

PRELIMINARY OFFICIAL STATEMENT DATED MAY 7, 2026

NEW ISSUE

RATING: S&P “SP-1+”
(See “RATING” herein.)

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 MONROE,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY
\$58,675,000 BOND ANTICIPATION NOTES, SERIES 2026
Consisting of:
\$36,830,000 General Improvement Bond Anticipation Note and
\$21,845,000 Water-Sewer Utility Bond Anticipation Note
(Book-Entry-Only) (Non-Callable)
Interest Rate: ___ %
Yield: ___ %
CUSIP*: _____**

Dated: Date of Delivery

Due: May 27, 2027

The \$58,675,000 Bond Anticipation Notes, Series 2026, consisting of the \$36,830,000 General Improvement Bond Anticipation Note (the “General Improvement Note”) and the \$21,845,000 Water-Sewer Utility Bond Anticipation Note (the “Utility Note”, and together with the General Improvement Note, the “Notes”), are being issued by the Township of Monroe, in the County of Middlesex, New Jersey (the “Township”), and will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See “BOOK-ENTRY-ONLY SYSTEM” herein. The principal of and interest on the Notes will be paid on the maturity date to DTC by the 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.

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, 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 Louis N. Rainone, Esq., Iselin, 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 DTC in Brooklyn, New York, on or about May 28, 2026.

**BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE
ON THURSDAY, MAY 14, 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 is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**TOWNSHIP OF MONROE,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

MAYOR

Stephen Dalina

TOWNSHIP COUNCIL MEMBERS

Rupa Siegel, Council President
Michael A. Markel, Council Vice President
Miriam Cohen
Charles Dipierro
Terence Van Dzura

TOWNSHIP ADMINISTRATOR

Kevin McGowan

CHIEF FINANCIAL OFFICER

Lori Olah

TOWNSHIP CLERK

Christine Robbins, RMC, CMR

TOWNSHIP ATTORNEY

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

AUDITOR

PKF O'Connor Davies, LLP
Cranford, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

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

No broker, dealer, salesperson or other person has been authorized by the 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 hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the 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 MONROE,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

RELATING TO THE

\$58,675,000 BOND ANTICIPATION NOTES, SERIES 2026

Consisting of:

**\$36,830,000 General Improvement Bond Anticipation Note and
\$21,845,000 Water-Sewer Utility Bond Anticipation Note**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Monroe (the “Township”), in the County of Middlesex (the “County”), State of New Jersey (the “State”), in connection with the sale and issuance of \$58,675,000 Bond Anticipation Notes, Series 2026, consisting of the \$36,830,000 General Improvement Bond Anticipation Note (the “General Improvement Note”) and the \$21,845,000 Water-Sewer Utility Bond Anticipation Note (the “Utility Note”, and together with the General Improvement Note, 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 amounts and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of DTC and its participants. The Notes are issuable as fully registered book-entry securities. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity.

Redemption

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

BOOK-ENTRY-ONLY SYSTEM*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the 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 each series of the Notes in the aggregate principal amount and will be deposited with DTC.

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

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

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

* Source: The Depository Trust Company.

of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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 charts below. Proceeds from the sale and issuance of the Notes, along with available funds of the Township in the amount of \$1,176,200, will be used to: (i) refund, on a current basis, the Township’s \$35,100,000 Bond Anticipation Notes, dated May 30, 2025 and maturing on May 29, 2026 (the “May Prior Notes”); (ii) refund, on a current basis, the Township’s \$2,509,500 Bond Anticipation Notes, dated October 23, 2025 and maturing on May 29, 2026 (the “October Prior Notes”, and together with the May Prior Notes, the “Prior Notes”); (iii) provide new money in the amount of \$22,241,700 to temporarily finance various improvements in and by the Township; and (iv) pay for the costs incurred in connection with the authorization, sale and issuance of the Notes.

General Improvement Note

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded	New Money
O-3-2007-03	Various Improvements to James Monroe Park, finally adopted on March 5, 2007.	\$0	\$15,601
O-7-2015-10	Various capital improvements, finally adopted on July 6, 2015.	0	67,082

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded	New Money
O-8-2020-17	Various capital improvements, finally adopted on September 2, 2020.	0	92,841
O-6-2021-18	Various capital improvements, finally adopted on August 2, 2021.	900,000	0
O-2-2022-06	Various capital improvements, finally adopted on March 7, 2022.	400,000	78,952
O-2-2022-07	Various capital improvements, finally adopted on March 7, 2022.	0	583,321
O-6-2022-17	Various capital improvements, finally adopted on August 1, 2022.	3,500,000	0
O-2-2023-07	Various capital improvements, finally adopted on March 6, 2023.	2,766,000	0
O-2-2023-08	Open space recreation improvements, finally adopted on March 6, 2023.	1,000,000	1,300,000
O-4-2023-15	Acquisition of property for open space recreation improvements, finally adopted on May 1, 2023.	1,123,800	0
O-6-2023-20	Various capital improvements, finally adopted on August 7, 2023.	1,200,000	729,767
O-6-2023-22	Improvements to the police building and expansion of parking lot, finally adopted August 7, 2023.	1,900,000	0
O-2-2024-04	Various capital improvements, finally adopted on March 4, 2024.	2,034,000	342,000
O-2-2024-05	Improvements to Applegarth School, finally adopted on March 4, 2024.	0	900
O-4-2024-07	Signal improvements at Old Bridge Englishtown Road and Mounts Mills Road, finally adopted on May 6, 2024.	2,190,000	0
O-8-2024-19	Facility improvement on Township open space property, finally adopted September 4, 2024.	0	1,279,669
O-8-2024-21	Various capital improvements, finally adopted September 4, 2024.	1,900,000	1,425,000
O-1-2025-04	Various roadway, sidewalk and curb improvements, finally adopted March 3, 2025.	1,610,000	9,000

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded	New Money
O-1-2025-05	Recreation improvements on open space property, finally adopted March 3, 2025.	100,000	138,000
O-8-2025-19	Acquisition of North Disbrow Hill Road for use as open space, finally adopted September 3, 2025.	2,509,500	0
O-8-2025-23	Acquisition, construction and installation of energy conservation improvements, finally adopted November 5, 2025.	0	3,000,000
O-11-2025-25	Various capital improvements, finally adopted December 1, 2025.	0	2,200,767
O-3-2026-06	Various capital improvements, finally adopted April 6, 2026.	<u>0</u>	<u>2,433,800</u>
	SUB-TOTAL:	<u>\$23,133,300</u>	<u>\$13,696,700</u>
	TOTAL GENERAL IMPROVEMENT NOTES:	<u>\$36,830,000</u>	

Utility Note

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded	New Money
O-6-2011-18	Various water and sewer utility improvements, finally adopted on June 27, 2011.	\$0	\$70,877
O-7-2015-11	Various water and sewer utility improvements, finally adopted on July 6, 2015.	2,000,000	209,000
O-12-2015-24	Acquisition of water allocation rights and improvements to Well #25, finally adopted on December 28, 2015.	126,268	0
O-6-2016-21	Various water and sewer utility improvements, finally adopted on July 6, 2016.	2,000,000	0
O-6-2017-15	Various water and sewer utility improvements, finally adopted on July 5, 2017.	2,200,000	0
O-8-2020-16	Various water and sewer utility improvements, finally adopted on September 2, 2020.	3,400,000	856,223

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Prior Notes Being Refunded	New Money
O-6-2021-17	Various water and sewer utility improvements, finally adopted on August 2, 2021.	200,000	0
O-6-2022-15	Various water and sewer utility improvements, finally adopted on August 1, 2022.	0	330,000
O-6-2023-21	Acquisition of equipment for the water and sewer utility, finally adopted on August 7, 2023.	600,000	0
O-8-2024-20	Various improvements to the water-sewer utility, finally adopted on September 4, 2024.	2,773,732	2,133,900
O-11-2025-26	Various improvements to the water-sewer utility, finally adopted on December 1, 2025.	<u>0</u>	<u>4,945,000</u>
	SUB-TOTAL:	<u>\$13,300,000</u>	<u>\$8,545,000</u>
	TOTAL UTILITY NOTES:	<u>\$21,845,000</u>	
	TOTAL NOTES:	<u>\$58,675,000</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.

CERTAIN RISK FACTORS

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

Climate Change

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as “climate change”), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the 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 which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

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

Upon the filing of certified adopted budgets by the 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 \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the 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, 2024 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

Appendix “B” contains the Township’s unaudited financial statements for the year ended December 31, 2025. Appendix “C” contains the Township’s audited financial statements for the year ended December 31, 2024. PKF O’Connor Davies, LLP, Cranford, New Jersey, takes responsibility for the unaudited financial statements to the extent and for the period set forth in the “Accountants’ Compilation Report” contained in Appendix “B” and for the audited financial statements to the extent and for the period set forth in the “Independent Auditors’ Report” contained in Appendix “C” of this Official Statement.

The Township’s Auditor has assisted the Township in compiling certain economic and financial information contained in Appendix “A” of this Official Statement. The Auditor has not verified the accuracy, completeness or fairness of the information contained therein and, accordingly, expresses no opinion with respect thereto. See “APPENDIX A – Certain Economic and Demographic Information About the Township of Monroe, in the County of Middlesex, New Jersey”.

LITIGATION

To the knowledge of the Township Attorney, Louis N. Rainone, Esquire, of Rainone Coughlin Minchello, LLC, Iselin, 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 not 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") dataport, notice of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;

- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the 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 or the undertakings set forth herein, provided such amendment is, in the opinion of Bond Counsel, in compliance with the Rule.

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

The Township has previously entered into secondary market disclosure undertakings in accordance with the Rule with respect to its own obligations and obligations of the Middlesex County Improvement Authority for which the Township is an obligated person. 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 "D". 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

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

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain

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

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the 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 to Lori Olah, Chief Financial Officer, Township of Monroe, 1 Municipal Plaza, Monroe, New Jersey 08831, (732) 521-4400, 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 any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Township since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**TOWNSHIP OF MONROE, IN THE COUNTY
MIDDLESEX, NEW JERSEY**

By: _____
Lori Olah
Chief Financial Officer

Dated: May __, 2026

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF
MONROE, IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Monroe (the "Township").

Description of the Township

The Township is located in the southern portion of Middlesex County (the "County"), in the State of New Jersey (the "State") midway between the metropolitan areas of New York City and Philadelphia. The Township consists of 42.8 square miles and is bordered by the Townships of East Brunswick and Old Bridge and the Boroughs of Jamesburg, Helmetta, Cranbury and Spotswood in Middlesex County, the Township of Manalapan and the Borough of Englishtown in Monmouth County and the Township of East Windsor in Mercer County.

The Township has become a very desirable location in which to raise a family and to retire due to its beautiful green landscape, low property taxes, low crime rate and low population density.

Form of Government

The Township operates under the Mayor-Council Plan under the provisions of the Faulkner Act, Chapter 210 of the 1970 Laws of New Jersey, as amended and supplemented, N.J.S.A. 40:69A-et seq., as amended and supplemented. The Township is governed by a Mayor, who is elected for a term of four (4) years and is the chief executive. A five (5) member Township Council has the responsibility for all legislative matters including the adoption of operating budgets, the enactment of ordinances and general citizen representation. The Township Council consists of three (3) individual ward council members and two (2) at-large council members, all of whom are elected to staggered four (4) year terms. The Mayor appoints a professionally qualified Business Administrator with the advice and consent of the Township Council. Daily Township operations are the responsibility of the professional staff, coordinated by the Township's Business Administrator. The Township Council meets on the first and fourth Monday of each month. The meetings are open to the public and public discussion and comments are scheduled at various points in each meeting agenda.

Population and Economy

The Township's estimated population is 50,157 in 2024 based upon the US Bureau of the Census. The Township is primarily a residential community, and its central location and access to major commuter routes allow its residents easy access to employment centers from New York City to Philadelphia. The Township is well known for its many planned retirement communities, numerous medical offices and the Forsgate Country Club.

¹ Source: The Township, unless otherwise indicated.

Transportation

Train service to Newark, New York City, Philadelphia and the entire Northeast Corridor is provided by New Jersey Transit and Amtrak through nearby railroad stations in Princeton Junction, New Brunswick and South Amboy.

Local and interstate bus service is provided by New Jersey Transit, Academy Bus Line and Coach USA.

The Township is strategically situated alongside the New Jersey Turnpike at Exit 8A, the State's primary north/south artery. It is also served by State Highway Routes 9, 18 and 33 and Route 130.

Within thirty-five (35) miles of the Township are the Ports of New York, Newark and Elizabeth with the world's largest container facilities. Newark Liberty International Airport is only a forty (40) minute drive from the Township.

Township-operated shuttle bus transportation (at no cost to riders) is available to Township residents to travel to Princeton and Freehold.

Parks and Recreation

The Township is home to numerous parks and recreation facilities, including one of Middlesex County's premier parks, Thompson Park (which is over 1,500 acres and consists of open space, soccer fields, baseball fields, picnic groves, a sled-riding hill, an animal petting zoo, Manalapan Lake for fishing, playground facilities, a concrete gazebo, and a dog park).

The Township owns and operates a municipal Recreation Center which includes two (2) gymnasiums, an exercise room, a multipurpose room, eight (8) meeting rooms, a park and an outdoor hockey rink. The Recreation Center is being expanded to meet the demands of a growing recreation program. The Township also operates other park facilities including:

1. Daniel Ryan Wolverine Field;
2. James Monroe Park baseball fields;
3. Thomas Allen Girls Softball Fields at Gravel Hill-Spotswood Road; and
4. Veterans Park on Avenue K in the Outcalt section of the Township.

Education

The Monroe Township Board of Education is an autonomous elected body that operates the public school district (the "District"). The District provides a full range of educational services appropriate for grades K through 12. The District had an average student enrollment of 6,746 for the 2023-2024 school year. The District has six (6) elementary schools, one (1) middle school and one (1) high school. The District enjoys a fine reputation, with many of its graduates being accepted by and graduating from leading colleges and universities.

Situated in the center of the State, the Township has the advantage of having the following colleges and universities within a short driving distance: Princeton University, Rutgers University, Monmouth University, Middlesex County College, Brookdale Community College, Rider University, The College of New Jersey and the Princeton Theological Seminary.

Pension and Retirement Systems

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

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

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

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

Employment and Unemployment Comparisons

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

	<u>Total</u> <u>Labor Force</u>	<u>Employed</u> <u>Labor Force</u>	<u>Total</u> <u>Unemployed</u>	<u>Unemployment</u> <u>Rate</u>
<u>Township</u>				
2024	20,478	19,554	924	4.5%
2023	20,386	19,549	837	4.1%
2022	19,999	19,236	763	3.8%
2021	19,684	18,417	1,267	6.4%
2020	19,499	17,894	1,605	8.2%
<u>County</u>				
2024	451,078	430,775	20,303	4.5%
2023	449,456	430,665	18,791	4.2%
2022	441,300	425,061	16,239	3.7%
2021	434,089	406,494	27,595	6.4%
2020	431,854	393,791	38,063	8.8%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

Income (as of 2024)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$107,892	\$111,549	\$103,556
Median Family Income	154,395	132,880	127,025
Per Capita Income	69,907	50,601	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.

