

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2025

NEW ISSUE

RATING: MOODY'S: "MIG 1"

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

\$11,278,287
TOWNSHIP OF MIDDLETOWN
County of Monmouth, New Jersey
BOND ANTICIPATION NOTES, SERIES 2025A
(Non-Callable) (Book-Entry-Optional)

Dated: Date of Delivery
Due: December 8, 2026
Interest Rate: _____%
Yield: _____%
CUSIP No.: _____

The Township of Middletown, County of Monmouth, New Jersey (the "Township") is offering \$11,278,287 aggregate principal amount of Bond Anticipation Notes, Series 2025A (the "Notes"). If the purchaser of the Notes elects to register the Notes in the name of Cede & Co. ("Cede"), as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house transactions, which will act as securities depository for the Notes, the Notes may be purchased in book-entry form without certificates in the denominations of \$5,000 each or any integral multiple thereof (except for one odd piece). The Notes shall be dated and bear interest from their date of delivery, shall mature on December 8, 2026, and shall bear interest at the rate of interest set forth above, payable at maturity, calculated on the basis of a 360-day year of twelve 30-day calendar months. Provided DTC or its nominee Cede is the registered owner of the Notes, payments of the principal and interest on the Notes will be made directly to DTC or its nominee by the Township at maturity, which is obligated to remit such principal and interest to DTC Participants and Indirect Participants, as defined herein. Interest on the Notes will be credited to the registered owner as of the close of business on December 1, 2026 (the "Record Date" for the payment of interest on the Notes). DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the beneficial owners of the Notes. See "THE NOTES – Book-Entry Only System" herein.

The Notes are being issued pursuant to the Local Bond Law of the State of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended, and various bond ordinances in order to provide funds to (i) temporarily finance certain new money capital projects of the Township, and (ii) pay certain costs incurred in connection with the authorization, sale and issuance of the Notes.

The Notes will be valid and binding general obligations of the Township payable as to principal and interest from the levy of *ad valorem* taxes levied upon all the taxable property within the Township, without limitation as to rate or amount. The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Notes.

The Notes are not subject to redemption prior to their maturity date. See "THE NOTES – Redemption" herein.

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

The Notes are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey has served as municipal advisor in connection with the issuance of the Notes. It is anticipated that the Notes will be available for delivery through the facilities of DTC on or about December 9, 2025, in New York, New York, or at such other place and time as may be agreed to by the Township.

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

**TOWNSHIP OF MIDDLETOWN,
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

MAYOR

Anthony S. Perry

TOWNSHIP COMMITTEE

Rick W. Hibell, Deputy Mayor
Ryan M. Clarke
Kimberly Katz
Kevin M. Settembrino

TOWNSHIP ADMINISTRATOR

Anthony P. Mercantante

CHIEF FINANCIAL OFFICER

Colleen Lapp

TOWNSHIP CLERK

Heidi R. Pieluc

TOWNSHIP ATTORNEY

Spiro Harrison & Nelson LLC
Red Bank, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

INDEPENDENT AUDITOR

Suplee, Clooney & Company LLC
Westfield, New Jersey

BOND COUNSEL

Gibbons P.C.
Newark, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness by the Underwriter or, as to information from sources other than itself, by the Township. 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 any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

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

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

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

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**OFFICIAL STATEMENT
RELATING TO

\$11,278,287
BOND ANTICIPATION NOTES, SERIES 2025A
OF THE TOWNSHIP OF MIDDLETOWN,
IN THE COUNTY OF MONMOUTH, NEW JERSEY
(NON-CALLABLE) (BOOK-ENTRY OPTIONAL)**

INTRODUCTION

This Official Statement, which includes the cover page the appendices attached hereto, has been prepared by the Township of Middletown (the “Township”), in the County of Monmouth (the “County”), State of New Jersey (the “State”), and provides certain information relating to the Township in connection with the sale and issuance of \$11,278,287 Bond Anticipation Notes, Series 2025A (the “Notes”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

THE NOTES

Description of the Notes

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the front cover page hereof. Interest shall be computed on the basis of a 360-day year of twelve 30-day calendar months. The record date for the payment of principal of and interest due on the Notes shall be December 1, 2026 (the “Record Date”).

