

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 23, 2026

NEW ISSUE (BOOK-ENTRY)

RATING: Not Rated

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Town with certain covenants described herein, interest on the Notes (as defined herein) (i) is not includable in 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 (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for purposes of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended and supplemented. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Town in its Tax Certificate (as defined herein), assume continuing compliance by the Town with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, rulings, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

TOWN OF DOVER
IN THE COUNTY OF MORRIS
STATE OF NEW JERSEY

\$12,350,299 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF
\$6,350,299 GENERAL IMPROVEMENT NOTES, SERIES 2026
\$5,000,000 WATER UTILITY NOTES, SERIES 2026
AND
\$1,000,000 PARKING UTILITY NOTES, SERIES 2026

(NON-CALLABLE)

Dated: Date of Delivery

Due: July 15, 2027

Coupon: _____%

Yield: _____%

CUSIP*: 260237____

The \$12,350,299 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of \$6,350,299 General Improvement Notes, Series 2026 (the "General Improvement Notes"), \$5,000,000 Water Utility Notes, Series 2026 (the "Water Utility Notes"), and \$1,000,000 Parking Utility Notes, Series 2026 (the "Parking Utility Notes" and together with the General Improvement Notes and the Water Utility Notes, the "Notes") are general obligations of the Town of Dover, in the County of Morris, State of New Jersey (the "Town"), payable in the first instance from the proceeds of the sale of bonds or notes issued in anticipation of bonds, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property located within the Town for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The Notes will be issued in fully registered book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants.

The Notes will bear interest at the rate set forth above, commencing their date of delivery. Principal of and interest on the Notes will be payable by the Town, or a duly designated paying agent, on the date of maturity thereof as set forth above.

While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, Cede & Co., which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

The Notes are authorized by and are issued pursuant to (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented; (ii) various bond ordinances duly adopted by the Town Council of the Town on the dates set forth herein, approved by the Mayor (if applicable), and published as required by law, and (iii) a resolution duly adopted by the Town Council of the Town on June 23, 2026 (the "Resolution").

The General Improvement Notes are being issued to refund, on a current basis, prior general improvement notes issued in the aggregate principal amount of \$6,350,299 on January 20, 2026 and maturing on July 20, 2026. The Water Utility Notes are being issued to refund, on a current basis, prior water utility notes issued in the aggregate amount of \$5,000,000 on January 20, 2026 and maturing on July 20, 2026. The Parking Utility Notes are being issued to refund, on a current basis, prior parking utility notes issued in the aggregate principal amount of \$1,000,000 on January 20, 2026 and maturing on July 20, 2026.

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

The Notes are not a debt or obligation, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Town.

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

The Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. NW Financial Group, LLC, Bloomfield, New Jersey has served as Municipal Advisor to the Town in connection with the issuance of the Notes. Certain legal matters will be passed upon for the Town by its Town Attorney, Ramon E. Rivera, Esq. of Antonelli Kantor Rivera, PC, Livingston, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about July 16, 2026.

BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE MUNICIPAL ADVISOR, ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE TOWN, UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON JUNE 30, 2026 VIA ELECTRONIC MAIL AT TEISMEIER@NWFINANCIAL.COM, OR VIA PARITY AT HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNI.HUB.COM.

**"CUSIP" is a registered trademark of the American Bankers Association. The 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 Town does not make any representations 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 various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancements by investors that is applicable to the Notes.

This is a Preliminary Official Statement "deemed final" by the Town within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Town will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**TOWN OF DOVER
IN THE COUNTY OF MORRIS
STATE OF NEW JERSEY**

MAYOR

James P. Dodd

COUNCIL MEMBERS

Christopher Almada
Geovani Estacio
Daniella Mendez
Judy Rugg
Arturo Santana
Marcos Tapia
Veronica Velez
Sandra Wittner

BUSINESS ADMINISTRATOR/CHIEF FINANCIAL OFFICER

Dr. Edward Ramirez

TOWN CLERK

Tara M. Pettoni

TOWN ATTORNEY

Antonelli Kantor Rivera PC
Livingston, New Jersey

TOWN AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

BOND COUNSEL

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

No dealer, broker, salesperson or other person has been authorized by the Town of Dover, in the County of Morris, State of New Jersey (the "Town") 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 Town.

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 by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Town, The Depository Trust Company, Brooklyn, New York ("DTC"), and other sources deemed reliable by the Town; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the Town, such information is not to be construed as a representation or warranty by the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or owners 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 herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create an implication that there has been no change in any of the information herein since the date hereof or the date as of which such information is given, if earlier. The Town has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, 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. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the Town. No representation is made that past experience, as is shown by the financial and other information included herein, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of the relevance, materiality or importance thereof, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Notes, the Underwriter (as defined herein) may engage in transactions intended to stabilize the price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The price at which the Notes are offered to the public by the Underwriter and the yield resulting therefrom may vary from the initial public offering price or yield stated on the cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering price to dealers and others.

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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**OFFICIAL STATEMENT
OF THE
TOWN OF DOVER
IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY**

**RELATING TO
\$12,350,299 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF
\$6,350,299 GENERAL IMPROVEMENT NOTES, SERIES 2026
\$5,000,000 WATER UTILITY NOTES, SERIES 2026
AND
\$1,000,000 PARKING UTILITY NOTES, SERIES 2026**

(NON-CALLABLE)

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Town of Dover (the "Town"), in the County of Morris (the "County"), State of New Jersey (the "State"), in connection with the offering, sale and issuance of \$12,350,299 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of \$6,350,299 General Improvement Notes, Series 2026 (the "General Improvement Notes"), \$5,000,000 Water Utility Notes, Series 2026 (the "Water Utility Notes") and \$1,000,000 Parking Utility Notes, Series 2026 (the "Parking Utility Notes" and together with the General Improvement Notes and the Water Utility Notes, the "Notes"), of the Town. This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Town Council of the Town, executed by and on behalf of the Town by its Chief Financial Officer, and is to be distributed in connection with the offering and sale of the Notes.

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 the sale, issuance and delivery of the Notes. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Town from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Town.

DESCRIPTION OF THE NOTES

General Description

The Notes shall be dated the date of delivery thereof and shall bear interest at the rate as indicated on the front cover page of this Official Statement, payable upon the maturity thereof. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Town, or a duly designated paying agent, on the date of maturity of the Notes by wire transfer

of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial interests in the Notes will be made in book-entry form, without certificates, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Town, or a duly designated paying agent, directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants and Indirect Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

Optional Redemption

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

Authorization for the Issuance of the Notes

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Town Council of the Town on the dates set forth in the charts on the following page under the subheadings "Purpose of the General Improvement Notes", "Purpose of the Water Utility Notes", and "Purpose of the Parking Utility Notes", approved by the Mayor (if applicable), and published as required by law, and (iii) a resolution duly adopted by the Town Council of the Town on June 23, 2026 (the "Resolution").

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Town. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

Purpose of the General Improvement Notes

The General Improvement Notes are being issued to refund, on a current basis, prior general improvement notes issued in the aggregate principal amount of \$6,350,299 on January 20, 2026 and maturing on July 20, 2026.

The General Improvement Notes and the improvements or purposes for which the General Improvement Notes are to be issued have been authorized by bond ordinances duly adopted by the Town Council of the Town, which bond ordinances are described on the following table by Ordinance Number, Description and Date of Final Adoption and the Amount to be issued for such purposes. The bond ordinances are as follows:

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\$6,350,299
General Improvement Notes, Series 2026

Ordinance Number	Description and Date of Final Adoption	Amount
5-2019	Various improvements and purposes, finally adopted 6/25/19	\$ 950,000.00
22-2023	Various capital improvements, finally adopted 9/12/23	\$2,475,714.00
5-2024	Various capital improvements, finally adopted 2/27/24	<u>\$2,924,585.00</u>
		<u>\$6,350,299.00</u>

Purpose of the Water Utility Notes

The Water Utility Notes are being issued to refund, on a current basis, prior water utility notes issued in the aggregate amount of \$5,000,000 on January 20, 2026 and maturing on July 20, 2026.

The Water Utility Notes and the improvements or purposes for which the Water Utility Notes are to be issued have been authorized by bond ordinances duly adopted by the Town Council of the Town, which bond ordinances are described on the following table by Ordinance Number, Description and Date of Final Adoption and the Amount to be issued for such purposes. The bond ordinances are as follows:

\$5,000,000
Water Utility Notes, Series 2026

Ordinance Number	Description and Date of Final Adoption	Amount
5-2018	Water supply and distribution system of the Town, finally adopted 4/24/18	\$1,850,000.00
21-2022	Various improvements to the water system, finally adopted 9/13/22	<u>\$3,150,000.00</u>
		<u>\$5,000,000.00</u>

Purpose of the Parking Utility Notes

The Parking Utility Notes are being issued to refund, on a current basis, prior parking utility notes issued in the aggregate principal amount of \$1,000,000 on January 20, 2026 and maturing on July 20, 2026.

The Parking Utility Notes and the improvements or purposes for which the Parking Utility Notes are to be issued have been authorized by a bond ordinance duly adopted by the Town Council of the Town, which bond ordinance is described on the following table by Ordinance Number, Description and Date of Final Adoption and the Amount to be issued for such purposes. The bond ordinance is as follows:

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\$1,000,000
Parking Utility Notes, Series 2026

Ordinance Number	Description and Date of Final Adoption	Amount
40-2025	Various acquisitions and improvements by and for the parking utility, finally adopted 10/28/25	<u>\$1,000,000.00</u>
		<u>\$1,000,000.00</u>

Payment of Notes

The Notes are general obligations of the Town for which the full faith and credit of the Town will be pledged. The Town is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Town for the payment of principal of and interest on the Notes without limitation as to rate or amount.

SECURITY AND PAYMENT FOR THE NOTES

The Notes are valid and legally binding general obligations of the Town for which the full faith and credit of the Town are irrevocably pledged for the punctual payment of the principal of and interest on the Notes. The Town has the power and, unless paid from other sources, is obligated by law to levy *ad valorem* taxes upon all the taxable property within the Town for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The Town is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Notes, for the current year in each annual budget unless provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF NOTES" herein.

The Notes are not a debt or obligation, legal, moral or otherwise, of the State or any county, municipality or political subdivision thereof, other than the Town.

RISK FACTORS

Climate

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes 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 Town 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 Town.

Cyber Security

The Town relies on a complex technology environment to conduct its various operations. As a result, the Town faces certain cyber security 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 cyber-attacks, the

Town has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Town maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the Town's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Town.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the Town as of the date hereof.

MARKET PROTECTION

The Town anticipates issuing a construction loan note through the New Jersey Infrastructure Bank to close in the fall of 2026

BOOK-ENTRY SYSTEM

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

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

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

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 the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not

receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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 (the "Omnibus Proxy") to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, 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 will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Paying Agent, upon direction of the Town, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Note certificate will be printed and delivered.