Year	Township		County		State	
	Population	% Change	Population	% Change	Population	% Change
2024 est.	50,157	3.2%	890,119	3.1%	9,500,851	2.3%
2020	48,594	24.2%	863,162	6.6%	9,288,994	5.7%
2010	39,132	39.8%	809,858	8.0%	8,791,894	4.5%
2000	27,999	25.8%	750,162	11.7%	8,414,350	8.9%
1990	22,255	40.3%	671,780	12.7%	7,730,188	5.0%

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:

Taxpayers	2025 Assessed Valuation	% of Total Assessed Valuation
BSREP Ill Monroe LLC C/O Ryan, LLC	\$161,021,500	1.85%
Costco Wholesale Corporation	115,042,900	1.32%
Centerpoint Barnes, LLC	82,871,200	0.95%
Noble House of NJIV	69,606,500	0.80%
EJC 24 Engelhard, LLC	27,500,000	0.32%
251 Docks Corner, LLC	23,090,700	0.27%
QR Farrington DC, LLC	20,718,700	0.24%
JSM AT RT 33, LLC	20,392,200	0.23%
Prologis	20,000,000	0.23%
Concorida MZL, LLC	19,500,000	0.22%
Total	\$559,743,700	6.43%

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025 U	\$257,031,352	\$255,703,350	99.48%
2024	248,647,609	247,434,571	99.51%
2023	233,970,007	232,695,119	99.45%
2022	224,137,676	222,517,735	99.27%
2021	224,776,996	222,533,536	99.00%

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

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>Delinquent % of Tax Levy</u>
2025 U	\$440,524	\$1,263,271	\$1,703,795	0.66%
2024	510,330	1,339,669	1,849,999	0.74%
2023	482,028	1,297,723	1,779,751	0.76%
2022	455,708	1,519,642	1,975,350	0.88%
2021	407,975	1,860,629	2,268,604	1.01%

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

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Property Acquired For Taxes</u>
2025 U	\$1,569,800
2024	1,569,800
2023	1,569,800
2022	1,569,800
2021	1,569,800

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

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>General Municipal</u>	<u>Local School</u>	<u>Total County</u>	<u>Total</u>
2025	\$0.596	\$1.535	\$0.609	\$2.740
2024	0.576	1.487	0.591	2.654
2023	0.551	1.480	0.528	2.559
2022	0.547	1.470	0.500	2.517
2021	0.543	1.473	0.489	2.505

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$8,698,854,400	\$16,147,864,117	53.87%	\$6,050,556	\$16,153,914,673
2024	8,619,866,700	15,162,474,406	56.85%	6,486,657	15,168,961,063
2023	8,364,369,600	13,723,329,943	60.95%	7,366,285	13,730,696,228
2022	8,249,811,000	11,773,670,615	70.07%	5,909,313	11,779,579,928
2021	8,105,786,100	10,531,097,960	76.97%	6,180,038	10,537,277,998

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	\$130,030,100	\$7,212,411,700	\$63,386,100	\$625,255,600	\$607,480,000	\$60,290,900	\$8,698,854,400
2024	146,411,700	7,106,524,700	64,125,200	796,084,600	444,751,900	61,968,600	8,619,866,700
2023	206,375,900	6,973,248,800	64,472,600	616,629,000	444,751,900	58,891,400	8,364,369,600
2022	215,399,700	6,869,964,400	63,160,700	601,603,400	445,348,100	54,334,700	8,249,811,000
2021	241,881,200	6,727,458,200	63,130,900	581,318,000	437,094,100	54,903,700	8,105,786,100

Source: Abstract of Ratables and State of New Jersey – Property Value Classification and User-Friendly Budget of the Township

Financial Operations

The following table summarizes the Township's Current Fund budget for the current and past four (4) 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>REVENUE</u>	Adopted <u>2022</u>	Adopted <u>2023</u>	Adopted <u>2024</u>	Adopted <u>2025</u>	Introduced <u>2026</u>
Fund Balance Utilized	\$9,900,000	\$10,995,000	\$10,995,000	\$10,995,000	\$9,000,000
Miscellaneous Revenues	11,649,501	11,985,190	12,641,616	13,337,627	14,295,324
Municipal Grants	13,852	376,872	366,286	309,009	62,529
Receipts from Delinquent Taxes	1,550,000	1,450,000	1,200,000	1,200,000	1,200,000
Amount to be Raised by Taxation	<u>43,875,551</u>	<u>44,896,721</u>	<u>48,376,894</u>	<u>50,601,453</u>	<u>54,744,520</u>
Total Revenue:	<u>\$66,988,904</u>	<u>\$69,703,783</u>	<u>\$73,579,796</u>	<u>\$76,443,090</u>	<u>\$79,302,373</u>
<u>APPROPRIATIONS</u>					
General Purpose (Inside CAP)	\$48,333,810	\$49,981,192	\$52,948,409	\$54,234,267	\$56,082,910
Operations (Outside CAP)	7,776,390	8,657,826	9,309,772	10,291,446	11,664,637
Municipal Grants	0	0	0	0	0
Capital Improvement Fund	270,000	995,000	100,000	100,000	0
Municipal Debt Service	6,248,704	6,069,765	7,021,615	7,617,377	8,124,316
Deferred Charges	0	0	0	0	230,510
Reserve for Uncollected Taxes	<u>4,360,000</u>	<u>4,000,000</u>	<u>4,200,000</u>	<u>4,200,000</u>	<u>3,200,000</u>
Total Appropriations:	<u>\$66,988,904</u>	<u>\$69,703,783</u>	<u>\$73,579,796</u>	<u>\$76,443,090</u>	<u>\$79,302,373</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

Fund Balance - Current Fund

<u>Year</u>	<u>Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2025 U	\$11,056,986	\$9,000,000
2024	14,300,760	10,995,000
2023	15,285,535	10,995,000
2022	15,345,503	10,995,000
2021	14,919,075	9,900,000

U: Unaudited

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

Water/Sewer Utility Operating Fund

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

<u>Fund Balance - Water-Sewer Utility</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2025 U	\$5,444,416	\$645,000
2024	6,353,708	426,419
2023	2,565,131	426,419
2022	5,119,483	1,500,000
2021	6,043,808	1,500,000
2020	6,164,176	1,400,000

U: Unaudited

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

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Township Indebtedness as of December 31, 2025

General Purpose Debt

Serial/Term Bonds	\$62,920,000
Bond Anticipation Notes	24,309,500
Bonds and Notes Authorized but Not Issued	18,028,256
Other Bonds, Notes and Loans	0
Total:	<u>\$105,257,756</u>

Local/Regional School District Debt

Serial/Term Bonds	\$80,850,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$80,850,000</u>

Self-Liquidating Debt

Serial/Term Bonds	\$42,085,000
Bond Anticipation Notes	13,300,000
Bonds and Notes Authorized but Not Issued	13,687,768
Other Bonds, Notes and Loans	348,585
Total:	<u>\$69,421,353</u>

TOTAL GROSS DEBT

\$255,529,109

Less: Statutory Deductions

General Purpose Debt	\$26,302,899
Local/Regional School District Debt	80,850,000
Self-Liquidating Debt	69,421,353
Total:	<u>\$176,574,252</u>

TOTAL NET DEBT

\$78,954,857

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share*</u>
Local School District	\$80,850,000	100.0%	\$80,850,000
Middlesex County	844,209,499	5.5%	46,204,115
			<hr/>
Net Indirect Debt			\$127,054,115
Net Direct Debt			78,954,857
Total Net Direct and Indirect Debt			<u>\$206,008,972</u>

Debt Limit

Average Equalized Valuation Basis (2023, 2024, 2025)	\$15,011,222,822
Permitted Debt Limitation (3.50%)	525,392,799
Less: Net Debt	78,954,857
Remaining Borrowing Power	<u>\$446,437,942</u>
Percentage of Net Debt to Average Equalized Valuation	0.526%
Gross Debt Per Capita based on 2020 population of 48,594	\$5,258
Net Debt Per Capita based on 2020 population of 48,594	\$1,625

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

**COMPILED UNAUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF MONROE,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**



ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Members
of the Township Council
Township of Monroe
Monroe, New Jersey

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Township of Monroe, as of December 31, 2025 and the related statements of operations and changes in fund balance – regulatory basis, the statements of changes in fund balance, the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements - regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, fund balances, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

PKF O'Connor Davies, LLP
Cranford, New Jersey
March 30, 2026

Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

CURRENT FUND
 BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2025 (UNAUDITED)

<u>ASSETS AND DEFERRED CHARGES</u>	<u>2025</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2025</u>
Cash and Investments - Treasurer	\$ 19,010,483	Liabilities:	
Cash - Change Fund	900	Appropriation Reserves	\$ 3,885,371
Due from the State of New Jersey - Senior Citizens' and Veterans' Deductions	<u>296,527</u>	Reserve for Encumbrances	1,271,951
	<u>19,307,910</u>	Prepaid Taxes	2,236,751
		County Taxes Payable	437,378
Receivables With Offsetting Reserves:		Accounts Payable	240,771
Taxes Receivable	1,263,271	Due to State of New Jersey	31,557
Tax Title Liens Receivable	440,524	Tax Overpayments	674
Property Acquired for Taxes (At Assessed Valuation)	1,569,800	Reserve for Union Education Fund	36,000
Due from Library	128,496	Reserve for Codification of Ordinances	10,787
Due from General Capital Fund	<u>1,699</u>	Reserve for Energy Aggregation	373
	<u>3,403,790</u>	Due to State and Federal Grant Fund	304,368
		Due to Trust-Other Fund	5,593
Deferred Charges:		Due to Payroll Trust Fund	<u>14,350</u>
Emergency Authorization (40A :4-47)	<u>225,000</u>		8,475,924
		Reserve for Receivables	3,403,790
Total Current Fund	<u>22,936,700</u>	Fund Balance	<u>11,056,986</u>
State and Federal Grant Fund:		Total Current Fund	<u>22,936,700</u>
Grants Receivable	45,303		
Due from Trust - Other Fund	191,192	State and Federal Grant Fund:	
Due from Current Fund	<u>304,368</u>	Reserve for State and Federal Grants:	
		Appropriated	477,834
Total State and Federal Grant Fund	<u>540,863</u>	Unappropriated	44,565
		Reserve for Encumbrances	<u>18,464</u>
		Total State and Federal Grant Fund	<u>540,863</u>
	<u>\$ 23,477,563</u>		<u>\$ 23,477,563</u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

CURRENT FUND
 STATEMENT OF OPERATIONS AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

2025

REVENUES AND OTHER INCOME

Fund Balance Utilized	\$	10,995,000
Miscellaneous Revenues Anticipated		14,250,009
Receipts from Delinquent Taxes		1,262,172
Receipts from Current Taxes		255,703,350
Non-Budget Revenue		429,314
Other Credits to Income:		
Unexpended Balances of Appropriation Reserves		2,565,733
Reserve for Interfunds and Receivables Liquidated		172
		285,205,750
Total Revenues and Other Income		285,205,750

EXPENDITURES AND OTHER CHARGES

Budget Appropriations:		
Operating:		
Salaries and Wages		29,987,595
Other Expenses		26,594,135
Municipal Debt Service		7,536,514
Capital Improvements		325,000
Deferred Charges and Statutory Expenditures		8,169,015
County Tax		53,389,690
Local District School Taxes		133,613,858
Special District Taxes		16,304,219
Municipal Open Space Taxes		1,305,736
Refund Tax Appeals		323,835
Reserve for Interfunds and Receivable Advanced		129,927
		277,679,524
Total Expenditures and Other Charges		277,679,524

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

CURRENT FUND
 STATEMENT OF OPERATIONS AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

2025

Excess in Revenues	\$	7,526,226
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budgets of Succeeding Years		<u>225,000</u>
Statutory Excess to Fund Balance		7,751,226
<u>FUND BALANCE</u>		
Balance - January 1		<u>14,300,760</u>
		22,051,986
Decreased by:		
Utilization as Anticipated Revenue		<u>10,995,000</u>
Balance - December 31	\$	<u><u>11,056,986</u></u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	Anticipated 2025 <u>Budget</u>	Appropriated N.J.S.A. <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	\$ 10,995,000	-	\$ 10,995,000	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	30,000		37,632	\$ 7,632
Fees and Permits	321,001		381,365	60,364
Fines and Costs:				
Municipal Court	300,000		479,949	179,949
Interest and Costs on Taxes	330,000		348,135	18,135
Interest on Investments and Deposits	1,600,000		1,057,089	(542,911)
Energy Receipts Taxes	2,290,494		2,290,494	-
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17):				
Uniform Construction Code Fees	1,943,000		2,660,323	717,323
Public and Private Revenues Offset with Approps.:				
Body Armor Grant	4,997		4,997	-
Distracted Driving Crackdown Grant	12,250		12,250	-
Recycling Tonnage Grant	130,576		130,576	-
Alcohol Education Rehab Fund Grant	1,168		1,168	-
National Opioid Settlement	160,018		160,018	-
Drive Sober or Get Pulled Over Grant		\$ 14,000	14,000	-
Click It or Ticket Grant		7,000	7,000	-
Drunk Driving Enforcement Grant		15,056	15,056	-
Recycling Enhancement Grant		10,000	10,000	-
Clean Communities Grant		132,976	132,976	-
NJ BPU - Community Energy Planning Grant		10,000	10,000	-
Middlesex County - 250th Anniversary of the American Revolution		7,000	7,000	-
NJ DEP - It Pays to Plug In 2022		24,000	24,000	-
Middlesex County - County Project Support Grant		5,000	5,000	-
Additional Revenues Offset with Appropriations:				
Ambulance Fees	2,750,000		2,687,848	(62,152)
Other Special Items:				
Utility Operating Surplus of the Prior Year	2,400,000		2,400,000	-
Franchise Tax-Cable Companies	373,133		373,133	-
General Capital Fund - Fund Balance	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Total Miscellaneous Revenues	<u>13,646,637</u>	<u>225,032</u>	<u>14,250,009</u>	<u>378,340</u>
Receipts from Delinquent Taxes	<u>1,200,000</u>	<u>-</u>	<u>1,262,172</u>	<u>62,172</u>
Subtotal General Revenues	<u>25,841,637</u>	<u>225,032</u>	<u>26,507,181</u>	<u>440,512</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	45,545,138		50,233,532	4,688,394
Minimum Library Tax	<u>5,056,315</u>	<u>-</u>	<u>5,056,315</u>	<u>-</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>50,601,453</u>	<u>-</u>	<u>55,289,847</u>	<u>4,688,394</u>
Budget Totals	76,443,090	225,032	81,797,028	5,128,906
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>429,314</u>	<u>429,314</u>
	\$ <u>76,443,090</u>	\$ <u>225,032</u>	\$ <u>82,226,342</u>	\$ <u>5,558,220</u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	2025 Budget	Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
				Encumbered	Reserved	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
Office of the Mayor						
Salaries and Wages	\$ 15,606	\$ 15,606	\$ 15,606			-
Other Expenses	10,050	10,050	4,220	\$ 321	\$ 5,509	
Township Council						
Salaries and Wages	32,524	32,524	32,524			-
Other Expenses	19,850	19,850	16,192			3,658
Office of the Township Clerk						
Salaries and Wages	366,308	336,308	322,527			13,781
Other Expenses	74,000	74,000	37,319	2,898		33,783
Elections						
Salaries and Wages	3,604	3,604	3,604			-
Other Expenses	50,000	50,000	40,733			9,267
Office of the Business Administrator						
Salaries and Wages	333,621	333,621	308,939			24,682
Other Expenses	21,200	21,200	8,992	2,651		9,557
Human Resources						
Salaries and Wages	221,415	221,415	214,226			7,189
Other Expenses	85,650	85,650	36,637	22,507		26,506
Transportation						
Salaries and Wages	792,456	772,456	755,327			17,129
Other Expenses	140,800	140,800	119,558	1,499		19,743
Citizens Review Board						
Salaries and Wages	1,694	1,694	1,694			-
Insurance						
General Liability	726,445	1,047,445	925,096	8,837		113,512
Workers Compensation	326,243	326,243	279,068			47,175
Employee Group Health	6,748,013	6,723,013	6,497,444	15,468		210,101
Health Benefit Waiver	350,000	325,000	277,298			47,702
Public Information and Public Advocacy						
Salaries and Wages	149,274	149,274	146,906			2,368
Other Expenses	72,200	72,200	59,758	2,453		9,989
Division of Recreation						
Salaries and Wages	1,321,834	1,278,334	1,267,912			10,422
Other Expenses	283,900	283,900	216,534	11,974		55,392
Division of Parks						
Salaries and Wages	307,373	307,373	258,119			49,254
Other Expenses	157,925	157,925	121,264	6,857		29,804
Division of Treasury						
Salaries and Wages	427,892	427,892	394,084			33,808
Other Expenses:						
Annual Audit	41,500	41,500		41,500		-
Special Accounting	77,000	77,000	53,580	6,000		17,420
Miscellaneous Other Expenses	28,900	18,900	731	576		17,593
Data Processing						
Salaries and Wages	284,418	284,418	268,486			15,932
Other Expenses:	295,000	304,000	243,737	58,507		1,756
Division of Revenue Collection						
Salaries and Wages	326,274	326,274	308,932			17,342
Other Expenses:						
Tax Sale Costs	10,500	10,500	3,570	169		6,761
Tax Lien Foreclosure	600	600				600
Miscellaneous Other Expense	25,500	25,500	15,016	4,893		5,591
Division of Assessment						
Salaries and Wages	423,513	403,513	374,907			28,606
Other Expenses	76,200	64,700	31,757	4,832		28,111
Division of Ambulance Services						
Salaries and Wages	2,919,038	2,919,038	2,750,516			168,522
Other Expenses	71,050	71,050	16,813	11,719		42,518