The principal of and interest due on the Notes will be paid to the registered owners at maturity by the Chief Financial Officer, acting as “Note Registrar” and “Paying Agent”. If the purchaser of the Notes elects to register the Notes with The Depository Trust Company, New York, New York (“DTC”), principal of and interest due on the Notes will be credited to the participants of DTC as listed on the records of DTC as of the close of business on the Record Date.

The Notes are issuable in the form of one certificate in the aggregate principal amount of the respective Notes. If the purchaser of the Notes elects to register the Notes with DTC, the Notes may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books and records of DTC, acting as securities depository, and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Paying Agent, directly to Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See “THE NOTES – Book-Entry Only System” below.

Redemption

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

Book-Entry Only System

If the Underwriter of the Notes elects to register the Notes with DTC, then for purposes of this section entitled “Book-Entry Only System” the term “Notes” in this section shall refer to the Notes.

The following description 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 each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Notes and 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 in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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 the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the 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 to the Township or its designated paying agent 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, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or its designated 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, the Township, or the Township's designated paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or its designated 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 depository with respect to the Notes at any time by giving reasonable notice to the Township or its designated paying agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

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

Discontinuance of Book-Entry-Only System

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

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

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized and are to be issued pursuant to the laws of the State of New Jersey, including the Local Bond Law constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (N.J.S.A. 40A:2-1 *et seq.*) (the “Local Bond Law”), and various bond ordinances duly adopted by the Township Committee as set forth below.

<u>Ord. No.</u>	<u>Description</u>	<u>Amount</u>
2024-3430	Various Capital Improvements	\$ 1,833,500
2024-3437	Various Capital Improvements	3,392,450
2025-3460	Kings Highway Safe Routes to Transit Improvement Project (Phase I)	810,350
2025-3475	Various Capital Improvements	<u>5,241,987</u>
		\$11,278,287

The Notes are being issued to provide funds to (i) temporarily finance certain new money capital projects of the Township and (ii) pay certain costs incurred in connection with the authorization, sale and issuance of the Notes.

PAYMENT OF AND SECURITY FOR THE NOTES

The Notes are general obligations of the Township and unless paid from other sources, the Township is authorized and required by law to levy *ad valorem* taxes on all property taxable by the Township for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

Enforcement of a claim for payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension for payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission.

No principal or interest payments on Township indebtedness are past due. The Township has never defaulted on the payment of any bonds or notes.

MARKET PROTECTION

During the remainder of 2025, other than not to exceed \$13,076,400 aggregate principal amount of Open Space Bonds, Series 2025, expected to be issued in December 2025, the Township does not anticipate issuing bonds. Based on the current financial condition of the Township, it is not anticipated that tax anticipation notes will be issued during 2025. The Township may issue additional bond anticipation notes during the remainder of 2025, as may be necessary.

PROVISIONS WITH REGARD TO TOWNSHIP GENERAL OBLIGATION DEBT

This summary does not purport to be a full and complete statement of all of the provisions referred to herein, and the cited statutes should be read in full for a complete understanding of all of said provisions.

Local Bond Law

The Local Bond Law (N.J.S.A. 40A:2-1 et. seq.). The Local Bond Law generally governs the issuance of bonds and notes by local units to finance certain capital improvements and appropriations. The Local Bond Law requires that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of capital expenditures. All bonds and notes issued by the Township are general (“full faith and credit”) obligations.

Debt Limits

Debt Limits. The net authorized debt of all local units which are municipalities in the State of New Jersey is generally limited by statute to an amount equal to 3.5% of its equalized valuation basis. The equalized valuation basis of the local unit is set by statute as the average for the last three years of the sum of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Department of the Treasury, Division of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions To Debt Limits - Extensions Of Credit. The debt limit of a local unit may be exceeded with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the local unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of a local unit to meet its obligations or to provide essential services, and the Local Finance Board makes other statutory determinations, approval is granted.

School Debt. In the State, in a Type II school district without a Board of School Estimate, school debt authorized by the board of education must be approved by the registered voters of that school district. When the amount authorized exceeds the school district’s limit, the district may use the municipality’s share of available borrowing capacity upon approval of the proposed debt by the State Commissioner of Education and the Local Finance Board, and subsequently by the registered voters of the district. School debt of a Type I school district is authorized by a Board of School Estimate and the governing body of a local unit.