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

Discontinuance of Book-Entry System

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof

at the office of the chief financial officer of the Town or Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Town or Paying Agent for such purposes only upon the surrender thereof to the Town or Paying Agent together with the duly executed assignment in form satisfactory to the Town or Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Town or Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Principal and interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The Town has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Town debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Town is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Town, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Town Council and, if applicable, approval by the Mayor prior to publication. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Town.

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

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in either serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and those improvements involving certain State grants, a five percent (5%) cash down payment of the amount of bonds and notes authorized must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Town are general "full faith and credit" obligations.

Short Term Financing

Local governmental units (including the Town) may issue General Improvement Notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such General Improvement Notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's General Improvement Notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter unless an amount of such notes at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds

other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Town, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds. If the refunding bonds are issued in accordance with N.J.A.C. 5:30-2.5, no approval is required by the Local Finance Board; however, the details of the sale, issuance and delivery of the refunding bonds must be delivered to the Local Finance Board within ten (10) days of the delivery of the refunding bonds.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the Town is permitted to authorize. The authorized bonded indebtedness of a local unit is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Town for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" below.

As shown in APPENDIX A, the Town has not exceeded its statutory debt limit.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the Town may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Town must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Town and that the proposed debt authorization would not materially impair the credit of the Town or substantially reduce the ability of the Town to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district.

As shown in APPENDIX A, the Town has not exceeded its debt limit.

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

The Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", which must be completed within eight (8) months (August 31) after the close of the Town's fiscal year (December 31), includes recommendations for improvement of the Town's financial procedures. The Director may grant extensions on a petition by a municipality via resolution for good cause. The audit report must also be filed with the Town Clerk and be available for review during regular business hours and shall, within five (5) days thereafter, be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Town Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles in the United States.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An unaudited annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than March 10 (in the case of a county) and not later than March 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Annual Financial Statement reflects the results of operations for the year of the current and utility funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire Annual Financial Statement is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America; (b) government money market mutual funds which invest in securities permitted under the statute; (c) bonds of certain federal government agencies having a maturity date not greater than 397 days from the date of purchase; (d) bonds or other obligations of the particular municipality or school district of which the local unit is a part or within which the school district is located; and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

DEBT INFORMATION OF THE TOWN

The Town must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization except amending as to matters which are not required to be contained in such ordinance or which does not increase the total amount of the obligations authorized by such ordinance. Before the end of the first month (January 31) of each fiscal year of the Town, the Town must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Town Clerk. This report is made under oath and states the authorized, issued and unissued debt of the Town as of the previous December 31.

Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Town's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Town conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Town's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Town which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Town does not record obligations for accumulated unused vacation and sick pay.

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, including the Town, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serve to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year the Town's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population over 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a

separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Town is not eligible for local examination of its budget in 2026. The Town adopted its 2026 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)"

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

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

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Town shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce, Bureau of Economic Analysis, for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Town may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Town for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The Town did not utilize any of its "Cap Bank" in its 2026 budget. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

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

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Town to levy *ad valorem* taxes upon all taxable property within the boundaries of the Town to pay debt service on bonds and notes, including the Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Town, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-46, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidation commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.2, -55.3. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

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. N.J.S.A. 40A:4-29 provides limits for the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl} \text{Total of Local, County,} & & \\ \text{and School Levies} & - \text{ Anticipated Revenues} & = \text{Cash Required from Taxes to Support} \\ & & \text{Local Municipal Budget and Other Taxes} \\ \\ \frac{\text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}}{\text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)}} & = & \text{Amount to be} \\ & & \text{Raised by} \\ & & \text{Taxation} \end{array}$$

Anticipation of Miscellaneous Revenues

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the Town must adopt and may from time to time amend capital budgets, which capital budgets must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program of a local unit must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

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

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and

November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of up to eight percent (8%) on the first \$1,500 of the delinquency and, then up to eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Town Attorney (as hereinafter defined) for in rem foreclosures in order to acquire title to these properties.

The provisions of Chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

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

TAX MATTERS

Federal Income Taxation

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Notes in order

for the interest on the Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes. The Town will represent in its tax certificate (the "Tax Certificate") that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Town ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Town with the requirements of the Code and the representations and covenants made by the Town in its Tax Certificate described above, interest on the Notes is not includable in gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for purposes of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Notes are not considered "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

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

State Taxation

Bond Counsel is also of the opinion that interest on the Notes, and any gain on the sale thereof, are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Notes.

Prospective Tax Law Changes

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

Other Tax Consequences

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

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

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Town, including the Notes, and such Notes are authorized security for any and all public deposits.

RISK TO HOLDERS OF NOTES

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

Municipal Bankruptcy

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

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

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

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

Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)

If the Town defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Town in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Town is so in default. Once a judgment is entered by the Superior Court to the effect that the Town is in default, the Municipal Finance Commission (the "Commission") would become operative in the Town. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

CERTIFICATES OF THE TOWN

Upon the delivery of the Notes, the original purchaser of the Notes shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Town, stating to the best knowledge of said officials, that this Official Statement as of its date did 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; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Town from that set forth in or contemplated by this Official Statement. In addition, the original purchaser of the Notes shall also receive a certificate in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the principal of the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence nor boundaries of the Town, nor the title of any of the said officers to their respective offices, is being contested.

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, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed on for the Town by its Town Attorney, Ramon E. Rivera, Esq. of Antonelli Kantor Rivera, PC, Livingston, New Jersey (the "Town Attorney"). The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Dr. Edward Ramirez, Business Administrator/Chief Financial Officer, 37 North Sussex

Street, Dover, New Jersey 07801, (973) 366-2200, Ext. 1135 or email: eramirez@dover.nj.us; Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149 or email: ejohnson@wilentz.com; or Timothy Eismeier, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, (551) 655-7595 or email: teismeier@nwfinancial.com.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, has served as municipal advisor to the Town with respect to the issuance of the Notes (“Municipal Advisor”). 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 firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LITIGATION

To the knowledge of the Town Attorney, after due inquiry, there is no litigation of any nature now pending or threatening, restraining or enjoining the issuance or the delivery of the Notes or the levy or 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 collection of taxes to pay the principal of and interest on the Notes, or any action contesting the corporate existence or the boundaries of the Town or the title of any of the present officers of the Town. Further, to the knowledge of the Town Attorney, there is no litigation presently pending or threatened against the Town that, in the opinion of the Town Attorney, would have a material adverse impact on the financial condition of the Town if adversely decided. The Town Attorney will provide an opinion or certificate to such effect upon the closing of the Notes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Town has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes (the “Notices”), as set forth in Section (b)(5)(i)(C) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. The Notices will be filed by the Town with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access (“EMMA”) system. The specific nature of the Notices will be detailed in a certificate (the “Disclosure Certificate”) to be executed on behalf of the Town by its Chief Financial Officer in the form appearing in APPENDIX D hereto, such Disclosure Certificate to be delivered concurrently with the delivery of the Notes.

In accordance with the Rule and prior secondary market disclosure undertakings, within the five (5) years immediately preceding the date of this Official Statement, the Town failed to file a notice of incurrence of financial obligation in a timely manner. Such information has since been filed with the MSRB’s Electronic Municipal Market Access (“EMMA”) website. The Town has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the headings entitled “TAX MATTERS” and “APPROVAL OF LEGAL PROCEEDINGS” (as it pertains to the Bond Counsel) and its approving legal opinion set forth in APPENDIX C hereto and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, but takes responsibility for the information under the heading entitled "MUNICIPAL ADVISOR" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto. Certain information set forth herein has been obtained from the Town 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.

Nisivoccia LLP, Mount Arlington, Voorhees, New Jersey, the Auditor to the Town, has participated in the preparation of APPENDIX A to this Official Statement and in the collection of financial, statistical or demographic information contained in this Official Statement, but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. The Town Auditor takes responsibility for the audited financial statements described below under the heading entitled "FINANCIAL STATEMENTS" and contained in APPENDIX B hereto.

The Town Attorney has not participated in the preparation of the information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, but takes responsibility for the information under the headings entitled "LITIGATION" and "APPROVAL OF LEGAL PROCEEDINGS" (as it pertains to the Town Attorney) and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

UNDERWRITING

The Notes have been purchased from the Town at a public sale by _____ (the "Underwriter") at a price of \$ _____. The purchase price of the Notes reflects the par amount of Notes (\$ _____), less an Underwriter's discount of \$ _____, plus a[n] [net] original issue premium of \$ _____.

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 stated on the front cover page hereof.

FINANCIAL STATEMENTS

The audited financial statements of the Town for the years ended December 31, 2024, 2023 and 2022, are presented in APPENDIX B to this Official Statement. The financial statements referred to above have been audited by Nisivoccia LLP, Mount Arlington, New Jersey, an independent auditor, as stated in their Independent Auditor's Report appearing in APPENDIX B hereto.

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MISCELLANEOUS

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

**TOWN OF DOVER,
IN THE COUNTY OF MORRIS,
STATE OF NEW JERSEY**

**DR. EDWARD RAMIREZ,
Business Administrator/
Chief Financial Officer**

DATED: June ____, 2026

APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
CONCERNING THE TOWN OF DOVER**

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INFORMATION REGARDING THE TOWN¹

The following material presents certain economic and demographic information of the Town of Dover (the “Town”), in the County of Morris (the “County”), State of New Jersey (the “State”).

General Information

Dover is a town in Morris County, New Jersey, located on the Rockaway River, occupying approximately 2.73 square miles. Neighboring communities include the Township of Mine Hill, Rockaway, Randolph and Wharton.

Form of Government

The Town is governed by a Mayor whose term is for four years and a Town Council consisting of eight members. Four members are elected annually on a staggered basis from each of four wards.

Retirement Systems

All full-time permanent or qualified Town employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Town is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

Pension Information²

Employees, who are eligible to participate in a pension plan, are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

¹ Source: The Town, unless otherwise indicated.