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	2025 Budget	Budget After Modification	Expended			Unexpended Balance Cancelled
			Paid or Charged	Encumbered	Reserved	
Police						
Salaries and Wages	\$ 12,931,371	\$ 13,006,371	\$ 12,704,830		\$ 301,541	
Other Expenses	823,850	713,850	541,458	\$ 60,062	112,330	
Emergency Management Services						
Salaries and Wages	37,942	37,942	37,942		-	
Other Expenses	21,200	11,200			11,200	
Office of the Township Engineer						
Other Expenses:						
Miscellaneous Other Expense	354,320	384,320	334,876	44,444	5,000	
Division of Streets and Roads						
Salaries and Wages	2,541,663	2,626,663	2,592,718		33,945	
Other Expenses	467,125	399,700	265,126	19,904	114,670	
Vehicle Maintenance						
Salaries and Wages	354,585	354,585	343,527		11,058	
Other Expenses	648,300	648,300	545,741	23,817	78,742	
Solid Waste and Recycling						
Other Expenses	52,000	52,000	46,022	1,938	4,040	
Landfill						
Other Expenses	170,000	170,000	134,896	4,597	30,507	
Buildings and Grounds						
Salaries and Wages	1,011,805	1,031,805	1,002,238		29,567	
Other Expenses	830,500	830,500	757,648	38,666	34,186	
Community Services Act						
Other Expenses	1,573,559	1,523,984	408,382	371,653	743,949	
Office of the Township Attorney						
Other Expenses	562,900	423,900	127,656	225,323	70,921	
Municipal Prosecutor						
Salaries and Wages	91,000	97,000	97,000		-	
Other Expenses	3,000	3,000	2,400	400	200	
Health Advisory Board						
Salaries and Wages	3,003	3,003	3,003		-	
Other Expenses	500	500			500	
Economic Development Commission						
Salaries and Wages	3,177	3,177	3,177		-	
Other Expenses	15,000	5,000			5,000	
Municipal Court						
Salaries and Wages	488,096	488,096	483,277		4,819	
Other Expenses	18,100	18,100	8,079	2,442	7,579	
Public Defender						
Salaries and Wages	35,633	35,633	29,633		6,000	
Animal Control						
Salaries and Wages	224,042	219,042	215,956		3,086	
Other Expenses	129,175	99,175	25,412	8,114	65,649	
Environmental Protection						
Other Expenses	1,000	1,000			1,000	
Building Demolition						
Other Expenses	300	300			300	
Municipal Land Use Law (NJSA 40:55D-1)						
Zoning Board of Adjustment						
Salaries and Wages	179,612	179,612	177,094		2,518	
Other Expenses	51,500	51,500	31,329	3,939	16,232	
Planning Board						
Salaries and Wages	9,792	9,792	9,792		-	
Other Expenses	74,250	74,250	70,601	2,752	897	
Division of Planning						
Salaries and Wages	136,099	126,099	105,625		20,474	
Other Expenses	61,500	61,500	46,172	5,058	10,270	
Shade Tree Commission						
Salaries and Wages	8,910	8,910	8,910		-	
Other Expenses	6,310	6,310	(22,100)	11,473	16,937	
Cultural Arts Commission						
Salaries and Wages	20,000	-			-	
Other Expenses	85,650	85,650	64,492	9,852	11,306	

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	2025 Budget	Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
				Encumbered	Reserved	
Environmental & Con. Comm Commission						
Salaries and Wages	\$ 4,288	\$ 4,288	\$ 4,288			-
Other Expenses	5,725	5,725	1,022		\$ 4,703	
Historic Preservation Commission						
Salaries and Wages	4,288	4,288	4,288			-
Other Expenses	8,300	8,300	3,317	\$ 722	4,261	
Senior Services						
Salaries and Wages	674,120	674,120	638,599		35,521	
Other Expenses	184,000	184,000	142,941	988	40,071	
Recreation and Youth Advisory Board						
Salaries and Wages	3,843	3,843	3,843			-
Other Expenses	7,450	7,450	2,904		4,546	
Human Relations Commission						
Salaries and Wages	3,003	3,003	3,003			-
Other Expenses	2,050	2,050	384	771	895	
Open Space and Farmland Preservation Commission						
Salaries and Wages	3,087	3,087	3,087			-
Other Expenses	750	750			750	
Celebration of Public Events						
Other Expenses	70,000	70,000	64,037	728	5,235	
 <u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17):</u>						
Uniform Construction Code						
Salaries & Wages	1,507,610	1,507,610	1,469,185		38,425	
Other Expenses	86,600	86,600	62,870	2,012	21,718	
Accumulated Absences	2,000	7,000	7,000			-
Central Mailing	70,000	30,000	27,608	82	2,310	
Utilities	<u>1,907,000</u>	<u>1,907,000</u>	<u>1,497,955</u>	<u>185,172</u>	<u>223,873</u>	<u>-</u>
Total Operations Within "CAPS"	<u>46,190,253</u>	<u>46,065,253</u>	<u>41,568,869</u>	<u>1,228,570</u>	<u>3,267,814</u>	<u>-</u>
DETAIL:						
Salaries and Wages	28,205,813	27,963,895	27,103,838	-	860,057	-
Other Expenses	<u>17,984,440</u>	<u>18,101,358</u>	<u>14,465,031</u>	<u>1,228,570</u>	<u>2,407,757</u>	<u>-</u>
 <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -</u>						
<u>MUNICIPAL WITHIN "CAPS"</u>						
<u>STATUTORY EXPENDITURES:</u>						
Contribution to:						
Public Employees' Retirement System	2,381,310	2,381,310	2,381,310			-
Social Security System (O.A.S.I.)	2,108,886	2,233,886	2,229,061		4,825	
Police & Firemen's Retirement System	3,473,819	3,473,819	3,473,819			-
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	30,000	30,000			30,000	
Defined Contribution Retirement Plan	<u>50,000</u>	<u>50,000</u>	<u>34,281</u>	<u>-</u>	<u>15,719</u>	<u>-</u>
Total Def. Charges and Statutory Expend. Municipal Within "CAPS"	<u>8,044,015</u>	<u>8,169,015</u>	<u>8,118,471</u>	<u>-</u>	<u>50,544</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>54,234,268</u>	<u>54,234,268</u>	<u>49,687,340</u>	<u>1,228,570</u>	<u>3,318,358</u>	<u>-</u>

TOWNSHIP OF MONROE
 STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	2025 Budget	Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
				Encumbered	Reserved	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
911 System						
Salaries and Wages	\$ 214,752	\$ 214,752	\$ 211,368		\$ 3,384	
Other Expenses	32,100	32,100	17,632		14,468	
Maintenance of Free Public Library	5,056,315	5,056,315	5,056,315		-	
NJPDES Stormwater Permit [N.J.S.A. 40A:4-45.3(cc)]:						
Division of Streets and Roads - Salaries and Wages	272,919	272,919	261,335		11,584	
Division of Streets and Roads - Other Expenses	232,757	232,757	176,688	\$ 3,100	52,969	
Vehicle Maintenance - Salaries and Wages	8,416	8,416	8,416		-	
Vehicle Maintenance - Other Expenses	7,000	7,000	7,000		-	
Solid Waste and Recycling - Other Expenses	70,000	70,000	69,392	608	-	
Recycling Tax	7,500	7,500	4,815	185	2,500	
Insurance:						
General Liability	197,538	197,538	197,538		-	
Employee Group Health	180,369	180,369	180,369		-	
Worker's Compensation	22,735	22,735	22,735		-	
<u>SHARED SERVICE AGREEMENTS:</u>						
Shared Service (Fire Districts and Board)						
Other Expenses	65,000	65,000	65,000		-	
Shared Service (Recycling)						
Other Expenses	768,263	768,263	726,029	8,971	33,263	
Shared Service (County Health)						
Other Expenses	107,163	107,163	107,163		-	
<u>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES:</u>						
Ambulance Services						
Salaries and Wages	1,527,613	1,527,613	1,527,613		-	
Other Expenses	1,203,239	1,203,239	723,877	30,517	448,845	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>						
Body Armor Grant	4,997	4,997	4,997		-	
Distracted Driving Crackdown Grant	12,250	12,250	12,250		-	
SFSP Fire District Payment	8,757	8,757	8,757		-	
Recycling Tonnage Grant	130,576	130,576	130,576		-	
Alcohol Education Rehab Fund Grant	1,168	1,168	1,168		-	
National Opioid Settlement	160,018	160,018	160,018		-	
Drive Sober or Get Pulled Over Grant		14,000	14,000		-	
Click It or Ticket Grant		7,000	7,000		-	
Drunk Driving Enforcement Grant		15,056	15,056		-	
Recycling Enhancement Grant		10,000	10,000		-	
Clean Communities Grant		132,976	132,976		-	
NJ BPU - Community Energy Planning Grant		10,000	10,000		-	
Middlesex County - 250th Anniversary of the American Revolution		7,000	7,000		-	
NJ DEP - It Pays to Plug In 2022		24,000	24,000		-	
Middlesex County - County Project Support Grant	-	5,000	5,000	-	-	-
Total Operations Excluded from "CAPS"	<u>10,291,445</u>	<u>10,516,477</u>	<u>9,906,083</u>	<u>43,381</u>	<u>567,013</u>	<u>-</u>
<u>DETAIL:</u>						
Salaries and Wages	2,023,700	2,023,700	2,008,732	-	14,968	-
Other Expenses	<u>8,267,745</u>	<u>8,492,777</u>	<u>7,897,351</u>	<u>43,381</u>	<u>552,045</u>	<u>-</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	<u>100,000</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excl. from "CAPS"	<u>100,000</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF MONROE
 STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

				Expended		Unexpended
	<u>2025 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 5,027,419	\$ 5,027,419	\$ 5,027,419		-	
Interest on Bonds	2,043,282	2,043,282	1,962,420		-	\$ 80,862
Interest on Notes	538,586	538,586	538,586		-	
Green Trust Loan Program Principal and Interest	<u>8,090</u>	<u>8,090</u>	<u>8,089</u>	-	-	<u>1</u>
Total Municipal Debt Service - Excl. from "CAPS"	<u>7,617,377</u>	<u>7,617,377</u>	<u>7,536,514</u>	-	-	<u>80,863</u>
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	 <u>18,008,822</u>	 <u>18,458,854</u>	 <u>17,767,597</u>	 \$ 43,381	 \$ 567,013	 <u>80,863</u>
 Subtotal General Appropriations	 72,243,090	 72,693,122	 67,454,937	 1,271,951	 3,885,371	 80,863
Reserve for Uncollected Taxes	<u>4,200,000</u>	<u>4,200,000</u>	<u>4,200,000</u>	-	-	-
 Total General Appropriations	 \$ <u>76,443,090</u>	 \$ <u>76,893,122</u>	 \$ <u>71,654,937</u>	 \$ 1,271,951	 \$ 3,885,371	 <u>80,863</u>
 Adopted Budget		\$ 76,443,090				
Emergency Authorization 40A :4-47		225,000				
Approp. by N.J.S.A. 40A :4-87		<u>225,032</u>				
		\$ <u>76,893,122</u>				

See Accountants' Compilation Report

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

TRUST FUNDS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2025 (UNAUDITED)

<u>ASSETS</u>	<u>2025</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2025</u>
Animal Control Fund:		Animal Control Fund:	
Cash and Investments	\$ <u>21,672</u>	Reserve for Animal Control Expenditures	\$ 21,592
		Due to State of New Jersey - License Fees	<u>80</u>
Total	<u>21,672</u>	Total	<u>21,672</u>
Trust-Other Fund:		Trust-Other Fund:	
Cash and Investments	4,576,550	Reserve for Community Development	2,720
Community Development Block Grant Receivable	284,311	Due to State and Federal Grant Fund	191,192
Due from Current Fund	<u>5,593</u>	Reserve for Third Party Lien Redemptions and Premium on Tax Sale	853,392
		Reserve for Various Deposits	<u>3,819,150</u>
Total	<u>4,866,454</u>	Total	<u>4,866,454</u>
Affordable Housing Trust Fund:		Affordable Housing Trust Fund:	
Cash and Investments	7,437,176	Reserve for Affordable Housing Trust	<u>7,503,397</u>
Due from General Capital Fund	<u>66,221</u>		
Total	<u>7,503,397</u>	Total	<u>7,503,397</u>
Unemployment Trust Fund:		Unemployment Trust Fund:	
Cash and Investments	<u>239,311</u>	Reserve for Unemployment Trust	<u>239,311</u>
Total	<u>239,311</u>	Total	<u>239,311</u>
Payroll Trust Fund:		Payroll Trust Fund:	
Cash and Investments	1,716,885	Payroll Deductions Payable	<u>1,812,947</u>
Due from Water-Sewer Utility Operating Fund	81,712		
Due from Current Fund	<u>14,350</u>		
Total	<u>1,812,947</u>	Total	<u>1,812,947</u>
Developers' Escrow Fund:		Developers' Escrow Fund:	
Cash and Investments - General Trust	9,934,863	Due to Water-Sewer Utility Operating Fund	128,384
Cash and Investments - Water-Sewer Trust	<u>4,223,081</u>	Due to Water-Sewer Utility Capital Fund	1,963
		Developers' Escrow Funds-Utility	4,092,734
		Developers' Escrow Funds	<u>9,934,863</u>
Total	<u>14,157,944</u>	Total	<u>14,157,944</u>
Open Space Trust Fund:		Open Space Trust Fund:	
Cash and Investments	<u>889,153</u>	Reserve for Open Space	<u>889,153</u>
Total	<u>889,153</u>	Total	<u>889,153</u>
	\$ <u>29,490,878</u>		\$ <u>29,490,878</u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
 BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2025 (UNAUDITED)

	<u>2025</u>
<u>ASSETS</u>	
Cash	\$ 18,349,926
Due from Developer	111,847
Grants Receivable	2,090,222
Federal ESIP Investment Tax Credit Receivable	3,445,235
Deferred Charges to Future Taxation:	
Funded	62,920,000
Unfunded	<u>42,161,556</u>
	<u>\$ 129,078,786</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
General Serial Bonds	\$ 62,920,000
Bond Anticipation Notes	24,309,500
Reserve for Encumbrances	7,022,336
Improvement Authorizations	
Funded	12,296,242
Unfunded	18,213,157
Due to Current Fund	1,699
Due to Affordable Housing Trust Fund	66,221
Capital Improvement Fund	5,800
Reserve for Roadway, Curb, and Sidewalk Improvements	150,448
Reserve for Debt Service	131,870
Reserve for Federal ESIP Investment Tax Credit Receivable	3,445,235
Fund Balance	<u>516,278</u>
	<u>\$ 129,078,786</u>
Bonds and Notes Authorized But Not Issued	<u>\$ 18,028,256</u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>2025</u>
Balance, December 31	\$ 1,255,080
Increased by:	
Premium on Sale of Bonds and Bond Anticipation Notes	<u>261,198</u>
	1,516,278
Decreased by:	
Appropriated to Budget Revenue	<u>1,000,000</u>
Balance, December 31	\$ <u><u>516,278</u></u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

WATER-SEWER UTILITY FUND
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2025 (UNAUDITED)

<u>ASSETS</u>	<u>2025</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>2025</u>
Operating Fund:		Operating Fund:	
Cash and Investments - Treasurer	\$ 10,133,903	Liabilities:	
Due from Developer Escrow Fund	<u>128,384</u>	Appropriation Reserves	\$ 1,289,162
	<u>10,262,287</u>	Reserve for Encumbrances	950,428
		Accounts Payable	540,313
		Water-Sewer Overpayments	44,501
		Various Reserves	154,277
Receivables with Full Reserves:		Due to Payroll Trust Fund	81,712
Consumer Accounts Receivable	<u>1,678,931</u>	Due to Water-Sewer Utility Capital Fund	1,127,451
	<u>1,678,931</u>	Accrued Interest Payable	<u>630,027</u>
			4,817,871
		Reserve for Receivables	1,678,931
		Fund Balance	<u>5,444,416</u>
Total Operating Fund	<u>11,941,218</u>	Total Operating Fund	<u>11,941,218</u>
Capital Fund:		Capital Fund:	
Cash and Investments - Treasurer	9,931,156	Serial Bonds Payable	42,085,000
Due from Water-Sewer Utility Operating Fund	1,127,451	Bond Anticipation Note Payable	13,300,000
Due from Developer Escrow Fund	1,963	Loans Payable - NJEIT	348,585
Fixed Capital	148,161,493	Reserve for Encumbrances	7,032,581
Fixed Capital Authorized		Accounts Payable	24,108
and Uncompleted	<u>84,382,725</u>	Improvement Authorizations	
		Funded	1,902,760
		Unfunded	14,077,676
		Reserve for:	
		Capital Outlay	48,385
		Retainage Payable	42,059
		Amortization	163,122,865
		PFAS Settlement	1,474,353
		Fund Balance	<u>146,416</u>
Total Capital Fund	<u>243,604,788</u>	Total Capital Fund	<u>243,604,788</u>
Total	\$ <u>255,546,006</u>	Total	\$ <u>255,546,006</u>
		Bonds and Notes Authorized But Not Issued	\$ <u>13,687,768</u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

WATER-SEWER UTILITY OPERATING FUND
 STATEMENT OF OPERATIONS AND
 CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

<u>REVENUES AND OTHER INCOME</u>	<u>2025</u>
Fund Balance Utilized	\$ 426,419
Utility Service Charges	19,639,956
Miscellaneous Revenues	691,527
Water-Sewer Utility Capital Fund - Fund Balance	2,400,000
Other Credits to Income:	
Unexpend. Balance of Appropriation Reserves	<u>1,379,499</u>
Total Revenues and Other Income	<u>24,537,401</u>
 <u>EXPENDITURES</u>	
Budget and Emergency Appropriations:	
Operating	16,917,890
Capital Improvements	75,000
Debt Service	4,612,782
Statutory Expenditures	<u>1,014,602</u>
Total Expenditures	<u>22,620,274</u>
Excess in Revenues/Statutory Excess to Fund Balance	1,917,127
 <u>FUND BALANCE</u>	
Balance - January 1,	<u>6,353,708</u>
	8,270,835
Decreased by:	
Utilized as Anticipated Revenue	426,419
Appropriated in Current Fund Budget	<u>2,400,000</u>
Balance - December 31,	<u>\$ <u>5,444,416</u></u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
COUNTY OF MIDDLESEX, NEW JERSEY