Local Budget Law

The Local Budget Law (N.J.S.A. 40A:4-1, et seq.). The foundation of the New Jersey local finance system is the annual budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the “Director”) prior to final adoption of the budget. The Local Budget Law requires each

local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review focusing on anticipated revenues serves to protect the solvency of all local units. The budgets of local units must be in balance; i.e., total anticipated revenues must equal total appropriations.

If in any year a Local Unit's expenditures exceed (or are less than) its realized revenues for that year, then such deficit (excess) must be raised (accounted for) in the succeeding year's budget.

Real Estate Taxes. The same general principal that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The Local Budget Law (N.J.S.A. 40A:4-29) provides that the 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.

The Local Budget Law (N.J.S.A. 40A:4-41) also provides with regard to current taxes that receipts 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 such 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 collected of the prior year's tax levy is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The Reserve For Uncollected Taxes is calculated to be the levy required to balance a local unit's budget multiplied by the prior year's percentage of uncollected taxes (or a lesser percentage).

Miscellaneous Revenues. The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenue 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 thereof with the exception of the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation.

Appropriation and Tax Levy CAP Limitations. Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 et seq.), as amended and supplemented by P.L. 1983, c. 49, P.L. 1990, c.89, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in municipal appropriations over the previous year's appropriations to the lesser of 102.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5% an increase equal to 3.5% will be permitted by adoption of an ordinance. If the Cost-of-Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments; (ii) the amount of revenue generated by the increase in valuations within the municipality based solely on applying the preceding year's municipal tax rate to the apportionment valuation of new construction or improvements within the municipality and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined

categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the municipality and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the municipal tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

Additionally, the Legislature of the State of New Jersey previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective May 3, 2007, which imposed a 4% 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 Property Tax Act was amended by the provisions of P.L. 2010, c. 44 effective July 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met.

Deferral of Current Expenses. A local unit may make emergency appropriations after the adoption of a budget and the determination of the tax rate, but only to meet unforeseen pressing needs to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance. With limited exceptions set forth below, such appropriations must be included in full in the following year's budget. If such emergency appropriations exceed 3% of the adopted operating budget, consent of the Director is required (N.J.S.A. 40A:4-46, -47, -49). The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revision of ordinances, and master plan preparations, which may be amortized over five years (N.J.S.A. 40A:4-55, -55.3).

Under the CAP Law, emergency resolutions aggregating less than 3% of the previous year's final current operating appropriations may be raised in that portion of the budget outside its limitations if approved by at least two-thirds of the members of the governing body and the Director. Emergency resolutions that aggregate more than 3% of the previous year's final current operating appropriations must be raised within its limitations. Emergency resolutions for debt service, capital improvements, the Township's share of Federal or State grants and other statutorily permitted items are outside its limitation.

Budget Transfers. Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. Subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction; however, they are subject to internal review and approval.

Capital Budget. In accordance with the Local Budget Law, each local unit must adopt and annually revise a capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over a period of up to six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body of a local unit setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

Operation of Utilities. Municipal public utilities are supported, in addition to the general taxing power upon real property, by the revenues generated by the respective operations of the utilities.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue 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 Fiscal Affairs Law

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1, et seq.). This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of a local unit must file annually with the Director a verified statement of the financial condition of the local unit. The statements of the Township are on file with its Clerk.

An independent examination of a local unit's financial statements must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of a local unit's financial procedures and must be filed with the Clerk within six months after the close of its fiscal year and, within five days thereafter, a certified duplicate copy must be filed in the office of the Director (N.J.S.A. 40A:5-6). The filing date of an audit may be extended by the Director upon a showing of good cause. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion (N.J.S.A. 40A:5-7).

Municipal Bankruptcy

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the Federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained (N.J.S.A. 52:27-40). The powers of the Municipal Finance Commission of New Jersey have been vested in the Local Finance Board.

LITIGATION

There is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Notes offered for sale or the levy or collection of any taxes to pay interest on or principal of the Notes, or in any manner questioning the authority of proceedings for the issuance of the Notes or for the levy or collection of said taxes. Moreover, there is no litigation presently pending or threatened that would have a material adverse impact on the financial condition of the Township if adversely decided.