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Town</u>				
2025	10,662	10,140	522	4.9%
2024	10,700	10,244	456	4.3%
2023	10,619	10,203	416	3.9%
2022	10,346	10,030	316	3.1%
2021	10,087	9,559	528	5.2%
<u>County</u>				
2025	275,993	263,944	12,049	4.4%
2024	279,349	269,026	10,323	3.7%
2023	277,601	267,970	9,631	3.5%
2022	270,692	262,237	8,455	3.1%
2021	262,746	248,792	13,954	5.3%
<u>State</u>				
2025	4,905,633	4,648,499	257,134	5.2%
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%

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>Town</u>	<u>County</u>	<u>State</u>
Median Household Income	73,737	137,326	103,556
Median Family Income	74,471	167,626	127,593
Per Capita Income	34,245	71,044	54,253

Source: US Bureau of the Census, 2020-2024 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>Town</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2025 est.	18,919	2.50%	524,251	2.90%	9,548,215	2.80%
2020	18,460	1.67	509,285	3.46	9,288,994	5.65
2010	18,157	-0.17	492,276	4.69	8,791,894	4.49
2000	18,188	20.33	470,212	11.60	8,414,350	8.85
1990	15,115	2.96	421,353	3.37	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
MPT of Morris, LLC	\$45,369,600	3.46%
Piret (Dover) Holdings LLC	17,932,200	1.37%
Home Depot USA Inc.	12,488,800	0.95%
AHIP NJ Dover Properties, LLC	10,060,000	0.77%
Casino, Inc.	10,020,200	0.76%
SW Dover Hills, LLC	9,689,000	0.74%
Mill Pond Towers Associates	8,485,000	0.65%
Dover Capital, LLC	8,211,800	0.63%
WCNJ Dover STS LLC	7,000,000	0.53%
Dover Fox Tenants Crop.	<u>6,250,000</u>	<u>0.48%</u>
Total	<u>\$90,137,000</u>	<u>10.33%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025U	\$46,182,188	\$45,426,209	98.36%
2024	42,811,849	42,215,562	98.60%
2023	41,256,307	40,728,722	98.72%
2022	38,598,932	38,076,496	98.65%
2021	37,903,791	37,474,388	98.87%

U: Unaudited
Source: Annual Audit Reports of the Town

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2025U	\$585,915	\$714,485	\$1,300,400	2.82%
2024	545,834	559,777	1,026,500	2.40%
2023	507,519	466,723	974,241	2.36%
2022	319,107	480,975	800,082	2.07%
2021	466,598	404,243	870,840	2.30%

U: Unaudited
Source: Annual Audit Reports of the Town

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2025U	\$204,400
2024	204,400
2023	204,400
2022	204,400
2021	204,400

U: Unaudited
Source: Annual Audit Reports of the Town

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

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

<u>Year</u>	<u>Local</u>			<u>Total</u>
	<u>Municipal</u>	<u>School</u>	<u>County</u>	
2025	\$1.642	\$1.501	\$0.347	\$3.490
2024	1.570	1.365	0.338	3.273
2023	1.539	1.293	0.325	3.157
2022	1.417	1.235	0.304	2.956
2021	1.390	1.226	0.287	2.903

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$1,312,031,800	\$2,137,555,881	61.38%	\$0	\$2,137,555,881
2024	1,306,383,900	1,903,239,948	68.64	0	1,903,239,948
2023	1,305,359,600	1,773,345,469	73.61	0	1,773,345,469
2022	1,303,674,000	1,655,879,588	78.73	0	1,655,879,588
2021	1,303,176,200	1,526,682,521	85.36	0	1,526,682,521

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 Town 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	\$7,009,800	\$869,063,400	\$0	\$278,716,400	\$101,871,900	\$55,370,300	\$1,312,031,800
2024	7,061,400	867,361,500	0	279,454,900	106,457,300	46,048,800	1,305,383,900
2023	7,196,000	866,237,000	0	279,420,500	106,457,300	46,048,800	1,305,359,600
2022	7,084,100	864,793,700	0	278,193,400	107,554,000	46,048,800	1,303,674,000
2021	6,552,100	861,028,200	0	279,080,800	110,466,300	46,048,800	1,303,176,200

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

Financial Operations

The following table summarizes budgeted information on changes in financial resources and fund balance for the last five (5) fiscal years for the Current Fund. This summary should be used in conjunction with the tables from which it is derived.

**Budgeted Information of Operations and Changes in Fund Balances
for the Years Ended December 31**

<u>Anticipated Revenues</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>
Fund Balance Utilized	\$1,123,842	\$2,100,000	\$2,200,000	\$1,700,000	\$815,000
Miscellaneous Revenues	10,076,411	10,045,882	8,816,068	9,292,137	10,185,410
Receipts from Delinquent Taxes	579,544	450,000	460,000	530,000	575,000
Amount to be Raised by Taxation	18,482,323	20,096,116	20,522,725	21,558,502	22,805,079
Total Revenue:	<u>\$30,262,121</u>	<u>\$32,691,998</u>	<u>\$31,998,793</u>	<u>\$33,080,639</u>	<u>\$34,380,489</u>
<u>Appropriations</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>
General Appropriations	\$22,475,536	\$23,285,503	\$24,813,432	\$26,091,147	\$26,187,675
Operations (Excluded from CAPS)	4,264,574	5,828,654	3,647,369	3,301,557	5,006,263
Deferred Charges and Statutory Expenditures	541,868	541,868	300,203	480,402	425,450
Capital Improvement Fund	150,000	150,000	150,000	285,000	285,000
Municipal Debt Service	2,030,143	2,060,973	2,255,046	2,089,914	1,648,643
Reserve for Uncollected Taxes	800,000	825,000	832,743	832,618	827,458
Total Appropriations:	<u>\$30,262,121</u>	<u>\$32,691,998</u>	<u>\$31,998,793</u>	<u>\$33,080,639</u>	<u>\$34,380,489</u>

* Introduced 2026 Budget of the Town
Source: Annual Adopted Budgets of the Town

Fund Balance

Current Fund

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025U	\$1,904,219	\$ 815,000
2024	2,146,023	2,200,000
2023	2,372,584	2,100,000
2022	2,828,732	1,123,842
2021	2,813,221	841,126

U: Unaudited
Source: Annual Audit Reports of the Town

Water Utility Operating Fund

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

Fund Balance – Water Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year for Water Utility Fund</u>	<u>Utilized in Budget of Succeeding Year for Current Fund</u>
2025U	\$4,492,952	\$475,739	\$250,000
2024	2,985,292	366,275	234,000
2023	2,701,468	100,000	200,000
2022	2,371,245	100,000	200,000
2021	2,457,571	500,000	200,000

U: Unaudited
Source: Annual Audit Reports of the Town

Parking Utility Operating Fund

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

Fund Balance – Parking Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025U	\$474,002	\$171,509
2024	412,538	0
2023	356,252	111,916
2022	264,187	5,000
2021	77,355	5,000

U: Unaudited
Source: Annual Audit Reports of the Town

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Town Indebtedness as of December 31, 2025

General Purpose Debt

Serial Bonds	\$2,297,000
Bond Anticipation Notes	24,553,879
Bonds and Notes Authorized but Not Issued	712,950
Other Bonds, Notes and Loans	0
Total:	<u>\$27,563,829</u>

Local School District Debt

Serial Bonds	\$670,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$670,000</u>

Parking Utility Debt

Serial Bonds	\$343,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	1,000,000
Total:	<u>\$1,343,000</u>

Self-Liquidating Debt

Serial Bonds	\$2,387,000
Bond Anticipation Notes	0
Other Bonds, Notes and Loans	201,644
Total:	<u>\$2,588,644</u>

TOTAL GROSS DEBT

\$32,165,473

Less: Statutory Deductions

General Purpose Debt	\$898,293
Local School District Debt	670,000
Self-Liquidating Debt	2,588,644
Total:	<u>\$4,156,937</u>

TOTAL NET DEBT

\$28,008,536

Source: Annual Debt Statement of the Town

Overlapping Debt (as of December 31, 2025)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Town Percentage</u>	<u>Town Share</u>
Local School District	\$670,000	100.00%	\$670,000
County	403,626,166	1.55%	<u>6,256,206</u>
Net Indirect Debt			6,926,206
Net Direct Debt			<u>28,008,536</u>
Total Net Direct and Indirect Debt			<u>\$34,934,742</u>

Debt Limit

Average Equalized Valuation Basis (2023, 2024,2025)	\$1,938,047,099
Permitted Debt Limitation (3 1/2%)	67,831,680
Less: Net Debt	<u>28,008,536</u>
Remaining Borrowing Power	<u>\$39,823,144</u>
Percentage of Net Debt to Average Equalized Valuation	1.445%
Gross Debt Per Capita based on 2025 population of 18,919	\$1,700
Net Debt Per Capita based on 2025 population of 18,919	\$1,480

Source: Annual Debt Statement of the Town

Litigation

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

³ Town percentage of County debt is based on the Town's share of total equalized valuation in the County

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APPENDIX B

FINANCIAL STATEMENTS OF THE TOWN OF DOVER

TOWN OF DOVER
APPENDIX B
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AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

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Independent Auditors' Report

The Honorable Mayor and Members
of the Town Council
Town of Dover
Dover, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Town of Dover in the County of Morris (the "Town") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Town as of December 31, 2024 and 2023, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Town as of December 31, 2024 and 2023, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

Matters Giving Rise to Qualified Opinion on Regulatory Basis of Accounting

The Town's note disclosure on accrued sick and vacation benefits (Note 6) was not updated for Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, which was effective for the year ended December 31, 2024, and the Town's note disclosure on postemployment benefits other than pensions (OPEB) (Note 17) contains the December 31, 2020 information and not the December 31, 2024 information as the Town has not obtained an updated report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* as of the date of this report. As the Town reports on a regulatory basis of accounting, the Town's net OPEB liability and related deferred inflows and outflows as well as the OPEB expense are not recorded in the financial statements. However, in our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

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

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The Honorable Mayor and Members
of the Town Council
Town of Dover
Page 3
June 24, 2025

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

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

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

Mount Arlington, New Jersey
June 24, 2025

Nisivoccia LLP
NISIVOCCIA LLP

TOWN OF DOVER
CURRENT FUND
COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	December 31,		
	2024	2023	2022
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	\$ 6,145,230.50	\$ 13,737,952.75	\$ 10,259,422.50
Change Fund - Collector	475.00	475.00	475.00
State of NJ Building Fees Prepaid			896.00
Prepaid Expenses	89,412.77	89,413.77	89,413.77
	<u>6,235,118.27</u>	<u>13,827,841.52</u>	<u>10,350,207.27</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	559,777.40	466,722.91	480,974.97
Tax Title Liens Receivable	545,833.78	507,518.53	319,106.67
Property Acquired for Taxes at Assessed Valuation	204,400.00	204,400.00	204,400.00
Revenue Accounts Receivable	59,863.88	18,352.68	31,356.26
Sewer Rents Receivable	64,350.81	72,294.40	83,954.09
Due from:			
Police Outside Services		2,396.55	44,823.03
Dover Housing Authority	4,479.84		
Payroll Account	515,891.05	312,198.00	562,590.07
Water Utility Operating Fund	403,314.95		
Water Utility Capital Fund		1,910,000.00	
Parking Utility Operating Fund	1,361.98		
	<u>2,359,273.69</u>	<u>3,493,883.07</u>	<u>1,727,205.09</u>
Deferred Charges:			
Overexpenditure of Appropriations	248,621.49	114,564.98	264,331.98
Grant Fund Expenditures without Appropriation	71,693.97	138,200.97	
Special Emergency Authorizations:			
COVID-19 Emergency	360,402.15	540,604.72	720,807.92
Accrued Sick and Vacation Payout	120,000.00	240,000.00	360,000.00
	<u>800,717.61</u>	<u>1,033,370.67</u>	<u>1,345,139.90</u>
Total Regular Fund	<u>9,395,109.57</u>	<u>18,355,095.26</u>	<u>13,422,552.26</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	3,340,181.33	4,612,186.29	3,262,005.25
Due Current Fund	1,683,027.08	499,326.33	334,034.51
Deferred Charges - Expenditures without Appropriation	4,000.00		21,000.00
	<u>5,027,208.41</u>	<u>5,111,512.62</u>	<u>3,617,039.76</u>
TOTAL ASSETS	<u>\$ 14,422,317.98</u>	<u>\$ 23,466,607.88</u>	<u>\$ 17,039,592.02</u>