WATER-SEWER UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>2025</u>
Balance - January 1	\$ 2,484,042
Increased by:	
Premium on Sale of Bond Anticipation Notes	<u>62,374</u>
	2,546,416
Decreased by:	
Appropriated to Budget Revenue	<u>2,400,000</u>
Balance - December 31	\$ <u>146,416</u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
 STATEMENT OF REVENUES - REGULATORY BASIS -
 WATER-SEWER UTILITY OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	2025 <u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	\$ 426,419	\$ 426,419	
Water-Sewer Utility Service Charges	19,131,931	19,639,956	\$ 508,025
Miscellaneous Revenues	704,212	691,527	(12,685)
Water-Sewer Utility Capital Fund - Fund Balance	<u>2,400,000</u>	<u>2,400,000</u>	<u> </u>
	<u>\$ 22,662,562</u>	<u>\$ 23,157,902</u>	<u>\$ 495,340</u>

Analysis of Realized Revenues:

Water-Sewer Utility Service Charges:	
Service Charges- Residential and Commercial	\$ 13,405,286
Service Charges- Schools, Hotels, Municipal , Institution	311,702
Service Charges- Interlocal	965,570
Service Charges- Fire Protection (Public and Private)	1,481,060
Service Charges- Other	1,302,305
Service Charges- Connection Fees	696,489
Service Charges- Review and Inspection	133,847
Service Charges- Cell Tower Lease	<u>1,343,697</u>
	<u>\$ 19,639,956</u>
Miscellaneous Revenues:	
Interest on Investments and Deposits	\$ 613,282
Miscellaneous	<u>78,245</u>
	<u>\$ 691,527</u>

See Accountants' Compilation Report

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS -
WATER-SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	2025 <u>Budget</u>	Budget After <u>Modification</u>	<u>Expended</u>		<u>Reserved</u>	Unexpended Balance <u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>		
Operating:						
Salaries and Wages	\$ 4,652,744	\$ 4,652,744	\$ 4,316,159		\$ 336,585	
Other Expenses	12,140,146	12,265,146	10,505,097	\$ 936,981	823,068	
Capital Improvements:						
Capital Outlay	200,000	75,000	35,591	13,447	25,962	
Debt Service:						
Payment of Bond Principal	2,485,000	2,485,000	2,485,000			
Interest on Bonds	1,527,450	1,527,450	1,504,002			\$ 23,448
Interest on Notes	475,000	475,000	464,122			10,878
NJFIT Loans	167,620	167,620	159,658			7,962
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	618,993	618,993	618,993			
Social Security System (O.A.S.I.)	385,609	385,609	292,062		93,547	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	<u>10,000</u>	<u>10,000</u>			<u>10,000</u>	
	<u>\$ 22,662,562</u>	<u>\$ 22,662,562</u>	<u>\$ 20,380,684</u>	<u>\$ 950,428</u>	<u>\$ 1,289,162</u>	<u>\$ 42,288</u>

See Accountants' Compilation Report

APPENDIX C

**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS OF THE
TOWNSHIP OF MONROE, IN THE COUNTY OF MIDDLESEX, NEW JERSEY**



Independent Auditors' Report

**Honorable Mayor and Members
of the Township Council
Township of Monroe
Middlesex County, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Township of Monroe, County of Middlesex, New Jersey, (the "Township") which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance and the statements of changes in fund balance for the years then ended, the statements of revenues and statements of expenditures for the year ended December 31, 2024, 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 regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Township as of December 31, 2024 and 2023, and the regulatory basis statements of operations and changes in fund balance and the regulatory basis statements of changes in fund balance for the years then ended, the regulatory basis statements of revenues and the regulatory basis statements of expenditures for the year ended December 31, 2024 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division") described in Note 1.

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, 2024 and 2023, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 prescribed by the Division, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

**Honorable Mayor and Members
of the Township Council
Township of Monroe
Middlesex County, New Jersey**

Page 3

- 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 judgement, 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.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
June 26, 2025



Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405

TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash - Treasurer	\$ 34,323,339	\$ 52,071,228
Cash - Change Fund	900	900
Due from the State of New Jersey - Senior Citizens' and Veterans Deductions	<u>140,754</u>	<u>38,755</u>
	<u>34,464,993</u>	<u>52,110,883</u>
Receivables With Offsetting Reserves:		
Taxes Receivable	1,339,669	1,297,723
Tax Title Liens Receivable	510,330	482,028
Property Acquired for Taxes (At Assessed Valuation)	1,569,800	1,569,800
Due From Library	268	268
Due from Animal Control Fund	-	62
Due from Water-Sewer Utility Operating Fund	172	-
Other Accounts Receivable	-	25
Revenue Accounts Receivable	<u>30,629</u>	<u>24,466</u>
	<u>3,450,868</u>	<u>3,374,372</u>
 Total Current Fund	 <u>37,915,861</u>	 <u>55,485,255</u>
State and Federal Grant Fund:		
Grants Receivable	52,406	34,738
Due from General Capital Fund	20,380	-
Due from Trust Fund	161,278	54,677
Due from Current Fund	<u>127,344</u>	<u>972,259</u>
 Total State and Federal Grant Fund	 <u>361,408</u>	 <u>1,061,674</u>
	 <u>\$ 38,277,269</u>	 <u>\$ 56,546,929</u>

See Notes to Financial Statements

TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Regular Fund		
Appropriation Reserves	\$ 5,647,354	\$ 4,383,568
Reserve for Encumbrances	1,268,001	1,150,977
Prepaid Taxes	2,005,322	3,348,433
County Taxes Payable	834,180	942,390
Various Payables	58,416	422,619
Various Reserves	21,143	963,450
Tax Overpayments	39,638	24,678
Due to State and Federal Grant Fund	127,344	972,259
Due to General Capital Fund	3,814,172	819,660
Due to Water-Sewer Utility Capital Fund	19,923	10,195,471
Due to Trust-Other Fund	-	3,338,841
Due to Self Insurance Trust Fund	-	4,919
Due to Affordable Housing Trust Fund	<u>6,328,740</u>	<u>10,258,083</u>
	20,164,233	36,825,348
Reserve for Receivables	3,450,868	3,374,372
Fund Balance	<u>14,300,760</u>	<u>15,285,535</u>
Total Current Fund	<u>37,915,861</u>	<u>55,485,255</u>
State and Federal Grant Fund:		
Reserve for State and Federal Grants:		
Appropriated	189,853	101,627
Unappropriated	166,183	951,372
Reserve for Encumbrances	<u>5,372</u>	<u>8,675</u>
Total State and Federal Grant Fund	<u>361,408</u>	<u>1,061,674</u>
	 \$ <u>38,277,269</u>	 \$ <u>56,546,929</u>

See Notes to Financial Statements

TOWNSHIP OF MONROE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>REVENUES AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 10,995,000	\$ 10,995,000
Miscellaneous Revenues Anticipated	13,784,052	14,771,167
Receipts from Delinquent Taxes	1,212,038	1,433,921
Receipts from Current Taxes	247,434,571	232,695,119
Non-Budget Revenue	597,685	309,184
Other Credits to Income:		
Unexpended Balances of Approp. Reserves	2,233,077	1,538,481
Self Insurance Fund Liquidated	482,139	-
Accounts Payable Cancelled	294,819	-
Prior Year Sr. Cit. Deductions Allowed	7,459	22,864
Reserve for Interfunds and Receivable Liquidated	87	83,242
Total Revenues	277,040,927	261,848,978
<u>EXPENDITURES AND OTHER CHARGES</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages	29,318,578	27,856,626
Other Expenses	25,139,464	23,884,947
Municipal Debt Service	7,119,566	6,069,764
Capital Improvements	100,000	995,000
Deferred Charges and Statutory Expend.-Mun.	7,878,962	7,031,235
County Tax	51,826,633	45,121,264
Local District School Taxes	128,264,974	123,870,121
Special District Taxes	15,595,927	14,802,776
Municipal Open Space Taxes	1,293,953	1,255,760
Prior Year Sr. Cit. & Vet. Deductions Disallowed	10,241	7,309
Refund Tax Appeals	369,960	-
Refund Prior Year Revenues	112,272	19,144
Interfunds Advanced	172	-
Total Expenditures	267,030,702	250,913,946
Excess in Revenue/Statutory Excess to Fund Balance	10,010,225	10,935,032
<u>FUND BALANCE</u>		
Balance - January 1	15,285,535	15,345,503
Decreased by:	25,295,760	26,280,535
Utilization as Anticipated Revenue	10,995,000	10,995,000
Balance - December 31	\$ 14,300,760	\$ 15,285,535

See Notes to Financial Statements

TOWNSHIP OF MONROE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Anticipated 2024 <u>Budget</u>	Appropriated N.J.S.A. <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	\$ 10,995,000	-	\$ 10,995,000	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	30,000		67,407	\$ 37,407
Fees and Permits	280,000		394,083	114,083
Fines and Costs:				
Municipal Court	260,000		401,189	141,189
Interest and Costs on Taxes	400,000		330,992	(69,008)
Interest on Investments and Deposits	1,059,312		1,994,913	935,601
Energy Receipts Taxes	2,290,494		2,290,494	
Municipal Relief Fund Aid 2022	236,095		236,096	1
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17):				
Uniform Construction Code Fees	2,710,000		1,943,299	(766,701)
Public and Private Revenues Offset with Approps.:				
Body Armor Grant	4,787		4,787	
Distracted Driving Crackdown Grant	8,750		8,750	
Click It or Ticket Grant		\$ 8,750	8,750	
Drive Sober or Get Pulled Over		14,000	14,000	
Emergency Management Assistance Grant	10,000		10,000	
Clean Communities Program		134,073	134,073	
Recycling Tonnage Grant	99,982		99,982	
Recycling Enhancement Grant	8,000		8,000	
Cultural Arts Grant	4,050		4,050	
Stormwater Assistance Grant		15,000	15,000	
Diwali Festival of Lights Grant		5,000	5,000	
Additional Revenues Offset with Appropriations:				
Ambulance Fees	2,750,000		2,958,754	208,754
Other Special Items:				
Utility Operating Surplus of the Prior Year	1,300,000		1,300,000	
Franchise Tax-Cable Companies	369,594		367,595	(1,999)
General Capital Fund - Fund Balance	279,946		279,946	
American Recovery Act of 2020 Revenue Shortfall	892,000		892,000	
MTUD - MCIA Loan Reimbursements	14,892	-	14,892	-
Total Miscellaneous Revenues	<u>13,007,902</u>	<u>176,823</u>	<u>13,784,052</u>	<u>599,327</u>
Receipts from Delinquent Taxes	<u>1,200,000</u>	<u>-</u>	<u>1,212,038</u>	<u>12,038</u>
Subtotal General Revenues	<u>25,202,902</u>	<u>176,823</u>	<u>25,991,090</u>	<u>611,365</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	43,800,000		50,076,190	6,276,190
Minimum Library Tax	<u>4,576,894</u>	<u>-</u>	<u>4,576,894</u>	<u>-</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>48,376,894</u>	<u>-</u>	<u>54,653,084</u>	<u>6,276,190</u>
Budget Totals	73,579,796	176,823	80,644,174	6,887,555
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>597,685</u>	<u>597,685</u>
	\$ <u>73,579,796</u>	\$ <u>176,823</u>	\$ <u>81,241,859</u>	\$ <u>7,485,240</u>

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See Notes to Financial Statements

**TOWNSHIP OF MONROE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

2024 Collections	\$	243,510,656	
Prepaid Taxes Applied		3,348,433	
State Share of Sr. Citizens and Veterans Deductions Allowed		575,482	
			\$ 247,434,571

Allocated to:

Local School Tax		128,264,974	
County Taxes		46,746,547	
County Open Space Taxes		4,245,906	
Added County Taxes		834,180	
Municipal Open Space Tax		1,293,953	
Special District Taxes		15,595,927	
			196,981,487
			50,453,084

Add: Reserve for Uncollected Taxes			4,200,000
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Amount for Support of Municipal Budget			\$ 54,653,084
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Allocation of Delinquent Tax Collections:

Collections			\$ 1,212,038
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See Notes to Financial Statements

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
Office of the Mayor						
Salaries and Wages	\$ 15,300	\$ 15,300	\$ 15,300			-
Other Expenses	10,050	10,050	4,887	\$ 566	\$	4,597
Township Council						
Salaries and Wages	31,888	31,888	31,888			-
Other Expenses	19,850	19,850	15,767	100		3,983
Office of the Township Clerk						
Salaries and Wages	352,585	352,585	321,811			30,774
Other Expenses	74,000	74,000	32,798	1,793		39,409
Elections						
Salaries and Wages	5,001	5,001	3,637			1,364
Other Expenses	50,000	50,000	39,698			10,302
Office of the Business Administrator						
Salaries and Wages	348,712	348,712	324,630			24,082
Other Expenses	21,200	21,200	9,213	1,275		10,712
Human Resources						
Salaries and Wages	247,834	247,834	233,531			14,303
Other Expenses	85,650	85,650	21,608	3,661		60,381
Transportation						
Salaries and Wages	738,132	738,132	679,888			58,244
Other Expenses	125,800	125,800	118,223	2,405		5,172
Citizens Review Board						
Salaries and Wages	1,646	1,646	1,646			-
Insurance						
General Liability	611,208	481,208	475,254			5,954
Workers Compensation	315,211	315,211	230,210			85,001
Employee Group Health	6,488,474	6,488,474	6,061,449	77,379		349,646
Health Benefit Waiver	441,943	441,943	386,176			55,767
Public Information and Public Advocacy						
Salaries and Wages	149,923	158,423	150,991			7,432
Other Expenses	72,200	72,200	61,040	302		10,858

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Division of Recreation						
Salaries and Wages	\$ 1,314,266	\$ 1,233,766	\$ 1,183,252		\$ 50,514	
Other Expenses	300,750	295,750	225,782	\$ 27,589	42,379	
Division of Parks						
Salaries and Wages	321,746	321,746	267,847		53,899	
Other Expenses	147,925	147,925	119,018	7,465	21,442	
Division of Treasury						
Salaries and Wages	481,719	481,719	413,252		68,467	
Other Expenses:						
Annual Audit	41,500	41,500		41,500	-	
Special Accounting	77,000	77,000	34,366	15,812	26,822	
Miscellaneous Other Expenses	28,900	28,900	10,859	1,153	16,888	
Data Processing						
Salaries and Wages	219,096	219,096	161,735		57,361	
Other Expenses:	275,000	275,000	197,504	67,790	9,706	
Division of Revenue Collection						
Salaries and Wages	361,264	321,264	299,145		22,119	
Other Expenses:						
Tax Sale Costs	10,500	10,500	4,031		6,469	
Tax Lien Foreclosure	600	600			600	
Miscellaneous Other Expense	25,300	25,300	16,496	1,470	7,334	
Division of Assessment						
Salaries and Wages	424,571	426,571	405,676		20,895	
Other Expenses	62,700	32,700	18,314	2,497	11,889	
Division of Ambulance Services						
Salaries and Wages	2,800,876	2,800,876	2,402,182		398,694	
Other Expenses	71,050	71,050	13,206		57,844	
Police						
Salaries and Wages	12,162,532	12,512,532	11,871,029		641,503	
Other Expenses	870,050	870,050	624,646	73,277	172,127	
Emergency Management Services						
Salaries and Wages	36,873	36,873	36,873		-	
Other Expenses	21,200	21,200	1,507		19,693	
Office of the Township Engineer						
Other Expenses:						
Miscellaneous Other Expense	348,000	348,000	303,634	44,366	-	

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Division of Streets and Roads						
Salaries and Wages	\$ 2,478,624	\$ 2,553,624	\$ 2,368,313		\$ 185,311	
Other Expenses	467,125	434,125	282,740	\$ 20,669	130,716	
Vehicle Maintenance						
Salaries and Wages	376,547	376,547	336,110		40,437	
Other Expenses	616,800	616,800	502,807	11,120	102,873	
Solid Waste and Recycling						
Other Expenses	52,000	52,000	30,055	381	21,564	
Landfill						
Other Expenses	170,000	170,000	135,519	481	34,000	
Buildings and Grounds						
Salaries and Wages	995,367	1,050,367	998,858		51,509	
Other Expenses	854,705	854,705	785,239	19,992	49,474	
Community Services Act						
Other Expenses	1,573,559	1,573,559	69,259	528,944	975,356	
Office of the Township Attorney						
Other Expenses	582,900	552,900	364,048	114,534	74,318	
Municipal Prosecutor						
Salaries and Wages	68,971	68,971	68,971		-	
Other Expenses	3,000	3,000	1,600	1,200	200	
Health Advisory Board						
Salaries and Wages	2,918	2,918	2,918		-	
Other Expenses	500	500	95		405	
Economic Development Commission						
Salaries and Wages	3,087	3,087	3,087		-	
Other Expenses	15,000	15,000		10,000	5,000	
Municipal Court						
Salaries and Wages	443,228	443,228	429,398		13,830	
Other Expenses	18,100	18,100	9,250	754	8,096	
Public Defender						
Salaries and Wages	28,248	28,248	28,248		-	
Animal Control						
Salaries and Wages	211,946	211,946	202,408		9,538	
Other Expenses	134,175	83,175	48,386	6,943	27,846	
Environmental Protection						
Other Expenses	1,000	1,000			1,000	

