December 31,		
	2025	2024	2023
Summary of Municipal Debt Issued			
Bond anticipation notes	\$ 5,942,000.00	\$ 8,365,000.00	\$ 10,788,000.00
Total Issued	5,942,000.00	8,365,000.00	10,788,000.00
Municipal Debt Authorized but not Issued	1,218,547.79	1,218,547.79	1,218,547.79
Municipal Debt Issued and Authorized but not Issued	\$ 7,160,547.79	\$ 9,583,547.79	\$ 12,006,547.79

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicates a statutory net debt of 0.138%:

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 113,105,000.00	\$ 113,105,000.00	\$ -
Other Bonds and Notes	7,160,547.79	1,303,263.09	5,857,284.70
	<u>\$ 120,265,547.79</u>	<u>\$ 114,408,263.09</u>	<u>\$ 5,857,284.70</u>

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

3 1/2% of equalized valuation basis (municipal)	\$ 214,568,130.36
Net debt	<u>5,857,284.70</u>
Remaining borrowing power	<u>\$ 208,710,845.66</u>

Net debt of \$5,857,284.70 divided by average equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$6,130,518,010.33 equals 0.096%. This information ties to the Annual Debt Statement.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

D. BOND ANTICIPATION NOTES

The Township issues bond anticipation notes to temporarily finance various capital projects prior to the issuance of serial bonds. The terms of the notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the original note. The State of New Jersey also prescribes that, on or before the third anniversary of the date of the original note, a payment of at least equal to the first legally payable installment of the bonds, in anticipation of which such notes were issued, be paid or retired. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary of the date of the original issue. At December 31, 2025, the Township had bond anticipation notes totaling \$5,942,000.00.

E. BALANCE APPROPRIATED - CURRENT FUND

Current fund balances were appropriated and included as anticipated revenue in the succeeding year's budget for the past five years as follows:

<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
December 31, 2025	\$ 21,283,549.66	\$ 9,315,000.00
December 31, 2024	22,091,314.27	9,315,000.00
December 31, 2023	20,638,658.40	8,315,000.00
December 31, 2022	20,687,139.52	9,915,000.00
December 31, 2021	17,529,312.69	6,915,000.00

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

F. PROPERTY TAXES

Assessment of Tax

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

Collection of Tax

Pursuant to statute, taxes for municipalities operating under the calendar fiscal year shall be payable as follows: the first installment on February 1, the second installment on May 1, the third installment on August 1, and the fourth installment on November 1, after which dates, if unpaid, a ten-day grace period is given, after which taxes shall become delinquent and remain delinquent until such time as all unpaid taxes, including taxes and other liens subsequently due and unpaid together with interest thereon, have been fully paid and satisfied. The tax bills are prepared and mailed by the Collector of Taxes of the Township annually in July.

The tax bills for each of the first two installments are based upon one-quarter of the total tax levied against the respective properties for the preceding year. The amount of the tax bill for third and fourth installments is the full tax as levied for the current year, less the amount charged as the first and second installments with the amount divided equally between the last two installments.

Taxes become delinquent if not paid on the installment dates or within the ten-day grace period and become subject to interest penalties of 8% to 18% of the amount delinquent. If taxes are delinquent 60 days before the date of the tax sale of the succeeding year, the delinquent amount is subject to "Tax Sale," which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1 of the current tax year even though the amount due is not known.

G. PENSION AND RETIREMENT PLANS

A substantial number of the Township's employees participate in the following defined benefit pension plans: PERS and PFRS, which are administered and/or regulated by the New Jersey Division of Pensions and Benefits (the "Division"). Both plans have a board of trustees that is primarily responsible for their administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Plans Descriptions

PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. For additional information about PERS, please refer to the Division's annual financial statements, which can be found at:

www.state.nj.us/treasury/pensions/annrpts.shtml

PFRS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits. For additional information about PFRS, please refer to the Division's annual financial statements, which can be found at the link above.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code ("IRC") 401(a) et seq., and is a governmental plan within the meaning of IRC 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn a salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn a salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn a salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010, who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn a salary of at least \$5,000.00 annually.

Per Local Finance Notice 2023-21, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the most recent available information for pension reporting purposes is included within this footnote.