TOWN OF DOVER
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	\$ 795,073.78	\$ 1,318,319.35	\$ 1,970,088.48
Encumbered	691,419.99	209,160.62	282,162.78
Total Appropriation Reserves	1,486,493.77	1,527,479.97	2,252,251.26
County Added and Omitted Taxes Payable	5,565.60	4,745.92	6,381.25
Prepaid Taxes	332,665.63	222,275.81	184,860.72
Tax Overpayments	5,697.95	65,744.66	68,466.83
Prepaid Sewer Rents	11,176.38	16,034.73	466.88
Prepaid Payment In Lieu of Taxes	50,000.00		
Prepaid Cell Tower Rental	7,891.79		
Accounts Payable - Vendors	41,044.96	39,846.96	39,846.96
Due Dover Housing Authority		8,147.10	1,037.70
Due to:			
Federal and State Grant Fund	1,683,027.08	499,326.33	334,034.51
Animal Control Fund	2.08	2.08	2.08
Other Trust Funds	361,046.21	37,514.47	294,731.97
General Capital Fund	199,467.98	3,237,902.15	1,033,854.56
Water Utility Operating Fund		5,369,456.11	3,072,716.92
Parking Utility Operating Fund		196,371.80	192,831.48
State of NJ - Veterans' Senior Citizens' Deductions	10,961.86	10,331.04	10,711.86
State of NJ - Marriage License Fees	2,925.00	3,159.00	1,125.00
State of NJ - DCA Building Fees	7,152.00		
Reserve for:			
Sale of Municipal Assets	204,292.73	204,292.73	92,526.73
Municipal Reflief Fund Aid		131,907.03	65,967.60
Third Party Liens		2,801.39	2,801.39
Library State Aid		1,665.03	2,172.51
Maintenance of Library		129,019.38	129,019.38
	4,409,411.02	11,708,023.69	7,785,807.59
Special Emergency Notes Payable	480,402.15	780,604.72	1,080,807.29
Reserve for Receivables and Other Assets	2,359,273.69	3,493,883.07	1,727,205.09
Fund Balance	2,146,022.71	2,372,583.78	2,828,732.29
Total Regular Fund	9,395,109.57	18,355,095.26	13,422,552.26
Federal and State Grant Fund:			
Appropriated Reserves	4,046,828.85	4,398,089.64	2,987,800.43
Unappropriated Reserves	583,998.46	128,025.22	194,136.92
Encumbrances Payable	394,159.10	585,397.76	435,102.41
Unallocated Receipt	2,222.00		
Total Federal and State Grant Fund	5,027,208.41	5,111,512.62	3,617,039.76
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 14,422,317.98	\$ 23,466,607.88	\$ 17,039,592.02

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

TOWN OF DOVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE

<u>Revenue and Other Income Realized</u>	Year Ended December 31,		
	2024	2023	2022
Fund Balance Utilized	\$ 2,200,000.00	\$ 2,100,000.00	\$ 1,123,842.25
Miscellaneous Revenue Anticipated	8,766,361.22	10,275,007.21	10,294,830.37
Receipts from:			
Delinquent Taxes	472,777.39	483,037.78	407,574.07
Current Taxes	42,215,561.74	40,728,722.01	38,076,495.51
Nonbudget Revenue	218,109.43	1,011,454.49	274,361.89
Other Credits to Income:			
Interfund and Other Receivables Returned	1,894,396.55	292,818.55	10,282.18
Unexpended Balance of Appropriation Reserves	282,324.17	1,415,454.73	1,389,590.05
Cancellation of Due to State of NJ - Marriage License Fees	584.00		
Cancellation of Tax Overpayments	12,492.14		
Cancellation of Reserve for Third Party Liens	2,801.39		
Total Income	<u>56,065,408.03</u>	<u>56,306,494.77</u>	<u>51,576,976.32</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes	31,412,936.43	31,640,001.83	29,671,610.91
County Taxes	4,406,238.81	4,241,373.27	3,960,537.83
Local School District Taxes	17,833,896.00	16,868,643.00	16,093,043.00
Refund of Prior Year Taxes	68,841.53	52,415.89	68,717.75
Refund of Prior Year Revenue	5,828.00	150.00	650.00
Refund of Prior Year Unidentified Transactions			344,805.06
Grant Fund Expenditures without Appropriation		138,200.97	
Interfunds and Other Receivables Advanced	612,849.82	1,910,000.00	562,590.07
Total Expenditures	<u>54,340,590.59</u>	<u>54,850,784.96</u>	<u>50,701,954.62</u>
Excess in Revenue/Statutory Excess to Fund Balance	1,724,817.44	1,455,709.81	875,021.70
Adjustments Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Overexpenditure of Appropriations	248,621.49	49,940.71	264,331.98
Grant Fund Expenditures without Appropriation		138,200.97	
Statutory Excess to Fund Balance	1,973,438.93	1,643,851.49	1,139,353.68
<u>Fund Balance</u>			
Balance January 1	<u>2,372,583.78</u>	<u>2,828,732.29</u>	<u>2,813,220.86</u>
	4,346,022.71	4,472,583.78	3,952,574.54
Decreased by:			
Utilized as Anticipated Revenue	<u>2,200,000.00</u>	<u>2,100,000.00</u>	<u>1,123,842.25</u>
Balance December 31	<u>\$ 2,146,022.71</u>	<u>\$ 2,372,583.78</u>	<u>\$ 2,828,732.29</u>

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

TOWN OF DOVER
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,					
	2024		2023		2022	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 2,200,000.00	\$ 2,200,000.00	\$ 2,100,000.00	\$ 2,100,000.00	\$ 1,123,842.25	\$ 1,123,842.25
Total Miscellaneous Revenue	8,816,068.11	8,766,361.22	10,045,882.30	10,275,007.21	10,076,411.39	10,294,830.37
Receipts from Delinquent Taxes	460,000.00	472,777.39	450,000.00	483,037.78	579,544.21	407,574.07
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes	19,931,610.35	20,217,055.31	19,544,156.45	19,891,746.43	17,973,429.29	18,314,020.68
Minimum Library Tax	591,114.57	591,114.57	551,959.31	551,959.31	508,894.00	508,894.00
Nonbudget Revenue		218,109.43		1,011,454.49		274,361.89
Total Income	\$ 31,998,793.03	\$ 32,465,417.92	\$ 32,691,998.06	\$ 34,313,205.22	\$ 30,262,121.14	\$ 30,923,523.26

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

TOWN OF NEWTON
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	For the Years Ended December 31,				
	2024		2023		
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled	Overexpended
Operations for Municipal Purposes:					
Salaries and Wages	\$ 13,318,320.00	\$ 13,236,366.87	\$ 148,472.09	\$ 66,518.96	\$ 44,895.42
Other Expenses	15,442,684.08	14,976,458.47	646,601.69	182,102.53	1,273,423.93
Capital Improvements	150,000.00	150,000.00			150,000.00
Debt Service	2,255,046.00	2,255,037.31		8.69	35,271.77
Total Operations for Municipal Purposes	31,166,050.08	30,617,862.65	795,073.78	1,735.14	1,318,319.35
Reserve for Uncollected Taxes	832,742.95	832,742.95			825,000.00
	\$ 31,998,793.03	\$ 31,450,605.60	\$ 795,073.78	\$ 1,735.14	\$ 31,318,319.35
Adopted Budget	\$ 31,493,580.03				\$ 29,844,913.81
Added by NISA 40A-4-87	505,213.00				2,847,084.25
	\$ 31,998,793.03				\$ 32,691,998.06

	For the Years Ended December 31,				
	2022		2021		
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled	Overexpended
Operations for Municipal Purposes:					
Salaries and Wages	\$ 8,990,323.65	\$ 8,516,354.50	\$ 473,969.15		
Other Expenses	18,291,654.71	17,026,532.93	1,496,119.33	33,334.43	264,331.98
Capital Improvements	150,000.00	150,000.00			
Debt Service	2,030,142.78	2,008,635.00		21,507.78	
Total Operations for Municipal Purposes	29,462,121.14	27,701,522.43	1,970,088.48	54,842.21	264,331.98
Reserve for Uncollected Taxes	800,000.00	800,000.00			
	\$ 30,262,121.14	\$ 28,501,522.43	\$ 1,970,088.48	\$ 54,842.21	\$ 264,331.98
Adopted Budget	\$ 30,262,121.14				
	\$ 30,262,121.14				

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

TOWNSHIP OF DOVER
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	\$ 7,318.71	\$ 9,430.38	\$ 9,419.18
Due From Current Fund	2.08	2.08	2.08
	<u>7,320.79</u>	<u>9,432.46</u>	<u>9,421.26</u>
Other Trust Funds:			
Cash and Cash Equivalents	819,526.94	1,090,583.11	1,451,295.14
CDBG Receivable	58,190.00	331,477.50	
Due from Current Fund	361,046.21	37,514.47	294,731.97
	<u>1,238,763.15</u>	<u>1,459,575.08</u>	<u>1,746,027.11</u>
TOTAL ASSETS	<u><u>\$ 1,246,083.94</u></u>	<u><u>\$ 1,469,007.54</u></u>	<u><u>\$ 1,755,448.37</u></u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State of NJ		\$ 5.40	
Reserve for Animal Control Fund Expenditures	\$ 7,320.79	9,427.06	\$ 9,421.26
	<u>7,320.79</u>	<u>9,432.46</u>	<u>9,421.26</u>
Other Trust Funds:			
Due to Federal and State Grant Fund	4,000.00		
Reserve for:			
Other Deposits	793,579.60	737,064.37	668,051.98
Recycling Trust Fund	121,343.12	78,506.80	50,755.14
Forfeited Assets Deposits	85,179.68	38,654.71	40,567.31
Fire Penalty Fees	26,614.76	24,114.76	14,239.76
Recreation	8,977.38	39,048.62	82,309.64
Historical Preservation	4,408.00	4,408.00	4,308.00
Accumulated Absences	105,478.83	105,478.83	105,478.83
Tax Sale Premiums	86,900.00	411,200.00	733,400.00
Unemployment Compensation	2,281.78	21,098.99	46,916.45
	<u>1,238,763.15</u>	<u>1,459,575.08</u>	<u>1,746,027.11</u>
TOTAL LIABILITIES AND RESERVES	<u><u>\$ 1,246,083.94</u></u>	<u><u>\$ 1,469,007.54</u></u>	<u><u>\$ 1,755,448.37</u></u>