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Building Demolition						
Other Expenses	\$ 300	\$ 300			\$ 300	
Municipal Land Use Law (NJSA 40:55D-1)						
Zoning Board of Adjustment						
Salaries and Wages	170,474	170,474	\$ 163,279		7,195	
Other Expenses	61,500	61,500	32,462	\$ 6,378	22,660	
Planning Board						
Salaries and Wages	9,516	9,516	9,516		-	
Other Expenses	96,250	96,250	76,313	2,734	17,203	
Division of Planning						
Salaries and Wages	192,287	192,287	170,190		22,097	
Other Expenses	61,500	61,500	41,061	10,348	10,091	
Shade Tree Commission						
Salaries and Wages	12,378	12,378	12,378		-	
Other Expenses	6,310	6,310	(772)	3,690	3,392	
Cultural Arts Commission						
Salaries and Wages	26,939	26,939	26,939		-	
Other Expenses	101,600	57,600	44,901	1,320	11,379	
Environmental & Con. Comm Commission						
Salaries and Wages	4,167	4,167	4,167		-	
Other Expenses	5,725	5,725	1,437		4,288	
Historic Preservation Commission						
Salaries and Wages	4,167	4,167	4,167		-	
Other Expenses	8,300	8,300	4,126	390	3,784	
Senior Services						
Salaries and Wages	636,350	636,350	603,092		33,258	
Other Expenses	169,000	169,000	141,767	9,183	18,050	
Recreation and Youth Advisory Board						
Salaries and Wages	3,735	3,735	3,735		-	
Other Expenses	7,450	7,450	4,048	354	3,048	
Human Relations Commission						
Salaries and Wages	2,918	2,918	2,918		-	
Other Expenses	2,050	2,050	467	599	984	
Open Space and Farmland Preservation Commission						
Salaries and Wages	3,000	3,000	3,000		-	
Other Expenses	750	750			750	

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

				Expended		Unexpended
	<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Celebration of Public Events						
Other Expenses	\$ 78,000	\$ 68,000	\$ 54,686	\$ 5,825	\$ 7,489	
 UNIFORM CONSTRUCTION CODE - APPROPRIATIONS						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17):</u>						
 Uniform Construction Code						
Salaries & Wages	1,471,356	1,471,356	1,363,814		107,542	
Other Expenses	88,600	88,600	26,718	38,390	23,492	
Accumulated Absences	2,000	2,000			2,000	
Central Mailing	63,000	63,000	62,664	87	249	
Utilities	<u>2,072,000</u>	<u>1,937,000</u>	<u>1,530,251</u>	<u>27,429</u>	<u>379,320</u>	-
Total Operations Within "CAPS"	<u>45,069,447</u>	<u>44,971,447</u>	<u>38,884,632</u>	<u>1,192,145</u>	<u>4,894,670</u>	-
DETAIL:						
Salaries and Wages	27,162,187	27,313,091	25,448,084	-	1,865,007	-
Other Expenses	<u>17,907,260</u>	<u>17,658,356</u>	<u>13,436,548</u>	<u>1,192,145</u>	<u>3,029,663</u>	-
 DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL						
<u>WITHIN "CAPS"</u>						
 <u>STATUTORY EXPENDITURES:</u>						
Contribution to:						
Public Employees' Retirement System	2,454,559	2,454,559	2,454,559		-	
Social Security System (O.A.S.I.)	2,150,000	2,150,000	2,062,398		87,602	
Police & Firemen's Retirement System	3,194,403	3,194,403	3,194,403		-	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	30,000	30,000			30,000	
Defined Contribution Retirement Plan	<u>50,000</u>	<u>50,000</u>	<u>34,356</u>	-	<u>15,644</u>	-
Total Def. Charges and Statutory Expend. Municipal Within "CAPS"	<u>7,878,962</u>	<u>7,878,962</u>	<u>7,745,716</u>	-	<u>133,246</u>	-
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>52,948,409</u>	<u>52,850,409</u>	<u>46,630,348</u>	<u>1,192,145</u>	<u>5,027,916</u>	-

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
911 System						
Salaries and Wages	\$ 205,411	\$ 205,411	\$ 205,411			-
Other Expenses	32,100	32,100	22,653	\$ 715	\$ 8,732	
Maintenance of Free Public Library	4,576,894	4,576,894	4,576,894			-
NJPDES Stormwater Permit [N.J.S.A. 40A:4-45.3(cc)]:						
Division of Streets and Roads - Salaries and Wages	262,914	262,914	262,914			-
Division of Streets and Roads - Other Expenses	223,345	223,345	198,325	4,571	20,449	
Vehicle Maintenance - Salaries and Wages	9,549	9,549	9,549			-
Vehicle Maintenance - Other Expenses	7,000	7,000	7,000			-
Solid Waste and Recycling - Other Expenses	70,000	70,000	42,120	27,880		-
Recycling Tax	7,500	7,500	4,821	79	2,600	
Insurance:						
General Liability	220,671	220,671	220,671			-
<u>SHARED SERVICE AGREEMENTS:</u>						
<u>Shared Service (Fire Districts and Board)</u>						
Other Expenses	65,000	65,000	65,000			-
<u>Shared Service (Recycling)</u>						
Other Expenses	630,000	630,000	528,848	1,152	100,000	
<u>Shared Service (County Health)</u>						
Other Expenses	105,062	105,062	105,061			1
<u>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES:</u>						
<u>Ambulance Services</u>						
Salaries and Wages	1,527,613	1,527,613	1,527,613			-
Other Expenses	1,222,387	1,222,387	693,272	41,459	487,656	

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>						
Body Armor Grant	\$ 4,787	\$ 4,787	\$ 4,787	-	-	-
Distracted Driving Crackdown Grant	8,750	8,750	8,750	-	-	-
SFSP Fire District Paymentt	8,757	8,757	8,757	-	-	-
Recycling Tonnage Grant	99,982	99,982	99,982	-	-	-
Cultural Arts Grant	4,050	4,050	4,050	-	-	-
Emergency Management Assistance Grant	10,000	10,000	10,000	-	-	-
Recycling Enhancement Grant	8,000	8,000	8,000	-	-	-
Diwali Festival of Lights Grant		5,000	5,000	-	-	-
Storm Water Assistance Grant		15,000	15,000	-	-	-
Clean Communities Program		134,073	134,073	-	-	-
Click It or Ticket Grant		8,750	8,750	-	-	-
Drive Sober or Get Pulled Over Grant	-	14,000	14,000	-	-	-
Total Operations Excluded from "CAPS"	<u>9,309,772</u>	<u>9,486,595</u>	<u>8,791,301</u>	<u>\$ 75,856</u>	<u>\$ 619,438</u>	<u>-</u>
<u>DETAIL:</u>						
Salaries and Wages	2,005,487	2,005,487	2,005,487	-	-	-
Other Expenses	<u>7,304,285</u>	<u>7,481,108</u>	<u>6,785,814</u>	<u>75,856</u>	<u>619,438</u>	<u>-</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excl. from "CAPS"	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	3,938,098	3,938,098	3,938,098	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	200,000	200,000	200,000	-	-	-
Interest on Bonds	1,680,615	1,778,615	1,778,568	-	-	47
Interest on Notes	918,691	918,691	918,691	-	-	-
Green Trust Loan Program Principal and Interest	16,179	16,179	16,178	-	-	1
Capital Lease Obligations:						
Principal	257,723	257,723	257,722	-	-	1
Interest	<u>10,309</u>	<u>10,309</u>	<u>10,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service - Excl. from "CAPS"	<u>7,021,615</u>	<u>7,119,615</u>	<u>7,119,566</u>	<u>-</u>	<u>-</u>	<u>49</u>

TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

			Expended			
<u>2024 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 16,431,387	\$ 16,706,210	\$ 16,010,867	\$ 75,856	\$ 619,438	\$ 49
Subtotal General Appropriations	69,379,796	69,556,619	62,641,215	1,268,001	5,647,354	49
Reserve for Uncollected Taxes	<u>4,200,000</u>	<u>4,200,000</u>	<u>4,200,000</u>	-	-	-
Total General Appropriations	\$ <u>73,579,796</u>	\$ <u>73,756,619</u>	\$ <u>66,841,215</u>	\$ <u>1,268,001</u>	\$ <u>5,647,354</u>	\$ <u>49</u>
Adopted Budget						
	\$ 73,579,796					
Approp. by N.J.S.A. 40A:4-87	<u>176,823</u>					
	\$ <u>73,756,619</u>					
Disbursed						
		\$ 62,328,823				
Reserve for Uncollected Taxes		4,200,000				
Due to Grant Fund		<u>312,392</u>				
		\$ <u>66,841,215</u>				

See Notes to Financial Statements

TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
TRUST FUNDS
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Animal Control Fund:		
Cash - Treasurer	\$ 9,495	\$ 2,884
Trust-Other Fund:		
Cash and Investments	4,949,814	2,134,080
Due From Current Fund	-	3,338,842
Due From Community Development Grant	284,311	284,311
Total	<u>5,234,125</u>	<u>5,757,233</u>
Affordable Housing Trust Fund:		
Cash - Treasurer	2,379,175	814,553
Due from General Capital Fund	69,971	1,716,315
Due from Current Fund	6,328,740	10,258,083
Total	<u>8,777,886</u>	<u>12,788,951</u>
Unemployment Trust Fund:		
Cash - Treasurer	369,880	427,405
Due from Water-Sewer Utility Operating Fund	-	19,865
Total	<u>369,880</u>	<u>447,270</u>
Payroll Trust Fund:		
Cash - Treasurer	621,529	504,436
Due from Water-Sewer Utility Operating Fund	82,669	106,888
Total	<u>704,198</u>	<u>611,324</u>
Developers' Escrow Trust Fund:		
Cash - General Trust	10,255,243	10,833,883
Cash - Water-Sewer Trust	3,858,519	3,902,477
Total	<u>\$ 14,113,762</u>	<u>\$ 14,736,360</u>

**TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
TRUST FUNDS
DECEMBER 31, 2024 AND 2023**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Self Insurance Trust Fund:		
Cash - Treasurer	-	\$ 409,979
Due from Current Fund	-	4,919
Due from Water-Sewer Utility Operating Fund	-	175
	<hr/>	<hr/>
Total	-	415,073
	<hr/>	<hr/>
Open Space Trust Fund:		
Cash - Treasurer	\$ 1,053,847	918,582
Due from General Capital Fund	-	42,530
	<hr/>	<hr/>
Total	1,053,847	961,112
	<hr/>	<hr/>
	\$ 30,263,193	\$ 35,720,207
	<hr/> <hr/>	<hr/> <hr/>

TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
TRUST FUNDS
DECEMBER 31, 2024 AND 2023

<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Animal Control Fund:		
Reserve for Animal Control Expenditures	\$ 9,306	\$ 2,821
Due to State of New Jersey - License Fees	189	1
Due to Current Fund	<u>-</u>	<u>62</u>
 Total	 <u>9,495</u>	 <u>2,884</u>
Trust-Other Fund:		
Reserve for Community Development	145,496	120,452
Encumbrances Payable	-	164,239
Due to State and Federal Grant Fund	161,278	54,677
Reserve for Tax Collectors Trust	1,054,611	-
Reserve for Various Deposits	<u>3,872,740</u>	<u>5,417,865</u>
 Total	 <u>5,234,125</u>	 <u>5,757,233</u>
Affordable Housing Trust Fund:		
Encumbrances Payable		6,806,025
Reserve for Affordable Housing	<u>8,777,886</u>	<u>5,982,926</u>
 Total	 <u>8,777,886</u>	 <u>12,788,951</u>
Unemployment Trust Fund:		
Reserve for Unemployment	<u>369,880</u>	<u>447,270</u>
 Total	 <u>\$ 369,880</u>	 <u>\$ 447,270</u>

TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
TRUST FUNDS
DECEMBER 31, 2024 AND 2023

<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Payroll Trust Fund:		
Payroll Deductions Payable	\$ 704,198	\$ 611,324
Total	704,198	611,324
Developers' Escrow Trust Fund:		
Due to Water-Sewer Utility Operating Fund	114,848	114,848
Due to Water-Sewer Utility Capital Fund	1,963	1,963
Developers' Escrow Funds-Utility	3,741,708	3,785,666
Developers' Escrow Funds	10,255,243	10,833,883
Total	14,113,762	14,736,360
Self Insurance Trust Fund:		
Encumbrances Payable	-	15,765
Reserve for Self Insurance	-	399,308
Total	-	415,073
Open Space Trust Fund:		
Encumbrances Payable	-	146,045
Reserve for Open Space	1,053,847	815,067
Total	1,053,847	961,112
	\$ 30,263,193	\$ 35,720,207

TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Cash - Treasurer	\$ 8,671,722	\$ 2,547,666
Due from Developer	111,847	111,847
Grants Receivable	6,005,151	2,166,603
Due from Current Fund	3,814,172	819,660
Due from Water-Sewer Utility Capital Fund	-	10,760
Deferred Charges to Future Taxation:		
Funded	58,308,009	41,856,512
Unfunded	30,165,198	47,153,358
	<u>\$ 107,076,099</u>	<u>\$ 94,666,406</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Green Trust Loan Program	\$ 8,009	\$ 23,790
General Serial Bonds	58,300,000	41,575,000
Bond Anticipation Notes	14,100,000	18,425,000
MCIA Lease Purchase Agreements	-	257,722
Encumbrances Payable	11,917,379	3,618,704
Improvement Authorizations:		
Funded	8,755,204	3,612,674
Unfunded	12,341,493	24,337,328
Due to State and Federal Grant Fund	20,380	-
Due to Open Space Trust Fund	-	42,530
Due to Affordable Housing Trust Fund	69,971	1,716,315
Capital Improvement Fund	115,500	601,100
Miscellaneous Reserves	193,083	176,297
Fund Balance	1,255,080	279,946
	<u>\$ 107,076,099</u>	<u>\$ 94,666,406</u>
Bonds and notes authorized but not issued.	<u>\$ 16,065,198</u>	<u>\$ 28,728,358</u>

See Notes to Financial Statements

TOWNSHIP OF MONROE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 279,946	-
Increased by:		
Premium on Bonds and Bond Anticipation Notes	473,915	\$ 289,826
Refunds/Reimbursements	52,812	6,400
Cancelled Funded Improvement Authorizations	<u>1,626,703</u>	<u>333,720</u>
	<u>2,433,376</u>	<u>629,946</u>
Decreased by:		
Grant Receivable Cancelled	898,350	350,000
Appropriated to Budget Revenue	<u>279,946</u>	<u>-</u>
	<u>1,178,296</u>	<u>350,000</u>
Balance, December 31	<u>\$ 1,255,080</u>	<u>\$ 279,946</u>

See Notes to Financial Statements

**TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER-SEWER UTILITY FUND
DECEMBER 31, 2024 AND 2023**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Cash - Treasurer	\$ 10,193,980	\$ 7,764,486
Due from Developers Escrow Fund	114,848	114,848
Due from Water-Sewer Utility Capital Fund	<u>-</u>	<u>1,219,316</u>
	<u>10,308,828</u>	<u>9,098,650</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	<u>1,121,428</u>	<u>1,931,970</u>
	<u>1,121,428</u>	<u>1,931,970</u>
Total Operating Fund	<u>11,430,256</u>	<u>11,030,620</u>
Capital Fund:		
Cash - Treasurer	16,593,704	1,525,484
Due from Current Fund	19,923	10,195,471
Due from Water-Sewer Utility Operating Fund	419,116	-
Due from Developers Escrow Fund	1,963	1,963
Fixed Capital	148,161,493	147,937,532
Fixed Capital Authorized and Uncompleted	<u>75,862,725</u>	<u>72,354,500</u>
Total Capital Fund	<u>241,058,924</u>	<u>232,014,950</u>
	<u>\$ 252,489,180</u>	<u>\$ 243,045,570</u>

**TOWNSHIP OF MONROE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER-SEWER UTILITY FUND
DECEMBER 31, 2024 AND 2023**