Benefits Provided

For PERS, 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:

Tier	Definition
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.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

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

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

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 of 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 10 years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

PERS

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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 will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be 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 will be adjusted by the rate of return on the actuarial value of assets.

PFRS

A special funding situation exists for the local employers of the Police and Firemen's Retirement System of New Jersey. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under 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 June 30, 2021, state special funding situation net pension liability amount of \$2,035,866,759.00, is the accumulated difference between the annual actuarially determined state obligation under the special funding situation and the actual state contribution through the valuation date. The state special funding situation pension expense of \$234,210,235, for the fiscal year ended June 30, 2024, is the actuarially determined contribution amount that the state owes for the fiscal year ended June 30, 2024. The pension expense is deemed to be a state administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. 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 PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in state fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be 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 will be adjusted by the rate of return on the actuarial value of assets.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

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 that 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 are 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 this legislation directly to the plan (except for employer-specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. The portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township is \$3,218,225 at June 30, 2024.

DCRP

The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. For the year ended December 31, 2023, employee contributions totaled \$10,740.32 and the Township's contributions were \$8,635.00. There were no forfeitures during the year.

The Township is billed annually for its normal contribution plus any accrued liability. Contribution to PERS from the Township was \$1,267,260.00 for the year ended June 30, 2025. Contribution to PFRS from the Township was \$2,186,575 for the year ended June 30, 2025.

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

PERS

At June 30, 2024, the Township had a liability of \$14,882,905.00 for its proportionate share of the net pension liability in PERS. 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 that date. 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 of the plan, actuarial determined. At June 30, 2024, the Township's proportion was 0.0931305898%, which was a decrease of 0.0005399277 from its proportion measured as of June 30, 2023, for PERS.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

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

PFRS

At June 30, 2024, the Township had a liability of \$19,542,141.00 for its proportionate share of the net pension liability in PFRS. 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 that date. 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 of the plan, actuarial determined. At June 30, 2024, the Township's proportion was 0.158076510%, which was a decrease of 0.01081293 from its proportion measured as of June 30, 2023, for PFRS.

	PERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 253,495.49	\$ 33,690.10	\$ 1,028,394.80	\$ 558,840.00
Changes in assumptions	15,721.03	143,980.55	25,805.04	479,406.89
Net difference between projected and actual investment earnings on pension plan investments	-	586,760.44	-	127,764.38
Changes in proportion	-	-	-	-
	<u>\$ 269,216.52</u>	<u>\$ 764,431.09</u>	<u>\$ 1,054,199.84</u>	<u>\$ 1,166,011.27</u>

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

PERS-2024		PFRS-2024	
2025	\$ (537,284.58)	2025	\$ (790,693.69)
2026	415,734.75	2026	911,064.54
2027	(239,181.15)	2027	(228,666.26)
2028	(138,077.26)	2028	(106,186.68)
2029	3,593.67	2029	94,465.28
Thereafter	-	Thereafter	8,205.38
	<u>\$ (495,214.57)</u>		<u>\$ (111,811.43)</u>

Actuarial Assumptions

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

	PERS	PFRS
Inflation: Price	2.75%	2.75%
Inflation: Wage	3.25%	3.25%
Salary Increases (based on years of service)	2.75-6.55%	N/A
Salary Increases: Thereafter (based on years of service)	N/A	N/A
Through all future years (based on years of service)	N/A	3.25-16.25%
Investment rate of return	7.00%	7.00%

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

PERS

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

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

PFRS

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 Safety Retiree Below-Median Income mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024), is determined by the State Treasurer, after consultation with the Directors of the Division of 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 rates of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2024, respectively, are summarized in the following table:

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Asset Class	PERS - 2024		PFRS - 2024	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.63%	0.00%	0.00%
U.S. large cap equity	0.00%	0.00%	24.00%	6.90%
U.S. small/mid cap equity	0.00%	0.00%	4.00%	7.40%
Non-U.S. developed markets equity	12.75%	8.85%	0.00%	0.00%
Non-U.S. developed large-cap equity	0.00%	0.00%	9.50%	6.70%
Non-U.S. developed small-cap equity	0.00%	0.00%	2.00%	7.50%
International small-cap equity	1.25%	8.85%	0.00%	0.00%
Emerging markets equity	5.50%	10.66%	0.00%	0.00%
Emerging markets large-cap equity	0.00%	0.00%	6.00%	9.60%
Emerging markets small-cap equity	0.00%	0.00%	1.50%	9.60%
U.S. treasury bond	0.00%	0.00%	7.00%	4.10%
U.S. corporate bond	0.00%	0.00%	5.00%	5.90%
U.S. Mortgage-Backed Securities	0.00%	0.00%	5.00%	4.40%
Global Multisector Fixed Income	0.00%	0.00%	6.00%	6.50%
Cash	0.00%	0.00%	2.00%	3.40%
Private equity	13.00%	12.40%	10.00%	10.10%
Real estate	8.00%	10.95%	0.00%	0.00%
Real assets	3.00%	8.20%	0.00%	0.00%
Real estate core	0.00%	0.00%	3.00%	5.10%
Real estate non-core	0.00%	0.00%	4.00%	6.50%
Private equity	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	3.00%	7.00%
High yield	4.50%	6.74%	0.00%	0.00%
Private debit/credit	8.00%	8.90%	8.00%	9.10%
Investment grade credit	7.00%	5.37%	0.00%	0.00%
Cash equivalents	2.00%	3.57%	0.00%	0.00%
U.S. Treasuries	4.00%	3.57%	0.00%	0.00%
Risk mitigation strategies	3.00%	7.10%	0.00%	0.00%
	<u>100.00%</u>		<u>100.00%</u>	

PERS

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

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 on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	<u>\$ 16,956,428.62</u>	<u>\$ 14,882,905.00</u>	<u>\$ 9,190,987.79</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PFRS	<u>\$ 27,921,392.37</u>	<u>\$ 19,542,141.00</u>	<u>\$ 12,564,087.36</u>

In 2001, voters approved a Length-of-Service Awards Program (“LOSAP”) for volunteer fire and first aid personnel who meet certain eligibility requirements. The Township’s contribution to LOSAP in 2025 amounted to \$0.

H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”)

The Township participates in a cost sharing multiple-employer defined post-retirement benefit plan (the “Plan”), which is administered by the State of New Jersey. The Plan provides continued health care benefits to employees retiring after twenty-five years of service. Benefits, contributions, funding and the manner of administration are determined by the State of New Jersey Legislature. The Division of Pensions and Benefits charges the Township for its contributions. The total number of retired participants eligible for benefits was 52, 52 and 52 at December 31, 2024, 2023, and 2022, respectively.

Per Local Finance Notice 2023-21 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the most recent available information for OPEB reporting purposes is included within the footnote.

The GASB Statement No. 75 report of the State Health Benefits Local Government Retired Employees Plan (the “Plan”) for the period ended June 30, 2025, was not available as of the date of this report. Per Local Finance Notice 2023-10, issued by the Division of Local Government Services, calendar year municipalities are able to include in their annual audits the most recent audited GASB 75 information published by the Division of Pensions and Benefits. Thus, the Township included in the note below disclosures based on the period ended June 30, 2024, audited Plan information.

The Township's contribution to the Plan for the years ended December 31, 2024, 2023, and 2022, was \$1,312,700.32, \$1,262,563.91, and \$1,155,773.75, respectively.

Please refer to the State website, www.state.nj.us for more information regarding the Plan. The Plan’s financial report may be obtained by writing to the State of New Jersey, Department of

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") (CONTINUED)

General Information About the OPEB Plan

The Township participates in the State Health Benefit Local Government Retired Employees Plan (the "Plan") which is a cost-sharing multiple-employer defined benefit other post-employment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the "Division") Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer-paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post-retirement 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 post-retirement 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 Township adopted Resolution 146-00 in 2000.

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 LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") (CONTINUED)

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 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 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.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The Township's unaudited portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability as of December 31, 2024, is 0.111900% or \$5,456,966.

Net OPEB Liability

Components of Net OPEB Liability

The components of the Township's net OPEB liability as of June 30, 2024, are as follows:

	June 30, 2024
Total OPEB liability	\$ 40,343,564.23
Plan Fiduciary Net Position	(357,303.95)
Net OPEB Liability	<u>\$ 40,700,868.18</u>
Plan Fiduciary Net Position as a % of total OPEB liability	-0.89%

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") (CONTINUED)

Actuarial Assumptions

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

Salary increases*

PERS

Rate for all future years 2.75% to 6.55% based on years of service

PFRS

Rate for all future years 3.25% to 16.25% based on years of service

Mortality:

PERS:

Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS:

Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

Actuarial assumptions used in the July 1, 2023, valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2022.