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

TOWN OF DOVER
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 748,929.14	\$ 520.19	\$ 5,914,090.24
Due from Current Fund	199,467.98	3,237,902.15	1,033,854.56
Due From Water Utility Operating Fund		857,561.11	91,000.00
Due from Parking Utility Operating Fund		178,066.44	34,184.91
Deferred Charges to Future Taxation:			
Funded	2,602,000.00	2,912,000.00	3,855,000.00
Unfunded	25,402,748.97	26,251,168.97	24,421,611.97
TOTAL ASSETS	\$ 28,953,146.09	\$ 33,437,218.86	\$ 35,349,741.68
 <u>LIABILITIES AND FUND BALANCE</u>			
Serial Bonds Payable	\$ 2,602,000.00	\$ 2,912,000.00	\$ 3,855,000.00
Bond Anticipation Notes Payable	19,052,000.00	19,900,420.00	20,546,577.00
Improvement Authorizations:			
Funded	1,226,722.12	1,114,099.75	1,009,623.94
Unfunded	3,306,802.18	6,180,771.83	5,747,458.94
Capital Improvement Fund	137,481.85	27,481.85	7,782.85
Downpayments on Improvements	792.20	792.20	792.20
Due to Water Utility Capital Fund		129,028.00	9,028.00
Encumbrances Payable	753,946.09	708,942.18	1,707,128.81
Reserve to Pay Debt Service	1,247,007.45	1,997,007.45	2,409,676.94
Fund Balance	626,394.20	466,675.60	56,673.00
TOTAL LIABILITIES AND FUND BALANCE	\$ 28,953,146.09	\$ 33,437,218.86	\$ 35,349,741.68

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

TOWN OF DOVER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	Year Ended December 31,		
	2024	2023	2022
Beginning Balance	\$ 466,675.60	\$ 56,673.00	\$ 122,032.59
Increased by:			
Premium Received on Sale of Bond Anticipation Notes	209,718.60	460,002.60	56,673.00
	676,394.20	516,675.60	178,705.59
Decreased by:			
Due Current Fund: -Anticipated Revenue	50,000.00	50,000.00	122,032.59
	50,000.00	50,000.00	122,032.59
Ending Balance	\$ 626,394.20	\$ 466,675.60	\$ 56,673.00

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

TOWN OF DOVER
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents			
Treasurer	\$ 5,094,585.92	\$ 105,393.19	\$ 503,349.01
Collector's Change Fund	100.00	100.00	100.00
Due from Current Fund		5,369,456.11	3,072,716.92
	<u>5,094,685.92</u>	<u>5,474,949.30</u>	<u>3,576,165.93</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	126,985.98	159,352.03	188,282.03
Inventory	142,328.63	142,328.63	148,899.80
Total Receivables and Inventory with Full Reserves	<u>269,314.61</u>	<u>301,680.66</u>	<u>337,181.83</u>
Deferred Charges - Overexpendiure of Appropriations	<u>118,863.64</u>	<u>136,361.64</u>	
Total Operating Fund	<u>5,482,864.17</u>	<u>5,912,991.60</u>	<u>3,913,347.76</u>
Capital Fund:			
Cash and Cash Equivalents	15,190.96	18,124.01	616,736.96
Due From General Capital Fund		129,028.00	9,028.00
Due From Water Utility Operating Fund	455,307.87	185,017.80	200,117.54
Fixed Capital	17,784,300.11	12,784,300.11	11,284,300.11
Fixed Capital Authorized and Uncompleted	<u>12,810,000.00</u>	<u>17,810,000.00</u>	<u>19,310,000.00</u>
Total Capital Fund	<u>31,064,798.94</u>	<u>30,926,469.92</u>	<u>31,420,182.61</u>
TOTAL ASSETS	<u>\$ 36,547,663.11</u>	<u>\$ 36,839,461.52</u>	<u>\$ 35,333,530.37</u>

TOWN OF NEWTON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities			
Unencumbered	\$ 677,628.19	\$ 560,224.69	\$ 567,426.79
Encumbered	159,834.89	90,777.22	154,443.03
	<u>837,463.08</u>	<u>651,001.91</u>	<u>721,869.82</u>
Accounts Payable	38,212.18	37,959.18	37,959.18
Due to Current Fund	403,314.95		
Due to General Capital Fund		857,561.11	91,000.00
Due to Water Utility Capital Fund	455,307.87	185,017.80	200,117.54
Due to Payroll Account	1,797.60	850,416.81	97,914.62
Water Rent Overpayments	15,878.12	25,640.74	3,190.27
Accrued Interest Notes	450,526.88	273,213.72	20,416.67
Accrued Interest Bonds	24,378.13	27,458.34	32,239.58
Accrued Interest Loans	1,164.88	1,359.46	
Third Party Lien	213.49	213.49	213.49
	<u>2,228,257.18</u>	<u>2,909,842.56</u>	<u>1,204,921.17</u>
Reserve for Receivables and Inventory	269,314.61	301,680.66	337,181.83
Fund Balance	<u>2,985,292.38</u>	<u>2,701,468.38</u>	<u>2,371,244.76</u>
Total Operating Fund	<u>5,482,864.17</u>	<u>5,912,991.60</u>	<u>3,913,347.76</u>
Capital Fund:			
Serial Bonds Payable	2,737,000.00	3,097,000.00	3,637,000.00
Bond Anticipation Notes Payable	10,695,000.00	5,854,580.00	5,904,000.00
NJ Infrastructure Bank Loans Payable	246,036.42	290,361.46	334,624.50
Improvement Authorizations:			
Funded	57,817.61	57,817.61	66,070.55
Unfunded	1,419,418.39	1,995,506.22	4,400,857.36
Due to Current Fund		1,910,000.00	
Capital Improvement Fund	1,013,773.48	813,773.48	613,773.48
Encumbrances Payable	576,495.36	3,269,937.51	3,586,626.12
Reserve for:			
Amortization	13,766,298.41	12,855,973.37	11,946,149.20
Deferred Amortization	252,000.00	598,420.00	867,981.13
Fund Balance	<u>300,959.27</u>	<u>183,100.27</u>	<u>63,100.27</u>
Total Capital Fund	<u>31,064,798.94</u>	<u>30,926,469.92</u>	<u>31,420,182.61</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 36,547,663.11</u></u>	<u><u>\$ 36,839,461.52</u></u>	<u><u>\$ 35,333,530.37</u></u>

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

TOWN OF DOVER
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE

	Year Ended December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 366,275.00	\$ 100,000.00	\$ 158,413.18
Rents	4,591,138.94	4,478,281.71	4,601,649.50
Miscellaneous Revenue Anticipated			63,927.29
Nonbudget Revenue	292,101.69	87,344.77	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	443,085.73	543,272.14	133,375.74
Total Income	<u>5,692,601.36</u>	<u>5,208,898.62</u>	<u>4,957,365.71</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating	3,326,970.00	3,262,800.00	3,370,591.65
Capital Improvements	285,000.00	285,000.00	200,000.00
Debt Service	909,707.36	906,836.64	803,486.86
Deferred Charges and Statutory Expenditures	286,825.00	260,400.00	311,200.00
Total Expenditures	<u>4,808,502.36</u>	<u>4,715,036.64</u>	<u>4,685,278.51</u>
Excess in Revenue/Statutory Excess to Fund Balance	884,099.00	493,861.98	272,087.20
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Overexpenditure of Appropriation		136,361.64	
Statutory Excess to Fund Balance	884,099.00	630,223.62	272,087.20
<u>Fund Balance</u>			
Balance January 1	2,701,468.38	2,371,244.76	2,457,570.74
	<u>3,585,567.38</u>	<u>3,001,468.38</u>	<u>2,729,657.94</u>
Decreased by:			
Utilization as Anticipated Revenue:	366,275.00	100,000.00	158,413.18
Utilization as Anticipated Revenue - Current Fund	234,000.00	200,000.00	200,000.00
Balance December 31	<u>\$ 2,985,292.38</u>	<u>\$ 2,701,468.38</u>	<u>\$ 2,371,244.76</u>

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

TOWN OF DOVER
WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE

	Year Ended December 31,		
	2024	2023	2022
Beginning Balance	\$ 183,100.27	\$ 63,100.27	\$ 54,072.27
Increased by:			
Due from General Capital Fund:			
Premium on Sale of Bond Anticipation Notes	117,859.00	120,000.00	9,028.00
Ending Balance	\$ 300,959.27	\$ 183,100.27	\$ 63,100.27

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

TOWN OF DOVER
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,			
	2024	2023		2022
	Anticipated	Realized	Anticipated	Realized
Fund Balance Anticipated	\$ 366,275.00	\$ 366,275.00	\$ 100,000.00	\$ 158,413.18
Water Rents	4,475,000.00	4,591,138.94	4,483,675.00	4,497,129.64
Miscellaneous Revenue				29,735.69
Budget Totals	4,841,275.00	4,957,413.94	4,583,675.00	4,685,278.51
Nonbudget Revenue		292,101.69		
Total Income	\$ 4,841,275.00	\$ 5,249,515.63	\$ 4,583,675.00	\$ 4,685,278.51

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

TOWN OF DOVER
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	2024				2023				
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled	Overexpended
Salaries and Wages	\$ 1,220,600.00	\$ 1,095,287.73	\$ 125,312.27		\$ 1,350,000.00	\$ 1,153,696.41	\$ 196,303.59		
Other Expenses	2,393,195.00	1,925,879.08	467,315.92		2,173,200.00	1,894,278.90	278,921.10		
Capital Improvements	285,000.00	200,000.00	85,000.00		285,000.00	200,000.00	85,000.00		
Debt Service	942,480.00	909,707.36		\$ 32,772.64	775,475.00	906,836.64		\$ 5,000.00	\$ 136,361.64
	<u>\$ 4,841,275.00</u>	<u>\$ 4,130,874.17</u>	<u>\$ 677,628.19</u>	<u>\$ 32,772.64</u>	<u>\$ 4,583,675.00</u>	<u>\$ 4,154,811.95</u>	<u>\$ 560,224.69</u>	<u>\$ 5,000.00</u>	<u>\$ 136,361.64</u>
Adopted Budget	<u>\$ 4,841,275.00</u>				<u>\$ 4,583,675.00</u>				
	<u>\$ 4,841,275.00</u>				<u>\$ 4,583,675.00</u>				

	2022		
	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages	\$ 1,665,657.35	\$ 1,363,727.29	\$ 301,930.06
Other Expenses	2,016,134.30	1,750,637.57	265,496.73
Capital Improvements	200,000.00	200,000.00	
Debt Service	803,486.86	803,486.86	
	<u>\$ 4,685,278.51</u>	<u>\$ 4,117,851.72</u>	<u>\$ 567,426.79</u>
Adopted Budget	<u>\$ 4,685,278.51</u>		
	<u>\$ 4,685,278.51</u>		