<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>2024</u>	<u>2023</u>
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,324,841	\$ 1,730,738
Encumbrances Payable	897,985	1,214,148
Accounts Payable	396,356	420,931
Water-Sewer Overpayments	34,207	34,436
Various Reserves	157,777	160,277
Due to Payroll Trust Fund	82,669	106,888
Due to Water-Sewer Utility Capital Fund	419,116	-
Due to Current Fund	172	-
Due to Unemployment Trust Fund	-	19,865
Due to Self Insurance Trust Fund	-	175
Accrued Interest Payable	641,997	555,061
Bond Indenture Reserve	-	2,291,000
	3,955,120	6,533,519
Reserve for Receivables	1,121,428	1,931,970
Fund Balance	6,353,708	2,565,131
 Total Operating Fund	 11,430,256	 11,030,620
Capital Fund:		
Serial Bonds Payable	44,570,000	33,195,000
Bond Anticipation Note Payable	10,650,000	13,900,000
Loans Payable - NJEIT	502,555	651,525
Encumbrances Payable	9,770,760	2,644,598
Accounts Payable	24,108	24,108
Due to General Capital Fund	-	10,760
Due to Water-Sewer Utility Operating Fund	-	1,219,316
Improvement Authorizations:		
Funded	2,380,300	5,163,801
Unfunded	10,102,820	13,399,121
Reserve for:		
Capital Outlay	48,385	207,013
Retainage Payable	42,059	42,059
Amortization	160,483,895	157,761,992
Deferred Amortization	-	1,181,000
Reserve for Debt Service	-	561,022
Reserve for Bond Resolution	-	1,017,972
Fund Balance	2,484,042	1,035,663
 Total Capital Fund	 241,058,924	 232,014,950
	\$ 252,489,180	\$ 243,045,570
Bonds and Notes Authorized But Not Issued	\$ 7,941,500	\$ 13,602,515

See Notes to Financial Statements

TOWNSHIP OF MONROE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - WATER-SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>REVENUES AND OTHER INCOME</u>	<u>2024</u>	<u>2023</u>
Fund Balance Utilized	\$ 426,419	\$ 1,500,000
Utility Service Charges	19,262,914	18,035,502
Miscellaneous Revenues	807,009	920,739
Water-Sewer Utility Capital Fund Balance	1,035,663	-
Reserve for Debt Service	561,022	-
Other Credits to Income:		
Bond Indenture Reserve	2,291,000	-
Unexpend. Balance of Appropriation Reserves	<u>1,924,004</u>	<u>731,254</u>
 Total Revenues	 <u>26,308,031</u>	 <u>21,187,495</u>
 <u>EXPENDITURES</u>		
Budget and Emergency Appropriations:		
Operating	15,349,230	15,443,945
Capital Improvements	75,000	300,000
Debt Service	4,330,479	3,605,578
Deferred Charges and Statutory Expend.	1,035,768	971,824
Refund of Prior Year Revenues	<u>2,558</u>	<u>20,500</u>
 Total Expenditures	 <u>20,793,035</u>	 <u>20,341,847</u>
 Excess in Revenues	 5,514,996	 845,648
 <u>FUND BALANCE</u>		
Balance - January 1,	<u>2,565,131</u>	<u>5,119,483</u>
	8,080,127	5,965,131
Decreased by:		
Utilized as Anticipated Revenue	426,419	1,500,000
Appropriated in Current Fund Budget	<u>1,300,000</u>	<u>1,900,000</u>
 Balance - December 31,	 <u>\$ 6,353,708</u>	 <u>\$ 2,565,131</u>

See Notes to Financial Statements

**TOWNSHIP OF MONROE
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS -
WATER-SEWER UTILITY CAPITAL FUND
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 1,035,663	\$ 1,035,663
Increased by:		
Premium on Bonds and Bond Anticipation Notes	109,042	-
Cancelled Funded Improvement Authorizations	1,357,028	-
Cancelled Reserve for Bond Resolution	<u>1,017,972</u>	<u>-</u>
	3,519,705	1,035,663
Decreased by:		
Appropriated as Budget Revenue	<u>1,035,663</u>	<u>-</u>
Balance, December 31	<u>\$ 2,484,042</u>	<u>\$ 1,035,663</u>

See Notes to Financial Statements

**TOWNSHIP OF MONROE
STATEMENT OF REVENUES - REGULATORY BASIS -
WATER-SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024 <u>Budget</u>		<u>Realized</u>		<u>Excess (Deficit)</u>
Operating Surplus Anticipated	\$ 426,419	\$	426,419		-
Water-Sewer Utility Service Charges	18,000,000		19,262,914	\$	1,262,914
Miscellaneous Revenues	898,647		807,009		(91,638)
Water-Sewer Utility Capital Fund Balance	1,035,663		1,035,663		-
Reserve for Debt Service	<u>561,022</u>		<u>561,022</u>		<u>-</u>
	<u>\$ 20,921,751</u>	\$	<u>22,093,027</u>	\$	<u>1,171,276</u>

Analysis of Realized Revenues:

Water-Sewer Utility Service Charges:

Service Charges- Residential and Commercial	\$ 12,678,706
Service Charges- Schools, Hotels, Municipal , Institution	250,977
Service Charges- Interlocal	1,093,833
Service Charges- Fire Protection (Public and Private)	1,277,693
Service Charges-Other	1,483,334
Service Charges Connection Fees	1,702,958
Service Charges-Review and Inspection	200,055
Service Charges-Cell Tower Lease	<u>575,358</u>
	<u>\$ 19,262,914</u>

Miscellaneous Revenues:

Interest on Investments and Deposits	\$ 380,877
Miscellaneous	<u>426,132</u>
	<u>\$ 807,009</u>

See Notes to Financial Statements

**TOWNSHIP OF MONROE
STATEMENT OF EXPENDITURES - REGULATORY BASIS -
WATER-SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

			Expended			
	<u>2024</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>			<u>Balance</u>
						<u>Cancelled</u>
Operating:						
Salaries and Wages	\$ 4,388,907	\$ 4,388,907	\$ 4,088,147		\$ 300,760	
Other Expenses	11,172,323	10,960,323	9,203,989	\$ 897,985	858,349	
Capital Improvements:						
Capital Outlay	200,000	75,000			75,000	
Debt Service:						
Payment of Bond Principal	2,050,000	2,050,000	2,050,000			
Interest on Bonds	1,010,000	1,347,000	1,346,765			\$ 235
Interest on Notes	888,450	888,450	760,310			128,140
NJEIT 2012 Loan	161,411	161,411	158,512			2,899
Monroe Township MCIA Debt Service	14,892	14,892	14,892			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	665,768	665,768	665,768			
Social Security System (O.A.S.I.)	360,000	360,000	279,268		80,732	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	10,000	10,000	-	-	10,000	-
	<u>\$ 20,921,751</u>	<u>\$ 20,921,751</u>	<u>\$ 18,567,651</u>	<u>\$ 897,985</u>	<u>\$ 1,324,841</u>	<u>\$ 131,274</u>
			Cash Disbursed	\$ 16,432,633		
			Due Current Fund	14,892		
			Accrued Interest on Bonds, Notes and Loans	2,120,126		
				<u>\$ 18,567,651</u>		

See Notes to Financial Statements

TOWNSHIP OF MONROE
STATEMENT OF GOVERNMENTAL FIXED ASSETS
REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
General Fixed Assets:		
Land	\$ 3,769,000	\$ 3,769,000
Land Improvements	4,495,604	4,495,604
Buildings	24,010,898	24,003,548
Machinery and Equipment	<u>24,210,200</u>	<u>23,442,826</u>
 Total General Fixed Assets	 <u>\$ 56,485,702</u>	 <u>\$ 55,710,978</u>
 Investment in General Fixed Assets	 <u>\$ 56,485,702</u>	 <u>\$ 55,710,978</u>

See Notes to Financial Statements

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Reporting Entity

The Township is managed under the Faulkner Act form of government authorized under NJSA: 40:69A-31 et. seq. Voters elect the Township Council of five (5) members to staggered, four-year terms. The Mayor is the chief executive and is directly elected to a four-year term. The Township Council is the legislative body of the municipality. The Mayor appoints department heads with Council approval. By ordinance, the business administrator supervises administration of departments, subject to the Mayor's direction.

The Governmental Accounting Standards Board (GASB) requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Monroe have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed to primarily for determining compliance with legal provisions and budgetary restrictions and a means of reporting the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with GAAP. The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The accounting policies of the Township of Monroe conform to the accounting principles applicable to municipalities that have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Monroe accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

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

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

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

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

Comparative Data – Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications – Certain reclassifications may have been made to the December 31, 2023 balances to conform to the December 31, 2024 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. Basis of Accounting and Measurement Focus

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ 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 basic financial statement presentation required by GAAP.

As indicated above, the basis of accounting utilized by New Jersey municipalities is as prescribed by the Division of Local Government Services. The basis of accounting for operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues – Revenues are recorded as received in cash except for statutory reimbursements and grant funds that are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes and utility consumer charges are recorded with offsetting reserves within the Current Fund and Water-Sewer Utility Fund, respectively. Other amounts that are due to the Township, which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "budgetary" basis of accounting. Generally, these 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. Reserves for un-liquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus (Continued)

Cash, Cash Equivalents and Investments – Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government. The carrying amount approximates fair value because of the short term maturity of those investments. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires all investments be reported at fair value.

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Fire District and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent.

The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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. Year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Miscellaneous Revenues/Receivables – Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus (Continued)

Compensated Absences – Expenditures relating to obligations for unused vested vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for future payment of compensated absences. GAAP requires that the liabilities for compensated absences be recorded for leave that has not been used when the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash. Compensated absences liabilities are not recorded on the balance sheet.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the governmental fixed asset account group at the lower of cost or fair market value.

Grant and Similar Award Revenues/Receivables – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Deferred Charges – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable. Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

Tax Appeals and Other Contingent Losses – Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment purchased by the Water-Sewer Utility Fund are recorded in their capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water-Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets but does require the recognition of depreciation of these assets as an operating expense of the utility.

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. Fixed assets used in governmental operations are accounted for in the Governmental Fixed Assets. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets, sidewalks and drainage systems are not capitalized. All fixed assets have been valued at cost or estimated historical cost if the actual cost is not available, except for land and buildings at January 1, 1996, which have been valued at the assessed value.

Long-term debt - The Township’s long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township’s long-term debt is disclosed in Note 3 to the financial statements.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus (Continued)

Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - The requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflow of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of the liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State’s Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1c2, municipalities may use the most recent available audited GASB 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Public Employees’ Retirement System Report and the 2023 Police and Firemen’s Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 8 to the Financial Statements for these disclosures.

Other Post-Employment Benefits Other Than Pensions – The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflow of resources, deferred inflow of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Pursuant to N.J.A.C. 5:30-6.1c2, municipalities may use the most recent available audited GASB 75 financial information for “Other Post-Employment Benefits Other Than Pensions”. As of the date of audit, the 2024 Report was the most recent report available and therefore information for that year was disclosed accordingly. Since the Township does not follow GAAP, the GASB did not result in a change in the Township’s assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. Refer to Note 9 to the Financial Statements for the disclosures.

Lease Receivable/Deferred Inflows of Resources - The requirements of GASB Statement No. 87, *Leases* requires the lessor to recognize a lease receivable and deferred inflows of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these receivables and deferred inflow of resources, but do require the disclosure of these amounts. Refer to Note 16.

Lease Payable/Lease Asset - The requirements of GASB Statement No. 87, *Leases* requires the lessee to recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is short-term or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these payables and deferred outflow of resources, but do require the disclosure of these amounts. Management has determined the impact of the Statement on the financial statements was not material.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus (Continued)

Recently Issued and Adopted Accounting Principles

During the year ended December 31, 2024, the Township adopted no new GASB statements. Accounting standards that the Township is currently reviewing for applicability and potential impact on the financial statements include:

The GASB Statement No. 101, “*Compensated Absences*”, provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information need of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning recognition and measurement under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

The GASB Statement No. 102, “*Certain Risk Disclosures*”, provides guidance on disclosures within government financial statements on risks related to a government’s vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. Under this statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

The GASB Statement No. 103, “*Financial Reporting Model Improvements*”, has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the government’s accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

The GASB issued Statement No. 104, “*Disclosure of Certain Capital Assets*” in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Township believes will most impact its financial statements. The Township will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Use of Estimates – The preparation of the financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus (Continued)

Water-Sewer Utility Fund – Effective February 1, 2009, pursuant to N.J.S.A. 40A:5A-20, the adoption of local ordinances and resolutions and the approval of the Local Finance Board, Department of Community Affairs, State of New Jersey, the Monroe Township Municipal Utilities Authority (MUA) was dissolved and its operations were absorbed by the Township of Monroe. The activity of the utility operations are recorded and reported within the Water-Sewer Utility Fund section of the Township’s financial statements. The MUA, the previous entity, operated as a separate authority and reported its financial statements in accordance with accounting principles generally accepted in the United States.

Upon this transition, the Township Water-Sewer Utility Fund reports its financial statements for the period February 1, 2009 through December 31, 2009, under the OCBOA form of accounting as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The primary differences between these accounting principles are as described above. In accordance with the establishment of the Water-Sewer Utility Fund, the Township converted the balance sheet reported by the MUA under the GAAP basis of accounting at January 31, 2009, to a balance sheet prepared by the Township as the Water-Sewer Utility Fund under the Township’s OCBOA basis of accounting as of February 1, 2009.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting – An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

- Trust Funds
- General Capital Fund
- Water-Sewer Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line-item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line-item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line-item level. During 2024 and 2023, the Township Council increased the original current fund budget by \$176,823 and \$133,790, respectively. The increases were funded by additional grants and aid allotted to the Township.

Additionally, the governing body approved budget transfers during 2024 in the Water-Sewer Utility Operating Fund Budget.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Township's debt is summarized as follows.

A. Summary of Municipal Debt for Capital Projects

	<u>2024</u>	<u>2023</u>
<u>Issued:</u>		
General:		
Serial Bonds	\$ 58,300,000	\$ 41,575,000
Bond Anticipation Notes	14,100,000	18,425,000
Green Acres Trust Loans	8,009	23,790
MCIA Loan and Lease Programs	-	257,722
Water - Sewer Utility:		
Serial Bonds	44,570,000	33,195,000
NJEIT Loans	502,555	651,525
Bond Anticipation Notes	<u>10,650,000</u>	<u>13,900,000</u>
Total Issued	<u>128,130,564</u>	<u>108,028,037</u>
Net Issued	<u>128,130,564</u>	<u>108,028,037</u>
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	16,065,198	28,728,358
Water - Sewer Utility:		
Bonds and Notes	<u>7,941,500</u>	<u>13,602,515</u>
Total Authorized But Not Issued	<u>24,006,698</u>	<u>42,330,873</u>
Total Bonds and Notes Issued and Authorized but not Issued	<u>\$ 152,137,262</u>	<u>\$ 150,358,910</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

A. Summary of Municipal Debt for Capital Projects (Continued)

Summarized below are the Township's individual bond, note and loan issues which the Township has pledged its full faith and credit towards the repayment of and which were outstanding at December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
<u>General Debt:</u>		
<u>Serial Bonds and Bond Anticipation Notes:</u>		
\$16,220,000, General Obligation Bonds - 2019 serial bond issued 2019 with final maturity 2034, remaining interest rates at 3.00% to 5.00%	\$ 11,855,000	\$ 12,850,000
\$9,295,000, General Obligation Bonds - 2021 serial bond issued 2021 with final maturity 2034, remaining interest rate at 2.00%	7,930,000	8,385,000
\$25,290,000, General Obligation Refunding Bonds - 2021 serial bond issued 2021 with final maturity 2033, remaining interest rates at 4.00% to 5.00%	17,245,000	20,340,000
\$21,270,000, General Improvement Bonds - 2024 serial bond issued 2024 with final maturity 2038, remaining interest rates at 4.00% to 5.00%	21,270,000	-
\$18,425,000, General Capital Bond Anticipation Notes - 2023 issued 6/5/23, mature on 6/4/24, interest 5.00%	-	18,425,000
\$14,100,000, General Capital Bond Anticipation Notes - 2024 issued 6/3/24, mature on 6/2/25, interest 4.25%	14,100,000	-
Subtotal - Bonds and Bond Anticipation Notes	<u>72,400,000</u>	<u>60,000,000</u>
<u>Loans:</u>		
MCIA Lease Program - 2019 due 7/15/24, Interest 4.00%	-	257,722
\$265,600, N.J. Green Trust Loan issued 1/11/05 with final maturity 2025 interest 2.00%	8,009	23,790
Subtotal - Loans	<u>8,009</u>	<u>281,512</u>
Subtotal - General Debt	<u>\$ 72,408,009</u>	<u>\$ 60,281,512</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

A. Summary of Municipal Debt for Capital Projects (Continued)

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
<u>Water-Sewer Utility Debt:</u>		
<u>Serial Bonds, Bond Anticipation Notes and Loans:</u>		
\$30,000,000, Water-Sewer Capital Revenue Bonds serial bond issued 2015 with final maturity 2039, interest rates at 2.50% to 3.375%	\$ 21,705,000	\$ 22,755,000
\$4,750,000, Water-Sewer Revenue Refunding Bonds serial bond issued 2016 with final maturity 2026, interest rates at 4.000%	1,080,000	1,585,000
\$7,310,000, Water-Sewer Capital Revenue Bonds serial bond issued 2019 with final maturity 2038, interest rates at 3.00% to 5.00%	5,705,000	6,080,000
\$3,015,000, Water-Sewer Capital Revenue Bonds serial bond issued 2021 with final maturity 2036, interest rate at 2.00%	2,655,000	2,775,000
\$13,425,000, Water-Sewer Utility Bonds serial bond issued 2024 with final maturity 2049, interest rates at 4.00% to 5.00%	13,425,000	-
\$13,900,000, Water-Sewer Bond Anticipation Notes - 2023 issued 6/5/23, mature on 6/4/24, interest 5.00%	-	13,900,000
\$10,650,000, Water-Sewer Bond Anticipation Notes - 2024 issued 6/3/24, mature on 6/2/25, interest 4.25%	10,650,000	-
\$1,060,000, NJ Environmental Infrastructure Trust Loan issued 2012 with final maturity 8/1/28 interest rates at 3.00% to 5.00%	345,000	420,000
\$1,183,520, NJ Environmental Infrastructure Trust Loan issued 2012 with final maturity 2/1/27 interest rates at 0.000%	157,555	231,525
	<hr/>	<hr/>
Subtotal - Water-Sewer Utility Debt	55,722,555	47,746,525
	<hr/>	<hr/>
Total Outstanding Debt	\$ 128,130,564	\$ 108,028,037