One-hundred percent of active members are considered to participate in the Plan upon retirement.

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.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") (CONTINUED)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

At June 30, 2024		
At 1% Decrease (2.93%)	At Current Discount Rate (3.93%)	At 1% Increase (4.93%)
\$ 47,412,124.93	\$ 40,700,868.18	\$ 35,325,747.95

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

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

At June 30, 2024		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
\$ 34,424,626.85	\$ 40,700,868.18	\$ 48,770,350.71

Deferred Outflows of Resources and Deferred Inflows of Resources

	OPEB - End of Year Balance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,061,211.40	\$ 6,896,127.00
Changes in assumptions	6,804,414.64	6,756,087.19
Difference between projected and actual investment earnings on OPEB plan investments	-	18,423.92
Changes in proportion	-	-
	<u>\$ 8,865,626.04</u>	<u>\$ 13,670,638.11</u>

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB") (CONTINUED)

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

<u>Years ending</u>	
2025	\$ (2,554,909.55)
2026	(1,099,961.14)
2027	(189,022.64)
2028	(1,007,744.71)
2029	(642,032.32)
Thereafter	688,658.31
	<u>\$ (4,805,012.06)</u>

Changes in Proportion

The previous amounts do not include employer-specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts will be recognized (amortized) by the Township over the average remaining service lives of all plan members, which are 7.89, 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

I. PENDING LITIGATION

The Township is a defendant in various matters under litigation. In the opinion of the Township's management, these matters will not have a material adverse effect on the financial position of the Township in the event of unfavorable or adverse outcomes.

J. UNUSED SICK LEAVE AND VACATION BENEFITS

The Township has permitted employees to accrue sick leave pay which may be taken as time off or paid at a later date. Non-union employees are entitled to a lump sum payment equal to 50% of unused accumulated sick leave at current rates, subject to a cap of \$15,000. Union employees receive a similar payment, subject to a cap of \$15,000. Union employees, not including police and fire, hired after January 1, 2010, are subject to a cap of \$10,000. The Fraternal Order of Police ("FOP") is subject to a cap of \$22,000, except for officers hired after January 1, 2013, who are subject to a cap of \$15,000 or the amount established by New Jersey law, whichever is less. Employees hired as of January 1, 2014, do not receive a sick payout for blue collar, white collar, CWA, FMBA 96 and FMBA 396. FOP rank and file and superior officers do not receive a sick payout hired as of March 1, 2016. Each year a provision is made in the budget to cover the estimated annual cost of such payments.

The Township's policy with respect to unused vacation is to permit employees to carry over such vacation for one year unless approved otherwise by the Township Manager.

The total balance of unused sick and vacation time benefits amounted to approximately \$1,484,217.68 at December 31, 2025. This total reflects the caps as listed above. At December 31, 2025, the Township had established a balance of \$1,405,135.54 as a cash reserve in the trust fund which is available for future payments of compensated absences.

**TOWNSHIP OF LAWRENCE
COUNTY OF MERCER, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

K. COMMITMENTS

The majority of the Township employees are represented through the following collective bargaining units:

<u>Bargaining Unit</u>
Fraternal Order of Police, Lodge 209 - December 31, 2027
Fraternal Order of Police, Lodge 209 (Superior Officers) - December 31, 2027
Communication Workers of America, Local 1032 - December 31, 2025*
American Federation of State, County and Municipal Employees Council 73, AFL-CIO, Local 2476 - December 31, 2029
American Federation of State, County and Municipal Employees Council 73, AFL-CIO, Local 2257 - December 31, 2025*
Firefighters Mutual Benevolent Association, Local 96 - December 31, 2025*
Firefighters Mutual Benevolent Association, Local 396 (EMTs) - December 31, 2028

* Currently under negotiations.

L. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from December 31, 2025 through the date of this report, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items were noted for disclosure.

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

_____, 2026

Township Council of the
Township of Lawrence, in the
County of Mercer, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Lawrence, in the County of Mercer, New Jersey (the "Township"), in connection with the issuance by the Township of its \$3,519,000 Bond Anticipation Notes, Series 2026 (the "Notes"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

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

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

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

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

Very truly yours,