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

TOWN OF DOVER
PARKING UTILITY FUND
COMPARATIVE BALANCE SHEET

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equipvalents:			
Treasurer	\$ 413,929.30	\$ 403,510.76	148,101.11
Due from Current Fund		196,371.80	192,831.48
Due from Parking Utility Capital Fund		1,525.46	
Deferred Charge for Special Emergency Authorization - COVID 19	66,668.85	100,003.28	133,337.71
Deferred Charge for Overexpenditure of Appropriation	14,472.17	23,571.77	
Total Operating Fund	<u>495,070.32</u>	<u>724,983.07</u>	<u>474,270.30</u>
Capital Fund:			
Cash and Cash Equivalents	257,572.85	266,238.22	362,065.26
Due from Parking Utility Operating Fund			247.09
Fixed Capital	1,475,115.40	1,475,115.40	1,475,115.40
Fixed Capital Authorized and Uncompleted	462,929.00	462,929.00	462,929.00
Total Capital Fund	<u>2,195,617.25</u>	<u>2,204,282.62</u>	<u>2,300,356.75</u>
TOTAL ASSETS	<u><u>\$ 2,690,687.57</u></u>	<u><u>\$ 2,929,265.69</u></u>	<u><u>\$ 2,774,627.05</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves			
Unencumbered	\$ 7,960.88	\$ 22,844.92	\$ 27,478.52
Encumbered	2,648.08		38.01
Total Appropriation Reserves	<u>10,608.96</u>	<u>22,844.92</u>	<u>27,516.53</u>
Due to Current Fund	1,361.98		
Due to General Capital Fund		178,066.44	34,184.91
Due to Parking Utility Capital Fund			247.09
Due to Payroll Account	13.85	63,119.18	9,281.31
Accrued Interest on Bonds	3,878.75	4,697.50	5,516.25
	<u>15,863.54</u>	<u>268,728.04</u>	<u>76,746.09</u>
Special Emergency Note Payable	66,668.85	100,003.28	133,337.71
Fund Balance	412,537.93	356,251.75	264,186.50
Total Operating Fund	<u>495,070.32</u>	<u>724,983.07</u>	<u>474,270.30</u>
Capital Fund:			
Serial Bonds Payable	433,000.00	523,000.00	613,000.00
Improvement Authorizations:			
Funded	232,123.76	234,923.76	339,163.26
Due to Parking Utility Operating Fund		1,525.46	
Capital Improvement Fund	17,668.23	17,668.23	17,668.23
Encumbrances Payable	2,300.00	6,639.91	
Reserve for Amortization	1,439,115.40	1,349,115.40	1,259,115.40
Reserve for Deferred Amortization	65,929.00	65,929.00	65,929.00
Fund Balance	5,480.86	5,480.86	5,480.86
Total Capital Fund	<u>2,195,617.25</u>	<u>2,204,282.62</u>	<u>2,300,356.75</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 2,690,687.57</u></u>	<u><u>\$ 2,929,265.69</u></u>	<u><u>\$ 2,774,627.05</u></u>

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

TOWN OF DOVER
PARKING UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE

	Year Ended December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 111,916.00	\$ 5,000.00
Revenue - Parking Meters	\$ 268,356.55	258,896.56	197,952.49
Miscellaneous	143,594.22	148,071.47	118,228.10
Cuurent Fund Surplus Balance			158,668.94
Other Credits to Income:			
Appropriation Reserves Lapsed	15,035.09	27,113.22	108,666.12
Total Income	<u>426,985.86</u>	<u>545,997.25</u>	<u>588,515.65</u>
<u>Expenditures</u>			
Budget and Emergency Expenditures:			
Operating	200,547.40	214,482.97	196,554.88
Debt Service	108,496.25	107,955.80	99,511.73
Deferred Charges and Statutory Expenditures	73,203.43	43,149.00	100,617.35
Total Expenditures	<u>382,247.08</u>	<u>365,587.77</u>	<u>396,683.96</u>
Excess in Revenue/Statutory Excess to Fund Balance	44,738.78	180,409.48	191,831.69
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Overexpenditure of Appropriation	11,547.40	23,571.77	
Statutory Excess to Fund Balance	56,286.18	203,981.25	191,831.69
<u>Fund Balance</u>			
Balance January 1	356,251.75	264,186.50	77,354.81
	<u>412,537.93</u>	<u>468,167.75</u>	<u>269,186.50</u>
Decreased by:			
Utilization as Anticipated Revenue:		111,916.00	5,000.00
Balance December 31	<u>\$ 412,537.93</u>	<u>\$ 356,251.75</u>	<u>\$ 264,186.50</u>

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

TOWN OF DOVER
PARKING UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE

	Year Ended December 31,		
	2024	2023	2022
Beginning Balance	\$ 5,480.86	\$ 5,480.86	\$ 5,480.86
Ending Balance	\$ 5,480.86	\$ 5,480.86	\$ 5,480.86

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

TOWN OF DOVER
PARKING UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES

	2024				2023				
	Budget After Modification	Paid or Charged	Reserved	Cancelled	Overexpended	Budget After Modification	Paid or Charged	Reserved	Overexpended
Salaries and Wages	\$ 59,000.00	\$ 70,547.40			\$ 11,547.40	\$ 61,687.00	\$ 71,902.97	\$ 22,844.92	\$ 10,215.97
Other Expenses	149,222.00	141,261.12	\$ 7,960.88			152,394.57	129,549.65		
Deferred Charged	53,982.00	53,981.43		\$ 0.57		33,334.43	33,334.43		
Debt Service	114,095.00	108,496.25		5,598.75		94,600.00	107,955.80		13,355.80
	<u>\$ 376,299.00</u>	<u>\$ 374,286.20</u>	<u>\$ 7,960.88</u>	<u>\$ 5,599.32</u>	<u>\$ 11,547.40</u>	<u>\$ 342,016.00</u>	<u>\$ 342,742.85</u>	<u>\$ 22,844.92</u>	<u>\$ 23,571.77</u>
Adopted Budget	<u>\$ 374,286.20</u>					<u>342,742.85</u>			
	<u>\$ 374,286.20</u>					<u>\$ 342,742.85</u>			

	2022		
	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages	\$ 77,487.00	\$ 77,487.00	
Other Expenses	131,870.95	104,392.43	\$ 27,478.52
Deferred Charged	87,814.28	87,814.28	
Debt Service	99,511.73	99,511.73	
	<u>\$ 396,683.96</u>	<u>\$ 369,205.44</u>	<u>\$ 27,478.52</u>
Adopted Budget	<u>\$ 369,205.44</u>		
	<u>\$ 369,205.44</u>		

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Town of Dover include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town of Dover, as required by N.J.S. 40A:5-5.

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

B. Description of Funds

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

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

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

B. Description of Funds (Cont'd)

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

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

General Fixed Assets Account Group - These accounts were established with estimated values of land, buildings and certain fixed assets of the Town as discussed in Note 1E.

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating Funds when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

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

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

C. Basis of Accounting (Cont'd)

The cash basis of accounting is followed in the Trust Funds.

Had the Town's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded or budgeted; inventories would not be reflected as expenditures at the time of purchase; investments would generally be stated at fair value; lease assets and payable as well as the related expense would be recorded for lease for with the Town is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Town is a lessor, a financed purchases payable would be recorded for financed purchases agreements under with the Town acquires and owns a fixed asset; fixed assets purchased by the Utility Capital Funds would be depreciated and the Town's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

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

E. Other significant accounting policies include:

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

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

Investments - Investments are stated at cost.

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

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

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

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets, except for the Water Utility Operating Fund. The value of inventory is offset by a reserve.

General Fixed Assets Account Group - General fixed assets are recorded at historical cost as estimated by the independent appraisal company which conducted an inventory of the Town's equipment during 2022 plus the cost of any additions since 2022 except for land (which is recorded at historical cost) and buildings (which are recorded at historical cost). Infrastructure assets are not included in general fixed assets, as per state directive.

Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current, General Capital, Water Utility and Parking Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Water Utility and Parking Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility Funds do not record depreciation on fixed assets.

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

(Continued)

Note 2: Long-Term Debt

Summary of Municipal Debt

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

	<u>December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 21,654,000	\$ 22,812,420	\$ 24,401,577
Water Utility:			
Bonds, Notes and Loans	13,678,036	9,241,941	9,875,625
Parking Utility:			
Bonds and Notes	<u>433,000</u>	<u>523,000</u>	<u>613,000</u>
Total Issued	<u>35,765,036</u>	<u>32,577,361</u>	<u>34,890,202</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	6,350,749	6,350,749	3,875,035
Water Utility:			
Bonds and Notes	<u>2,897,965</u>	<u>7,897,965</u>	<u>7,904,545</u>
Total Authorized but not Issued	<u>9,248,714</u>	<u>14,248,714</u>	<u>11,779,580</u>
Less Reserve to Pay Debt Service:			
General	<u>1,247,007</u>	<u>1,997,007</u>	<u>2,409,677</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 43,766,743</u>	<u>\$ 44,829,068</u>	<u>\$ 44,260,105</u>

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Summary of Municipal Debt Issued and Outstanding

Summary of Municipal Debt Issued and Outstanding - Current Year

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Serial Bonds Payable:				
General Capital Fund	\$ 2,912,000		\$ 310,000	\$ 2,602,000
Water Utility Fund	3,097,000		360,000	2,737,000
Parking Utility Fund	523,000		90,000	433,000
Special Emergency Notes:				
Current Fund	780,605	480,402	780,605	480,402
Parking Utility Fund	100,003	66,669	100,003	66,669
Loans Payable:				
Water Utility Fund	290,361		44,325	246,036
Bond Anticipation Notes Payable:				
General Capital Fund	19,900,420	\$ 19,052,000	19,900,420	19,052,000
Water Utility Fund	5,854,580	10,695,000	5,854,580	10,695,000
Total	\$ 33,457,969	\$ 30,294,071	\$ 27,439,933	\$ 36,312,107

Summary of Municipal Debt Issued and Outstanding - Prior Year

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
Serial Bonds Payable:				
General Capital Fund	\$ 3,855,000		\$ 943,000	\$ 2,912,000
Water Utility Fund	3,637,000		540,000	3,097,000
Parking Utility Fund	613,000		90,000	523,000
Special Emergency Notes:				
Current Fund	1,080,807	780,605	1,080,807	780,605
Parking Utility Fund	133,338	100,003	133,338	100,003
Loans Payable:				
Water Utility Fund	334,625		44,264	290,361
Bond Anticipation Notes Payable:				
General Capital Fund	20,546,577	\$ 19,900,420	20,546,577	19,900,420
Water Utility Fund	5,904,000	5,854,580	5,904,000	5,854,580
Total	\$ 36,104,347	\$ 26,635,608	\$ 29,281,986	\$ 33,457,969

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.505%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 1,332,000	\$ 1,332,000	
Water Utility Debt	16,576,001	16,576,001	
Parking Utility Debt	433,000	433,000	
General Debt	28,004,749	1,247,007	\$ 26,757,742
	\$ 46,345,750	\$ 19,588,008	\$ 26,757,742

Net Debt \$26,757,742 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,777,488,335 = 1.505%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 62,212,092
Net Debt	26,757,742
Remaining Borrowing Power	\$ 35,454,350

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 5,249,516
Deductions:	
Operating and Maintenance Costs	\$ 3,613,795
Debt Service	909,707
Total Deductions	4,523,502
Excess in Revenue	\$ 726,014

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 411,951
Deductions:	
Operating and Maintenance Costs	\$ 208,222
Debt Service	108,496
Total Deductions	316,718
Excess in Revenue	\$ 95,233

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

The Town's debt issued and outstanding on December 31, 2024 is described as follows:

<u>General Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
General Improvement	8/1/2033	2.00% - 2.50%	\$ 2,602,000
<u>Water Utility Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
Water Improvements	9/15/2028	3.25%	\$ 280,000
Water Improvements	8/1/2033	2.00% - 2.50%	2,457,000
			<u>\$ 2,737,000</u>
<u>Parking Utility Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
Parking Improvements	9/15/2028	3.25%	\$ 236,000
Parking Improvements	8/1/2030	2.00%	197,000
			<u>\$ 433,000</u>
<u>Water Utility Capital NJ Infrastructure Bank (NJIB) Loans Payable</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
Various Improvements to the Water Department	8/1/2031	3.00%-5.00%	\$ 246,036

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

The Town's debt issued and outstanding on December 31, 2024 is described as follows: (Cont'd)

<u>General Capital Bond Anticipation Notes Payable</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
Various General Improvements	1/23/2025	4.50%	\$ 2,449,000
Various General Improvements	1/23/2025	4.50%	1,135,000
Various General Improvements	1/23/2025	4.50%	2,169,000
Acquisition, Renovation and Improvement of the Berkeley College Building and Property	1/23/2025	4.50%	7,323,000
Various General Improvements	1/23/2025	4.50%	2,487,000
Various Improvements to Public Facilities	1/23/2025	4.50%	343,000
Various General Improvements	1/23/2025	4.50%	3,146,000
			<u>\$ 19,052,000</u>

<u>Water Utility Capital Bond Anticipation Notes Payable</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
Various Improvements for the Water Department	1/23/2025	4.50%	\$ 2,644,000
Various Improvements for the Water Department	1/23/2025	4.50%	1,850,000
Various Improvements for the Water Department	1/23/2025	4.50%	3,051,000
Various Improvements for the Water Department	1/23/2025	4.50%	3,150,000
			<u>\$ 10,695,000</u>

<u>Current Fund Special Emergency Notes Payable</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
COVID-19 Emergency	5/23/2025	5.00%	\$ 360,402
Accrued Sick and Vacation Payout	5/23/2025	5.00%	120,000
			<u>\$ 480,402</u>

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

The Town's debt issued and outstanding on December 31, 2024 is described as follows: (Cont'd)

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding Dec. 31, 2024</u>
COVID-19 Emergency	5/23/2025	5.00%	\$ 66,669
TOTAL DEBT ISSUED AND OUTSTANDING			\$ 36,312,107

New Jersey Infrastructure Bank (NJIB) Loans Payable

Loan agreements were entered into with the New Jersey Infrastructure Bank (NJIB) in 2010 for various improvements to the water department. The loan is payable over 20 years and the original principal amount of the loan was \$589,246.74.

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

<u>Calendar Year</u>	<u>General Capital Fund</u>		<u>Water Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 305,000	\$ 55,200	\$ 394,392	\$ 64,034
2026	305,000	49,100	394,463	55,687
2027	290,000	43,000	389,540	47,386
2028	290,000	37,200	389,635	39,116
2029	290,000	31,400	319,736	30,840
Thereafter:				
2030-2033	1,122,000	66,700	1,095,270	64,004
	<u>\$ 2,602,000</u>	<u>\$ 282,600</u>	<u>\$ 2,983,036</u>	<u>\$ 301,067</u>

<u>Calendar Year</u>	<u>Parking Utility Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 90,000	\$ 11,610	\$ 920,236
2026	90,000	9,060	903,310
2027	90,000	6,510	866,436
2028	91,000	3,960	850,911
2029	35,000	1,440	708,416
Thereafter:			
2030-2033	37,000	740	2,385,714
	<u>\$ 433,000</u>	<u>\$ 33,320</u>	<u>\$ 6,635,023</u>

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2025 has not been introduced. Thus, the fund balances at December 31, 2024, which will be included as anticipated revenue in the Current and Utility Funds' budgets for the year ending December 31, 2025 is not known at this time.

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Town of Dover has elected not to defer school taxes.

Note 5: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

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

Contributions

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

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

Town contributions to PERS amounted to \$699,563 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$23,643 to the PERS for normal pension benefits on behalf of the Town.

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Town's liability was \$7,581,377 for its proportionate share of the 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 which was rolled forward to June 30, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Town's proportion was 0.0525%, which was an decrease of 0.001% from its proportion measured as of June 30, 2022. The Town has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Town as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized actual pension expense in the amount of \$699,563.

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market 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 Mitigation Strategies	3.00%	6.21%

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate

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

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

The following presents the Town's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the Net Pension Liability	\$ 9,869,340	\$ 7,581,377	\$ 5,634,019

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which move the normal costs and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount.

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation are considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Town contributions to PFRS amounted to \$2,290,032 for the year ended December 31, 2023. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$371,787 to the PFRS for normal pension benefits on behalf of the Town, which is more than the contractually required contribution of \$369,793.

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Town's liability for its proportionate share of the net pension liability was \$17,643,295. 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 which was rolled forward to June 30, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Town's proportion was 0.15968%, which was a decrease of 0.00001% from its proportion measured as of June 30, 2022. The Town has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Town is \$3,250,982 as of June 30, 2023. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the Town was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the State's proportion was 0.15968%, which was a decrease of 0.001% from its proportion measured as of June 30, 2022 which is the same proportion as the Town's.

Town's Proportionate Share of the Net Pension Liability	\$ 17,643,295
State's Proportionate Share of the Net Pension Liability Associated with the Town	3,250,982
Total Net Pension Liability	\$ 20,894,277

For the year ended December 31, 2024, the Town recognized total pension expense of \$2,290,032.

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through All Future Years	3.25% - 16.25% based on years of service
Thereafter	Not Applicable
Investment Rate of Return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024.
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market 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 Mitigation Strategies	3.00%	6.21%

Discount Rate – PFRS

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

(Continued)

Note 5: Pension Plans (Cont'd)

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

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Town) as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Town	\$ 29,112,516	\$ 20,894,277	\$ 14,050,447

Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Town recognized pension expense of \$5,189 for the year ended December 31, 2024. Employee contributions to DCRP amounted to \$10,660 for the year ended December 31, 2024.

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Accrued Sick and Vacation Benefits

The Town has permitted employees to accrue unused vacation and 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 prior year cost of such unpaid compensation would approximate \$3,221,315, as per the 2021 audit. The amount of the estimate as of December 31, 2024 is unknown as the calculation has not been performed in 2024. However, it is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accumulated Absences of \$105,478.83 on the Trust Funds balance sheet at December 31, 2024.

Note 7: Supplemental Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1.

A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Tax Rate</u>	\$ 3.273	\$ 3.157	\$ 2.956
<u>Apportionment of Tax Rate</u>			
Municipal	1.570	1.539	1.417
County	0.338	0.325	0.304
Local School	1.365	1.293	1.235
<u>Assessed Valuations</u>			
2024	\$ 1,306,383,900		
2023		\$ 1,305,359,600	
2022			\$ 1,303,674,000

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 7: Supplemental Tax Information (Cont'd)

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 42,811,849	\$ 42,215,562	98.60%
2023	41,256,307	40,728,722	98.72%
2022	38,598,932	38,076,496	98.64%

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

Note 8: Cash and Cash Equivalents

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

Investments are stated at cost. The Town classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

Credit Risk – The Town limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Deposits

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

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit; and

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2024, cash and cash equivalents of the Town of Dover consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 475	\$ 6,145,230	\$ 6,145,705
Animal Control		7,319	7,319
Other Trust		819,527	819,527
General Capital		748,929	748,929
Water Utility Operating	100	5,094,586	5,094,686
Water Utility Capital		15,191	15,191
Parking Utility Operating		413,929	413,929
Parking Utility Capital		257,573	257,573
	<u>\$ 575</u>	<u>\$ 13,502,284</u>	<u>\$ 13,502,859</u>

The carrying amount of the Town's cash and cash equivalents at year end was \$13,502,859, and the bank balance was \$15,290,455.

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

(Continued)

Note 9: Risk Management

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

Property, Liability and Workers' Compensation

The Town of Dover is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Public Officials' Liability Coverage
- f.) Environmental Coverage

Members of the Morris County Municipal Joint Insurance Fund are also members of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above, except for excess property coverage which is purchased by the Morris County Municipal Joint Insurance Fund from a commercial carrier.

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

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

Selected, summarized financial information for the Morris County Municipal Joint Insurance Fund as of December 31, 2024 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	\$ 41,731,805
Net Position	\$ 14,656,747
Total Revenue	\$ 27,339,632
Total Expenses	\$ 26,449,607
Change in Net Position	\$ 623,483
Members Dividends	\$ 266,542

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

(Continued)

Note 9: Risk Management (Cont'd)

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

PERMA Risk Management Services
 9 Campus Drive, Suite 216
 Parsippany, NJ 07054
 (201) 881-7632

The Town of Dover is also a member of the North Jersey Municipal Employee Benefits Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by this fund to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

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

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

Selected, summarized financial information for the North Jersey Municipal Employee Benefits Fund as of December 31, 2024 is as follows:

Total Assets	\$ 13,597,835
Total Net Position	\$ 5,816,409
Total Revenue	\$ 65,064,161
Total Expenses	\$ 71,163,285
Change in Net Position	\$ (6,099,124)
Members Dividends	\$ - 0 -

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

PERMA Risk Management Services
 9 Campus Drive, Suite 216
 Parsippany, NJ 07054
 (201) 881-7632

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Town 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 Town is billed quarterly for amounts due to the State.

The following is a summary of the Town and employees’ contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Town’s expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Town Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 2,798	\$ - 0 -	\$ - 0 -	\$ 21,615	\$ 2,282
2023	- 0 -	- 0 -	- 0 -	25,818	21,099
2022	- 0 -	- 0 -	- 0 -	1,243	46,917

Note 10: Contingencies

The Town is periodically involved in lawsuits arising in the normal course of business, including claims for disputes over contract awards. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Town's financial position as of December 31, 2024.

The City of Jersey City and the Jersey City Municipal Utilities Authority (the “plaintiffs”) are currently members of the Rockaway Valley Regional Sewerage Authority (“RVRSA”), as is the Town as well as a number of Morris County municipalities. A lawsuit was filed in a prior year by the City of Jersey City claiming that they have 1) no obligation to contribute to the RVRSA’s capital costs; 2) that the 1984 settlement agreement among the parties is void or in the alternative that it be reformed to decrease the plaintiffs’ share of the costs and 3) damages for what plaintiffs contend was an incorrect assessment of capital costs. A motion for partial summary judgement was granted to the member municipalities of the RVRSA finding that Jersey City’s obligation to pay for operating costs, maintenance, and repairs must continue. However, the City of Jersey City has added another claim to its lawsuit asserting that the terms of the 1971/1984 agreements should be interpreted to mean that the City of Jersey City’s obligation to make payments should end now or in the very near future. The parties to this lawsuit are currently in mediation with respect to the amended lawsuit. If the lawsuit is successful and the City of Jersey City is successful in its lawsuit, the contributions by the Town to the RVRSA would increase significantly. However, an estimate of the impact on future RVRSA contributions to be paid by the Town cannot be determined at this point.