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

B. 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:

<u>2024</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 80,715,000	\$ 80,715,000	
Water - Sewer Utility Debt	63,664,055	63,664,055	
General Debt	88,473,207	21,326,246	\$ 67,146,961
	<u>\$ 232,852,262</u>	<u>\$ 165,705,301</u>	<u>\$ 67,146,961</u>

Net Debt \$ 67,146,961 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$ 13,553,158,321 = 0.495%

<u>2023</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 89,480,000	\$ 89,480,000	
Water - Sewer Utility Debt	61,349,040	61,349,040	
General Debt	89,009,870	20,565,513	\$ 68,444,357
	<u>\$ 239,838,910</u>	<u>\$ 171,394,553</u>	<u>\$ 68,444,357</u>

Net Debt \$ 68,444,357 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$ 12,009,366,173 = 0.570%

The Township's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31, was as follows:

	<u>2024</u>	<u>2023</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	\$ 474,360,541	\$ 420,327,816
	<u>67,146,961</u>	<u>68,444,357</u>
Remaining Borrowing Power	<u>\$ 407,213,580</u>	<u>\$ 351,883,459</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

B. Summary of Statutory Debt Condition – Annual Debt Statement (Continued)

Calculation of “Self-Liquidating Purpose”
Water-Sewer Utility per N.J.S.A. 40A:2-45

The calculation of “Self-Liquidating Purpose” for the Water-Sewer Utility Fund per N.J.S.A. 40A:2-45 is as follows:

	<u>2024</u>	<u>2023</u>
Cash Receipts From Fees, Utility Rents or Other Charges for the year	\$ 22,093,027	\$ 20,456,241
Deductions:		
Operating and Maintenance Costs	16,384,998	16,415,769
Debt Service	<u>4,330,479</u>	<u>3,605,578</u>
Total Deductions	<u>20,715,477</u>	<u>20,021,347</u>
Excess in Revenue	<u>\$ 1,377,550</u>	<u>\$ 434,894</u>

The differences between the excess revenues for debt statement purposes and the statutory cash basis for the Water-Sewer Utility Fund is as follows:

	<u>2024</u>	<u>2023</u>
Excess in Revenues - Cash Basis (D-1)	\$ 5,514,996	\$ 845,648
Add:		
Capital Improvements	75,000	300,000
Other Deductions	<u>2,558</u>	<u>20,500</u>
	5,592,554	1,166,148
Less:		
Unexpnd. Balance of Approp. Reserves	1,924,004	731,254
Bond Indenture Reserve Cancelled	<u>2,291,000</u>	<u>-</u>
Excess in Revenue	<u>\$ 1,377,550</u>	<u>\$ 434,894</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

C. Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding at December 31, 2024:

Calendar Year	General		Water - Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2025	\$ 5,525,000	\$ 2,244,225	\$ 2,485,000	\$ 1,527,450	\$ 11,781,675
2026	5,705,000	2,010,525	2,550,000	1,438,800	11,704,325
2027	5,900,000	1,775,700	2,515,000	1,354,425	11,545,125
2028	4,835,000	1,564,125	2,540,000	1,269,350	10,208,475
2029	4,965,000	1,363,725	2,550,000	1,183,400	10,062,125
2030-2034	24,510,000	3,756,775	12,990,000	4,647,875	45,904,650
2035-2039	6,860,000	557,375	12,260,000	2,480,800	22,158,175
2040-2044			3,155,000	1,029,900	4,184,900
2045-2049	-	-	3,525,000	352,500	3,877,500
Total	<u>\$ 58,300,000</u>	<u>\$ 13,272,450</u>	<u>\$ 44,570,000</u>	<u>\$ 15,284,500</u>	<u>\$ 131,426,950</u>

The details of the Township financings are contained within the supplementary schedules section included within this report.

**TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

D. Loan Agreements

New Jersey Green Trust Loan

The Township has contracted for the funding of Ballfield Improvements through the N.J. Green Trust Loan Program in the amount of \$265,600. Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the loan principal in the amount of \$8,009 and \$23,790 at December 31, 2024 and 2023, respectively, has been included in the calculation of the Township’s statutory debt condition.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2024:

Calendar Year	NJ Green Trust		Total
	Principal	Interest	
2025	\$ 8,009	\$ 80	\$ 8,089

The payment schedules for the respective loan agreements are set forth in the General Capital section of this report.

E. Lease Agreements – Middlesex County Improvement Authority

The Township has entered into various lease/purchase agreements with the Middlesex County Improvement Authority for capital equipment. During the year ended December 31, 2024, the Township made the final principal lease payments in the amount of \$257,722. The lease payment schedules for the respective lease agreements are set forth in the General Capital section of this report.

As a result of legislation that impacted and provided for limitations on increases in tax levy amounts (P.L. 2007, c62), the characterization of certain lease payment obligations have been modified as of July 1, 2007. As of and subsequent to that date, any lease obligations that involve asset acquisitions or projects with estimated lives of five (5) years or greater, those obligations due to the conduit issuer are to be classified as debt, in accordance with debt authorized under N.J.S.A. 40A:2-3 et seq. Lease obligations issued with respect to assets with estimated useful lives of less than five years and all lease obligations issued prior to July 1, 2007, are not considered debt of the local unit.

**TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

F. Loan Agreements

Department of Environmental Protection Environmental Infrastructure Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for improvements to wells 17 and 19. Total final loan amount was \$2,612,985 which included \$522,595 of Principal Forgiveness. Information relating to these loans is as follows:

	<u>Loan #1</u>	<u>Loan #2</u>
Drawn Down Date	11/21/2016	11/21/2016
Final Loan Amount	\$1,060,000.00	1,183,520.00
Interest Rates	Various	0.00%
Due Dates	Aug. 1 & Feb. 1	Feb. 1 & Aug. 1
Number of Payments	19	19
Final Payment Date	08/01/28	02/01/27

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans has been included in the calculation of the Township’s statutory debt condition within the Water-Sewer Utility.

Schedule of Annual Debt Service for Principal and Interest for the NJEIT Debt Issued and Outstanding at December 31, 2024:

Calendar <u>Year</u>	<u>Fund Loan</u>	<u>Trust Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 73,970	\$ 80,000	\$ 13,650	\$ 167,620
2026	73,970	85,000	9,650	168,620
2027	9,615	90,000	5,400	105,015
2028	-	90,000	2,700	92,700
Total	<u>\$ 157,555</u>	<u>\$ 345,000</u>	<u>\$ 31,400</u>	<u>\$ 533,955</u>

The details of the Township financings are contained within the supplementary schedules section included within this report.

**TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

G. Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2024 and 2023 were as follows:

	Balance, January 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>					
General Capital Fund					
Serial Bonds Payable	\$ 41,575,000	\$ 21,270,000	\$ 4,545,000	\$ 58,300,000	\$ 5,525,000
Intergovernmental Loans Payable	<u>23,790</u>	<u>-</u>	<u>15,781</u>	<u>8,009</u>	<u>8,009</u>
General Capital Fund Long-Term Liabilities	<u>\$41,598,790</u>	<u>\$21,270,000</u>	<u>\$ 4,560,781</u>	<u>\$58,308,009</u>	<u>\$ 5,533,009</u>
Water-Sewer Utility Capital Fund					
Serial Bonds Payable	\$ 33,195,000	\$ 13,425,000	\$ 2,050,000	\$ 44,570,000	\$ 2,485,000
Intergovernmental Loans Payable	<u>651,525</u>	<u>-</u>	<u>148,970</u>	<u>502,555</u>	<u>153,970</u>
Water-Sewer Utility Capital Fund Long-Term Liabilities	<u>\$33,846,525</u>	<u>\$13,425,000</u>	<u>\$ 2,198,970</u>	<u>\$45,072,555</u>	<u>\$ 2,638,970</u>
	Balance, January 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
General Capital Fund					
Serial Bonds Payable	\$ 46,050,000		\$ 4,475,000	\$ 41,575,000	\$ 4,545,000
Intergovernmental Loans Payable	<u>39,260</u>	<u>-</u>	<u>15,470</u>	<u>23,790</u>	<u>15,781</u>
General Capital Fund Long-Term Liabilities	<u>\$46,089,260</u>	<u>-</u>	<u>\$ 4,490,470</u>	<u>\$41,598,790</u>	<u>\$ 4,560,781</u>
Water-Sewer Utility Capital Fund					
Serial Bonds Payable	\$ 35,175,000	-	\$ 1,980,000	\$ 33,195,000	\$ 2,050,000
Intergovernmental Loans Payable	<u>800,495</u>	<u>-</u>	<u>148,970</u>	<u>651,525</u>	<u>148,970</u>
Water-Sewer Utility Capital Fund Long-Term Liabilities	<u>\$35,975,495</u>	<u>\$ -</u>	<u>\$ 2,128,970</u>	<u>\$33,846,525</u>	<u>\$ 2,198,970</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (Continued)

H. Short-Term Municipal Debt

The Township's short-term debt activity for the years ended December 31, 2024 and 2023 was as follows:

<u>2024</u>	Balance January 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
Bond Anticipation Notes				
General Capital Fund	\$ 18,425,000	\$ 14,100,000	\$ 18,425,000	\$ 14,100,000
Water-Sewer Utility Capital Fund	<u>13,900,000</u>	<u>10,650,000</u>	<u>13,900,000</u>	<u>10,650,000</u>
 Total	 <u>\$ 32,325,000</u>	 <u>\$ 24,750,000</u>	 <u>\$ 32,325,000</u>	 <u>\$ 24,750,000</u>
 <u>2023</u>	 Balance January 1, <u>2023</u>	 <u>Additions</u>	 <u>Reductions</u>	 Balance December 31, <u>2023</u>
Bond Anticipation Notes				
General Capital Fund	\$ 8,200,000	\$ 18,425,000	\$ 8,200,000	\$ 18,425,000
Water-Sewer Utility Capital Fund	<u>13,200,000</u>	<u>13,900,000</u>	<u>13,200,000</u>	<u>13,900,000</u>
 Total	 <u>\$ 21,400,000</u>	 <u>\$ 32,325,000</u>	 <u>\$ 21,400,000</u>	 <u>\$ 32,325,000</u>

Bond Anticipation Notes

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general governmental activities are accounted for in the General Capital Fund. The amounts issued for the water-sewer utility activities are accounted for in the Water-Sewer Utility Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition, any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, which were appropriated and included as anticipated revenue for the succeeding years were as follows:

	<u>Fund Balance</u> <u>Dec. 31, 2024</u>	<u>Utilized in</u> <u>Succeeding Budget</u>
Current Fund	\$ 14,300,760	\$ 10,995,000
Water-Sewer Utility Fund	6,353,708	426,419

	<u>Fund Balance</u> <u>Dec. 31, 2023</u>	<u>Utilized in</u> <u>Succeeding Budget</u>
Current Fund	\$ 15,285,535	\$ 10,995,000
Water-Sewer Utility Fund	2,565,131	426,419

Note 5: DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2024 and 2023, the book value of the Township's deposits were \$93,281,147 and \$83,858,042 and bank and brokerage firm balances of the Township's deposits amounted to \$93,326,732 and \$85,202,932, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Insured	\$ 93,326,732	\$ 85,202,932
Change Funds (On-Hand)	<u>900</u>	<u>900</u>
Total	<u>\$ 93,327,632</u>	<u>\$ 85,203,832</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 5: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2024 and 2023, none of the Township’s bank balances were exposed to custodial credit risk.

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Township does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer.

As of December 31, 2024 and 2023, the Township had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Water-Sewer Utility Capital Fund is assigned to the Water-Sewer Utility Operating Fund in accordance with the regulatory basis of accounting.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 6: TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2024 and 2023 consisted of the following:

	<u>Current</u>	Water-Sewer <u>Utility</u>	<u>Total</u>
<u>2024</u>			
Taxes Receivable	\$ 1,339,669		\$ 1,339,669
Tax Title Liens	510,330		510,330
Utility Charges and Fees	<u>-</u>	<u>\$ 1,121,428</u>	<u>1,121,428</u>
	<u>\$ 1,849,999</u>	<u>\$ 1,121,428</u>	<u>\$ 2,971,427</u>

In 2024, the Township collected \$1,212,038 and \$1,931,970 from delinquent taxes and utility charges and fees, which represented 68.1% and 100.0%, respectively of the prior year delinquent taxes and tax title liens receivable balances.

	<u>Current</u>	Water-Sewer <u>Utility</u>	<u>Total</u>
<u>2023</u>			
Taxes Receivable	\$ 1,297,723		\$ 1,297,723
Tax Title Liens	482,028		482,028
Utility Charges and Fees	<u>-</u>	<u>\$ 1,931,970</u>	<u>1,931,970</u>
	<u>\$ 1,779,751</u>	<u>\$ 1,931,970</u>	<u>\$ 3,711,721</u>

In 2023, the Township collected \$1,433,921 and \$1,692,506 from delinquent taxes and utility charges and fees, which represented 72.5% and 100.0%, respectively of the prior year delinquent taxes and tax title liens receivable balances.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 7: FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2024 and 2023.

	Balance <u>Jan. 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2024</u>
Land	\$ 3,769,000			\$ 3,769,000
Land Improvements	4,495,604			4,495,604
Buildings	24,003,548	\$ 7,350.00		24,010,898
Machinery & equipment	23,442,826	767,374		24,210,200
	<u>\$ 55,710,978</u>	<u>\$ 774,724</u>	<u>\$ -</u>	<u>\$ 56,485,702</u>

	Balance <u>Jan. 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2023</u>
Land	\$ 3,769,000			\$ 3,769,000
Land Improvements	4,495,604			4,495,604
Buildings	24,003,548			24,003,548
Machinery & equipment	21,954,482	\$ 1,488,344		23,442,826
	<u>\$ 54,222,634</u>	<u>\$ 1,488,344</u>	<u>\$ -</u>	<u>\$ 55,710,978</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 7: FIXED ASSETS (Continued)

B. Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2024 and 2023.

<u>Water-Sewer Capital Fund</u>	Balance <u>Jan. 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2024</u>
Land	\$ 1,088,666			\$ 1,088,666
Building	1,274,312			1,274,312
Machinery & equipment	3,427,706			3,427,706
Vehicles	579,473			579,473
Infrastructure	141,567,375	\$ 223,961		141,791,336
	<u>\$ 147,937,532</u>	<u>\$ 223,961</u>	<u>\$ -</u>	<u>\$ 148,161,493</u>
<u>Water-Sewer Capital Fund</u>	Balance <u>Jan. 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2023</u>
Land	\$ 1,088,666			\$ 1,088,666
Building	1,274,312			1,274,312
Machinery & equipment	3,427,706			3,427,706
Vehicles	579,473			579,473
Infrastructure	141,259,437	\$ 307,938		141,567,375
	<u>\$ 147,629,594</u>	<u>\$ 307,938</u>	<u>\$ -</u>	<u>\$ 147,937,532</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except 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 for each year of creditable service, as defined, 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% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 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 tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 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 a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: EMPLOYEE RETIREMENT SYSTEMS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2023 was \$14.6 billion. The collective net pension liability of the participating employers for local PFRS at June 30, 2023 was \$13.4 billion.

Actuarial Methods and Assumptions

In the July 1, 2022 PERS and July 1, 2022 PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2023 and 2022 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee’s annual pensionable compensation.

For the years ended December 31, 2024, 2023 and 2022 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Township for 2024, 2023 and 2022 were equal to the required contributions.

During the years ended December 31, 2024, 2023 and 2022, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2024	\$ 3,194,403	\$ 3,375,612	\$ 34,356
2023	3,094,750	3,082,380	35,191
2022	2,648,074	2,805,789	30,195

For the years ended December 31, 2024, 2023 and 2022 the Township had no required contributions for long-term disability insurance premiums for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal year ended June 30, 2023. Employer allocation percentages have been rounded for presentation purposes.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

At December 31, 2023, the Township reported a liability of \$36,582,567 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Township's proportionate share of the net pension liability was based on the ratio of the Township's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Township's proportionate share was 0.2525657428 percent, which was an increase of 0.0081357174 percent from its proportionate share measured as of June 30, 2022 of 0.2444300254 percent.