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

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 404,677	\$ 2,243,543
Federal and State Grant Fund	1,687,027	
Animal Control Fund	2	
Other Trust Funds	361,046	4,000
General Capital Fund	199,468	
Water Utility Operating Fund		858,623
Water Utility Capital Fund	455,308	
Parking Utility Operating Fund		1,362
	<u>\$ 3,107,528</u>	<u>\$ 3,107,528</u>

There was interfund activity throughout the year in the Town of Dover. The interfund receivable in the Current Fund is due from the Water Utility Operating Fund for surplus anticipated in the Current Fund budget and on-behalf budget expenditures, offset by the balance of on-behalf water rents and miscellaneous revenue collections not liquidated by the end of the year and due from the Parking Utility Operating Fund for on-behalf special emergency note payment and budget expenditures, offset by the balance of the prior year interfund payable not liquidated by the end of the year. The interfund receivable in the Federal and State Grant Fund is due to the Current Fund receiving and disbursing funds on its behalf and a receipt in the Other Trust Funds. The interfund receivable in the Animal Control Fund is for an overpayment made to the Current Fund in the prior year. The interfund receivable in the General Capital Fund is due from the Current Fund for on-behalf debt service activity and the capital improvement budget appropriation, offset by reserve to pay debt service and fund balance anticipated in the Current Fund budget and an interfund advance, not being liquidated by the end of the year. The interfund receivable in the Water Utility Capital Fund is due from the Water Utility Operating Fund for on-behalf debt service activity and the capital improvement budget appropriation, offset by the accrued interest on bond anticipation notes, not being liquidated by the end of the year.

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 12: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the balance sheets of the Current, Water Utility Operating and Parking Utility Operating Funds:

	Balance Dec. 31, 2024	Required 2025 Budget Appropriation	Balance Deferred to Succeeding Years' Budgets
Current Fund:			
Overexpenditure of Appropriations	\$ 248,621	\$ 248,621	
Grant Fund Expenditures without Appropriation	71,694	71,694	
Special Emergency Authorization:			
COVID 19	360,402	180,201	\$ 180,201
Accrued Sick and Vacation Payou	120,000	120,000	
Water Utility Operating Fund:			
Overexpenditure of Appropriations	118,864	118,864	
Parking Utility Operating Fund:			
Overexpenditure of Appropriations	14,472	14,472	
Special Emergency Authorization:			
COVID 19	66,669	33,335	33,334
	\$ 1,000,722	\$ 787,187	\$ 213,535

The amounts appropriated in the 2025 budget will not be less than the amount required by statute.

Note 13: Economic Dependency

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

Note 14: Deferred Compensation

The Town offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, which are administered by the entities noted below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are Nationwide Retirement Solution, Transamerica Life Insurance and Valic.

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 15: Fixed Assets

The following schedules are a summarization of general fixed assets for the years ended December 31, 2023 and 2024:

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Land	\$ 35,408,417			\$ 35,408,417
Buildings	7,246,700	\$ 217,810		7,464,510
Machinery and Equipment	9,927,320	332,941		10,260,261
	<u>\$ 52,582,437</u>	<u>\$ 550,751</u>	<u>\$ - 0 -</u>	<u>\$ 53,133,188</u>
	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Land	\$ 31,913,000	\$ 3,495,417		\$ 35,408,417
Buildings	8,119,996		\$ 873,296	7,246,700
Machinery and Equipment	10,268,793	5,729,042	6,070,515	9,927,320
	<u>\$ 50,301,789</u>	<u>\$ 9,224,459</u>	<u>\$ 6,943,811</u>	<u>\$ 52,582,437</u>

Note 16: Tax Abatements

Governmental Accounting Standards Board requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

As of December 31, 2024, The Town provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Town pursuant to the authority contained in Section 5 of the Senior Citizens Nonprofit Rental Housing Tax Law (N.J.S.A. 55:14I-5) (the "Law") and a resolution of the governing body dated July 10, 2014 and an agreement dated July 16, 2014. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Town an annual service charge. The annual service charge made by the nonprofit corporation will be equal to 15% of the annual gross rents derived from such housing project as detailed in the tax abatement agreement. The tax abatement provided under the agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

The Town recognized revenue in the amount of \$181,232 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue anticipated in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$732,066 of which \$351,159 would have been for the local municipal tax and minimum library tax.

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Post-Retirement Benefits other than Pensions (OPEB)

General Information about the Town's OPEB Plan

Plan Description and Benefits Provided

The provisions of Chapter 88, P.L. 1974, along with any Town approved ordinances and resolutions, provide the authority for the Town to offer post-employment health care benefits as detailed below.

The Town provides medical, prescription, and dental to retirees and their covered dependents that meet the appropriate requirements. The Town provides Medicare Part B reimbursements to Policemen's Benevolent Association and Superior Officer Association retirees and their covered dependents after 25 years of service. All active employees who retire from the Town and meet the eligibility criteria receive these benefits. As of February 1, 2009, new hires are no longer eligible for lifetime post employment health care benefits.

Employees are eligible to receive postretirement health benefits through the Town health plan by meeting either of the following criteria:

- 1 - Retires after 25 years or more of service in the State Pension Plan, or
- 2 - Retires at age 60 with at least 20 years of service in the State Pension Plan, or
- 3 - Retires at age 55 or older with at least 25 years of service in the State Pension Plan.

Contributions

The Town subsidizes 100% of the cost of coverage for current retirees meeting the requirements outlined above and for future retirees who have at least 25 years of service as of May 21, 2010, the Town will reimburse 100% of eligible Police Benevolent Association and Superior Officer Association retiree's Medicare Part B premiums.

NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowances from the Public Employees Retirement System. For purposes of this valuation and for conservatism, it was assumed that future retiree contribution percentage rates will not increase. Thus, it was assumed that a future retiree will contribute his/her current employee contribution as reported by the Town increased annually by the medical trend rate.

The Town obtained its last OPEB actuarial valuation as of December 31, 2020.

Employees Covered by Benefit Terms

As of December 31, 2020, there were 1,119 retirees and spouses currently receiving retiree benefits and 1,118 active participants, of which 5 are eligible to retire as of the valuation date.

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Post-Retirement Benefits other than Pensions (OPEB) (Cont'd)

General Information about the Town's OPEB Plan (Cont'd)

Total OPEB Liability

The Town's OPEB liability of \$100,116,676 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.12% at December 31, 2020
Salary Increases	2.50% per year
Inflation Assumptions	2.50% per year

The selected discount rate was based on the Bond Buyer 20 Index at December 31, 2018.

Health Care Trend Rates	Year	Medical	Drug	Dental
Year 1 Trend	2020	5.60%	9.00%	3.50%
Ultimate Trend	2026	5%	5.00%	3.50%

The medical trend rate reduces .1% per annum, leveling at 5% per annum in 2026.

The drug trend rate reduces .5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026.

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates set forward three years.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2020	\$ 94,991,576
Changes for Year:	
Service Cost	1,464,568
Interest Cost	2,610,801
Changes in Assumptions	3,392,640
Benefit Payments	<u>(2,342,909)</u>
Net Changes	<u>5,125,100</u>
Balance at December 31, 2020	<u>\$ 100,116,676</u>

TOWN OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Post-Retirement Benefits other than Pensions (OPEB) (Cont'd)

General Information about the Town's OPEB Plan (Cont'd)

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

The following presents the total OPEB liability of the Town as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (1.12 percent) or 1 percentage higher (3.12 percent) than the current discount rate:

	December 31, 2020		
	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB Liability	\$ 110,292,881	\$ 100,116,676	\$ 91,900,788

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	December 31, 2020		
	1% Decrease	Valuation Healthcare Trend Rates	1% Increase
Total OPEB Liability	\$ 90,281,933	\$ 100,116,676	\$ 112,199,991

OPEB Expense

For the year ended December 31, 2020, the Town's OPEB expense was \$4,683,919 as determined by the actuarial valuation.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION

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

July ____, 2026

Mayor and Town Council
of the Town of Dover
Dover, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town Council of the Town of Dover, in the County of Morris (the "Town"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, sale, issuance, execution and delivery of the \$12,350,299 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of \$6,350,299 General Improvement Notes, Series 2026 (the "General Improvement Notes"), \$5,000,000 Water Utility Notes, Series 2026 (the "Water Utility Notes"), and \$1,000,000 Parking Utility Notes, Series 2026 (the "Parking Utility Notes", and together with the General Improvement Notes and the Water Utility Notes, the "Notes"), of the Town. The Notes are dated July 16, 2026, mature July 15, 2027, and bear interest at the rate of _____ and _____ hundredths per centum (_____%) per annum.

The Notes are issued in fully registered book-entry form, without certificates, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Town or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC Participants, which will, in turn, remit such payments to the beneficial owners of the Notes. The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”); (ii) various bond ordinances duly adopted by the Town Council of the Town (the “Ordinances”), approved by the Mayor, as applicable, and published as required by law, and (iii) a resolution duly adopted by the Town Council of the Town on June 23, 2026 (the “Resolution” and together with the Ordinances, the “Authorization Proceedings”).

The General Improvement Notes are being issued to refund, on a current basis, prior general improvement notes issued in the aggregate principal amount of \$6,350,299 on January 20, 2026 and maturing on July 20, 2026. The Water Utility Notes are being issued to refund, on a current basis, prior water utility notes issued in the aggregate amount of \$5,000,000 on January 20, 2026 and maturing on July 20, 2026. The Parking Utility Notes are being issued to refund, on a current basis, prior parking utility notes issued in the aggregate principal amount of \$1,000,000 on January 20, 2026 and maturing on July 20, 2026.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, sale, issuance, execution and delivery of the Notes pursuant to, as applicable, the Local Bond Law and the Authorization Proceedings, (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the Town, which are enforceable in accordance with their terms, and (iii) the Town has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the Town is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Town has covenanted in a tax certificate related to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Town with the provisions of the Code and the aforementioned covenants in its tax certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57 of the

Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

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

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

I, DR. EDWARD RAMIREZ, Chief Financial Officer of the Town of Dover, in the County of Morris (the "Town"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of \$12,350,299 Bond Anticipation Notes, Series 2026 consisting of \$6,350,299 General Improvement Notes, Series 2026, \$5,000,000 Water Utility Notes, Series 2026, and \$1,000,000 Parking Utility Notes, Series 2026 (collectively, the "Notes"), dated July 16, 2026 and maturing July 15, 2027, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Town will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org, of any of the following events with respect to the Notes and/or the Town herein described, as applicable: (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 rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Town; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the Town other than in the ordinary course of business, 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 change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

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

If the Town (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the Town shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days.

The Town's obligations under this Certificate shall terminate upon the redemption, defeasance or payment in full of the Notes.

In the event the Town fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Town to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Town's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Town, the purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey. The Town shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Town this _____ day of July, 2026.

**TOWN OF DOVER,
IN THE COUNTY OF MORRIS,
STATE OF NEW JERSEY**

**DR. EDWARD RAMIREZ,
Chief Financial Officer**

Acknowledged and Accepted by:

**PHOENIX ADVISORS, a division of First Security
Municipal Advisors, Inc.,
as Dissemination Agent**

Authorized Signatory