For the year ended December 31, 2023, the pension system has determined the Township's pension expense to be \$1,289,593 for PERS based on the actuarial valuations which is less than the actual reported contribution reported in the Township's 2023 financial statements of \$3,082,380. At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Difference between expected and actual experience	\$ 349,776	\$ 149,538
Change in assumptions	80,364	2,217,060
Net difference between projected and actual earnings on pension plan investments	168,467	
Changes in proportion and differences between Township Contributions and proportionate share of contributions	2,678,686	
Township contributions subsequent to the measurement date	<u>3,375,612</u>	<u>-</u>
Total	<u>\$ 6,652,905</u>	<u>\$ 2,366,598</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

\$3,375,612 of deferred outflows of resources resulting from the Township's contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

<u>Year ending</u>	<u>Amount</u>
2024	\$ (766,613)
2025	(276,072)
2026	1,921,627
2027	6,360
2028	<u>25,393</u>
Total	<u>\$ 910,695</u>

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>June 30, 2023</u>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75%-6.55%
	Based on years of service
Investment rate of return	7.00%
Mortality Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP - 2021.

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

**TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 8: PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Management Strategies	<u>3.00%</u>	6.21%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Calendar</u>		<u>Discount Rate</u>
<u>Year</u>	<u>Measurement Date</u>	
2023	June 30, 2023	7.00%

**TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 8: PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	<u>2023</u>
Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
<u>2023</u>	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
PERS	<u>\$ 47,622,719</u>	<u>\$ 36,582,567</u>	<u>\$ 27,185,938</u>

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2023. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Special Funding Situation – PERS

Under N.J.S.A. 43:15A-15, the Township is responsible for their own PERS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 365, P.L. 2001, and Chapter 133, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PERS under this legislation.

At December 31, 2023, the State's proportionate share of the net pension liability attributable to the Township for the PERS special funding situation is \$0. For the year ended December 31, 2023, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PERS special funding situation is \$114,087, which is equal to the actual contribution the State made on behalf of the Township of \$114,087. At December 31, 2023 (measurement date June 30, 2023) the State's share of the PERS net pension liability attributable to the Township was 0.2525657428 percent. The State's proportionate share attributable to the Township was developed based on actual contributions made to PERS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Police and Firemen's Retirement System (PFRS)

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

At December 31, 2023, the Township reported a liability of \$26,513,098 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Township's proportionate share of the net pension liability was based on the ratio of the Township's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Township's proportionate share was 0.23996397 percent, which was an increase of 0.00200756 percent from its proportionate share measured as of June 30, 2022 of 0.23795641 percent.

For the year ended December 31, 2023, the pension system has determined the Township pension expense to be \$2,583,321 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Township's financial statements of \$3,094,750. At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: PENSION PLANS (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,135,238	\$ 1,264,440
Change in assumptions	57,225	1,790,269
Net difference between projected and actual earnings on pension plan investments	1,350,262	
Changes in proportion and differences between Township Contributions and proportionate share of contributions	2,787,949	308,964
Township contributions subsequent to the measurement date	<u>3,194,403</u>	
Total	<u>\$ 8,525,077</u>	<u>\$ 3,363,673</u>

\$3,194,403 of deferred outflows of resources resulting from the Township’s contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

<u>Year ending</u>	<u>Amount</u>
2024	\$ 50,434
2025	(182,223)
2026	1,782,889
2027	155,110
2028	148,606
Thereafter	<u>12,185</u>
Total	<u>\$ 1,967,001</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: PENSION PLANS (Continued)

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

Actuarial Assumptions

The Township’s total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.75%-6.55%
	Based on
	Years
	of Service
	Not
Thereafter	Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP - 2021.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023 is summarized in the following table:

**TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 8: PENSION PLANS (Continued)

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

Long-Term Expected Rate of Return (Continued)

Discount Rate

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Management Strategies	<u>3.00%</u>	6.21%
	<u>100.00%</u>	

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: PENSION PLANS (Continued)

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

Sensitivity of Net Pension Liability

The following presents the Township’s proportionate share of the PFRS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the Township’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 1-percentage-point higher 8.00% than the current rate:

	At 1% Decrease <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
PFRS	\$ <u>36,941,359</u>	\$ <u>26,513,098</u>	\$ <u>17,828,848</u>

The sensitivity analysis was based on the proportionate share of the Township’s net pension liability at December 31, 2023. A sensitivity analysis specific to the Township’s net pension liability was not provided by the pension system.

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions 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 Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State’s proportionate share is 100% for PFRS under this legislation.

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$4,885,347. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$555,698 which is less than the actual contribution the State made on behalf of the Township of \$558,695. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Township was 0.23996397 percent, which was an increase of 0.00200756 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of 0.23795641 percent. The State’s proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township’s financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: PENSION PLANS (Continued)

DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees’ base salary. Active members contribute 5.5% of base salary.

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 MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 9: OTHER POST EMPLOYMENT BENEFITS

The Township provides medical, prescription drug and Medicare Part B reimbursement to retirees and their covered dependents, in accordance with applicable resolutions and collective bargaining agreements. The Township maintains a single-employer, defined benefit health plan with benefits provided through insurance carriers and by third party claims administrators. All active employees who retire from the Township and meet the eligibility criteria receive these benefits.

The Township currently funds the costs to provide postemployment benefits on a pay-as-you-go basis. The Township establishes and has the power to amend benefits and contribution obligations, subject to collective bargaining agreements.

The Township’s annual post-employment benefit (OPEB) cost (expense) is calculated based on amounts actuarially determined in accordance with the parameters of GASB Statement 75.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Employees covered by benefit terms

At December 31, 2024, the following employees were covered by the benefit terms:

Active employees	298
Retirees and surviving spouses	<u>117</u>
	<u><u>415</u></u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 9: OTHER POST EMPLOYMENT BENEFITS (Continued)

Summary of Post-Retirement Welfare (Health) Benefits

A. Eligibility

Post-retirement medical benefits are provided to bargained and non-bargained employees who:

- Retired with 25 or more years of service in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) and have at least 15 years of service of service with the Township for members of the bargaining groups PBA/SOA and non-bargained groups, or at least 25 years of service with the Township for other bargaining groups;
- Retire under an approved disability retirement through PERS or PFRS.

B. Health Benefits

The Township provides major medical and hospitalization benefits through the Horizon Blue Cross Blue Shield Direct Access or OMNIA plans.

The Township provides prescription drug coverage through the Horizon Blue Cross Blue Shield Direct Access or OMNIA plans with co-payments of \$5/\$25/\$50 (generic/preferred/non-preferred) with coverage to certain grandfathered retirees with \$5/\$15 or \$2/\$4 co-pays.

C. Dental and Vision

The Township does not provide dental or vision benefits to retirees.

D. Survivor Medical Benefits

In the event of the death of an active employee with 25 or more years of service, medical and prescription drug coverage is provided for the lifetime of the surviving spouse and to age 26 for dependents.

E. Contributions

The Township does not require current retirees, dependents, and survivors to contribute toward the cost of the postretirement medical and prescription drug coverage. The Township pays 100% of the premiums.

Employees of the PBA/SOA bargaining groups who retire after satisfying the eligibility requirements who have at least 15 years of pensionable service as of December 31, 2014, shall not contribute to the cost of medical premiums. All other employees who retire after satisfying the eligibility requirements who have at least 20 years of pensionable service as of December 31, 2014, shall not contribute to the cost of medical premiums.

Any employee who retires after satisfying the eligibility requirements, and does not meet the December 31, 2014 provision, must contribute toward the cost of medical premiums. The retiree contributions are based on a percentage of the postretirement healthcare cost. The contribution percentages vary based on healthcare coverage tier and amount of PERS and PFRS pension amounts, pursuant to the requirements of P.L. 2011 C. 78 (Chapter 78).

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 9: OTHER POST EMPLOYMENT BENEFITS (Continued)

Summary of Post-Retirement Welfare (Health) Benefits (Continued)

F. Medicare

The Township reimburses Medicare Part B premium charges for retirees and their dependents who met the eligibility rules in Section A above. Any Medicare Part D subsidy for which the Township may be eligible is not considered in this valuation. The accounting treatment for the Retiree Drug Subsidy is defined under GASB Technical Bulletin No. 2006-1, as amended.

G. Death Benefits

There are no death benefits paid to retirees by the Township.

Change in the Total OPEB Liability

	<u>2024</u>
Balance - beginning of year	\$ 220,009,077
Changes for the year:	
Service cost	7,514,041
Interest cost	7,354,083
Benefit payments	(3,875,523)
Actuarial assumption changes	(20,868,438)
Actuarial demographic (gain) or loss	<u>1,023,459</u>
Net changes	<u>(8,852,378)</u>
Balance - end of year	<u>\$ 211,156,699</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 9: OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes in plan fiduciary net position during year

	<u>2024</u>
Balance - beginning of year	\$ -
Changes for the year:	
Employer contributions	3,875,523
Benefit payments	<u>(3,875,523)</u>
Net changes	<u>-</u>
Balance - end of year	<u>\$ -</u>
Net OPEB Liability at end of year	<u>\$ 211,156,699</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0%</u>
Covered-employee payroll	<u>\$ 29,379,549.62</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>718.72%</u>

Total employer contributions for the retiree plan were for benefit payments and there were no fiduciary plan assets at the beginning or end of the year.

Benefit assumptions are based upon blended plan rates to produce annual composite rates. The monthly per capita claims cost for post-65 Medicare Part B premium reimbursements is \$164.90. Salary increases are scheduled at 3% per year. Retiree contributions assumes the cost for current Premium Free retirees and their dependents is 100% paid by the Township Administration prior to the application of Chapter 78. Direct Bill retirees and their dependents pay 100% of the costs to continue medical coverage.

In accordance with Local Finance Notice 2007-15 issued by the New Jersey Department of Community Affairs, the Township demographic and health care assumptions utilized are consistent with the assumptions used by the New Jersey Division of Pensions and Benefits and the State Health Benefits Plan as reported in their July 1, 2020 Actuarial Valuation to value the GASB obligations.

Changes since prior valuation – The discount rate was increased from 3.26% to 4.08% to reflect current market rates.

The assumptions for the plan used the “20-Bond GO Index” to establish a discount rate of 3.50% at December 31, 2017, 4.10% at December 31, 2018, 2.75% at December 31, 2019, 2.15% at December 31, 2020, 2.05% at December 31, 2021, 3.65% at December 31, 2022, 3.26% at December 31, 2023, and 4.08% at December 31, 2024. Inflation is assumed at 2.50% per year.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 9: OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Township, as well as what the Township's total 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 discount rate:

	1% Decrease <u>3.08%</u>	Current Rate <u>4.08%</u>	1% Increase <u>5.08%</u>
Total OPEB liability	<u>\$257,888,976</u>	<u>\$211,156,699</u>	<u>\$175,453,719</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$171,894,590</u>	<u>\$211,156,699</u>	<u>\$264,186,208</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources, if GASB 75 were recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual demographic experience	\$ 7,155,790	\$ 4,111,501
Change in assumptions	<u>33,872,185</u>	<u>62,262,429</u>
Total	<u>\$ 41,027,975</u>	<u>\$ 66,373,930</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 9: OTHER POST EMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in OPEB expenses had the Township followed GASB 75 as follows:

Year ended December 31,	
2025	\$ (2,703,509)
2026	(2,703,506)
2027	(5,358,487)
2028	(12,060,904)
2029	(104,851)
Thereafter	<u>(2,414,698)</u>
Total	<u>\$ (25,345,955)</u>

The actuarial cost method used to determine the GASB 75 plan's cost is the Entry Age Normal Cost Method. Under the entry age normal cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The Service Cost is the portion of this actuarial present value allocated to a valuation year. The Total Pension Liability is the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future service costs. The plan is currently unfunded.

Note 10: OTHER LONG-TERM LIABILITIES

A. Compensated Absences

The Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost of such unpaid sick and vacation pay would approximate \$3,357,934 and \$3,567,061 for 2024 and 2023, respectively. This amount represents the current value of all accumulations and is not intended to portray amounts that would be recorded under GAAP. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations. As of December 31, 2024 and 2023, the Township reserved \$2,818 and \$148,068, respectively in the Trust-Other Fund for compensated absences.

Note 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; natural disasters; workers. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur.

The Township of Monroe is a member of the Garden State Municipal Joint Insurance Fund (GSMJIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk-sharing public entity pools. The GSMJIF funds coverage amounts are on file with the Township.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 11: RISK MANAGEMENT (Continued)

The relationship between the Township and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance fund, to report claims on a timely basis, to cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which the municipality was a member.

The fund provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

Complete financial statements of the fund can be obtained by contacting the respective fund’s Treasurer.

There has been no significant reduction in insurance coverage from the previous year.

See Note 15 to Financial Statements with respect to the Township’s previous participation with Middlesex County Joint Insurance Fund (MCJIF).

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

<u>Year Ended</u> <u>December 31</u>	<u>Opening</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
2024	\$ 447,270	\$ 18,384	\$ 95,774	\$ 369,880
2023	488,965	15,040	56,735	447,270
2022	469,303	72,143	52,481	488,965

Note 12: DEFERRED COMPENSATION

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 13: INTERFUNDS

The following interfund balances were on the balance sheets of the respective funds at December 31, 2024:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 172	\$ 10,290,179
Grant Fund	309,002	
Trust-Other Fund		161,278
Affordable Housing Trust Fund	6,398,711	
Payroll Trust Fund	82,669	
Developers' Escrow Fund		116,811
General Capital Fund	3,814,172	90,351
Water-Sewer Utility Operating Fund	114,848	501,957
Water-Sewer Utility Capital Fund	<u>441,002</u>	<u>-</u>
	<u>\$ 11,160,576</u>	<u>\$ 11,160,576</u>

The following interfund balances were on the balance sheets of the respective funds at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 62	\$ 25,589,234
Grant Fund	1,026,936	-
Animal Control Fund	-	62
Trust-Other Fund	3,338,842	54,677
Affordable Housing Trust Fund	11,974,397	-
Unemployment Trust Fund	19,865	-
Payroll Trust Fund	106,888	-
Developers' Escrow Fund	-	116,811
Self Insurance Trust Fund	5,095	-
Open Space Trust Fund	42,530	-
General Capital Fund	830,421	1,758,845
Water-Sewer Utility Operating Fund	1,334,164	126,928
Water-Sewer Utility Capital Fund	<u>10,197,434</u>	<u>1,230,077</u>
	<u>\$ 28,876,634</u>	<u>\$ 28,876,634</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 14: FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024 and 2023, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

Note 15: CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance. As of December 31, 2024 and 2023, the Township reserved \$9,983 and \$716,194, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court.

Federal and State Awards - The participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2024 and 2023, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

Other - Supplemental Insurance Assessments - Effective December 31, 2018, the Township exited the Middlesex County Joint Insurance Fund (MCJIF). During 2022, the Township was advised that its final supplemental assessment is \$1,298,593.68. The terms of the payment of the supplemental assessment are stated as follows: the Township to pay first 10% and an additional 15% by March 31, 2023, and the remaining balance to be paid in seven annual installments starting no later than March 31, 2024. The Township paid the first 10% and an additional 15% in 2023 under protest. During 2024, the Township has paid the required installment.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 16: LEASE OBLIGATIONS - LESSOR RECEIVABLES

Lessor Revenues/Leases Receivable

In addition, the Township has entered into certain leases, for which they are the lessor, for the use of Township owned real property. The leases are due to the Township in installments as outlined in each individual lease agreement. The Township recognizes the revenues on an annual basis based upon cash received. The following table represents the future lease payments throughout the term of the leases.

<u>Year Ended December 31</u>	<u>Amount</u>
2025	\$ 633,376
2026	633,376
2027	633,376
2028	601,863
2029	579,353
2030-2034	1,503,146
2035-2039	492,261
2040-2043	<u>272,479</u>
	<u>\$ 5,349,230</u>

Note 17: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2024 through the date the financial statements were available to be issued. Based on this evaluation, the Township has determined the following subsequent events have occurred which requires disclosure in the financial statements.

Debt Issued

The Township issued Bond Anticipation Notes, Series 2025 in the amount of \$35,100,000, consisting of \$21,800,000 Bond Anticipation Notes and \$13,300,000 Water-Sewer Utility Bond Anticipation Notes. The Notes bear an interest rate of 3.50%, with a net interest cost of 3.0297%. The Notes are dated May 30, 2025, with a maturity date of May 29, 2026.

The Township has authorized bonds and/or notes to date as follows:

<u>Purpose</u>	<u>Debt Authorized</u>
Various Roadway, Sidewalk and Curb Improvements	\$1,619,000
Improvements on Open Space Property	<u>238,000</u>
Total	<u>\$1,857,000</u>

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

_____, 2026

Township Council of the
Township of Monroe, in the
County of Middlesex, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Monroe, in the County of Middlesex, New Jersey (the "Township"), in connection with the issuance by the Township of its \$58,675,000 Bond Anticipation Notes, Series 2026, consisting of the \$36,830,000 General Improvement Bond Anticipation Note and the \$21,845,000 Water/Sewer Utility Bond Anticipation Note (together, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the 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,