LEGAL MATTERS

The legality of the Notes will be subject to the final approving opinion of Gibbons P.C., Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix D. Certain legal matters will be passed on for the Township by its Counsel, Spiro Harrison & Nelson LLC, Red Bank, New Jersey.

TAX MATTERS

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

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

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

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

Tax Treatment of Original Issue Premium

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

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

Additional Federal Income Tax Consequences

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

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code, and interest on the Notes being included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Prospective purchasers of the Notes should

consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

State Taxation

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

Miscellaneous

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

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

SECONDARY MARKET DISCLOSURE

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

On the date of delivery of the Notes, the Township will enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Notes pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12, specifically paragraph (d)(2) of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the notices of enumerated events is set forth in “Appendix C - Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

The Township has previously entered into secondary market disclosure undertakings in accordance with Rule 15c2-12 with respect to obligations of the Monmouth County Improvement Authority for which the Township is an obligated person. The Township previously failed to comply with prior undertakings to properly link its audited financial statements, financial information and operating data for the fiscal years ended December 31, 2020, 2021, and 2022 to certain obligated CUSIPS. The Township appointed NW Financial Group, LLC, Bloomfield, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes. Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof, all banks, trust companies, savings and loan associations, savings banks and institutions, 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 the Notes, and such Notes are authorized security for any and all public deposits.

UNDERWRITING

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

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

RATING

Moody's Ratings (the "Rating Agency") has assigned a rating of "MIG 1" to the Notes.

Such credit rating reflects only the views of the Rating Agency, and an explanation of the significance of such credit rating may be obtained from the Rating Agency. Generally, a rating agency bases its rating on

the information and documents furnished to it, and on investigations, studies and assumptions of its own. The rating expresses only the views of the Rating Agency and there is no assurance that the credit rating will continue for any period of time or that the credit rating will not be lowered or withdrawn entirely if, in the judgment of the Rating Agency, circumstances so warrant. Any such downward revision or withdrawal of the credit rating may have an adverse effect on the market price of the Notes. Neither the Township nor the Underwriter have undertaken the responsibility to take any action with regard to possible credit rating changes or to bring any such changes to the attention of the owners of the Notes.

INFECTIOUS DISEASE OUTBREAK - COVID-19

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

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

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

Based on available information as of the date hereof, the Township has received \$6,586,018.00 from the Plan. The Township received its first installment under the Plan in the amount of \$3,293,009.00 on June 1, 2021, and its second installment under the Plan in the amount of \$3,293,009.00 on June 9, 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The deadline to commit the funds was December 31, 2024 which was satisfied and to spend the funds is December 31, 2026.

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

CYBER SECURITY

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, has served as municipal advisor to the Township (the "Municipal Advisor") with respect to the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is a financial advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

INDEPENDENT AUDITORS

The audited financial statements of the Township for the years ended December 31, 2024 and 2023 are included in Appendix B to this Official Statement. The financial statements have been audited by Suplee, Clooney & Company LLC, Westfield, New Jersey, independent auditor to the Township, as stated in its report appearing in Appendix B hereto.

PREPARATION OF OFFICIAL STATEMENT

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

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

Suplee, Clooney & Company LLC takes responsibility for the audited financial statements to the extent specified in their Independent Auditors' Report.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Colleen Lapp, Chief Financial Officer, 1 Kings Highway, Middletown, New Jersey 07748, telephone (732) 615-2093, or Heather Litzebauer, NW Financial Group, LLC, the Township's Municipal Advisor at (201) 656-0115, email hlitzebauer@nwfinancial.com.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes. This Official Statement has been duly executed and delivered by the Chief Financial Officer for and on behalf of the Township.

TOWNSHIP OF MIDDLETOWN

By: _____
Colleen Lapp
Chief Financial Officer

Dated: November __, 2025

APPENDIX A

GENERAL INFORMATION OF THE TOWNSHIP OF MIDDLETOWN

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GENERAL INFORMATION OF THE TOWNSHIP OF MIDDLETOWN

Early History

Middletown Township has a rich and colorful history dating back more than 300 years. On September 5, 1609, Henry Hudson's ship, the "Half Moon", landed in the Township's Bayshore area and traded with local Indian inhabitants who were probably members of Navesink and Raritan tribes, Delaware or Lenni-Lenape Nation.

Although legend had as many as eight Dutch families residing in Middletown as early as 1635, records now on file in the Monmouth County Courthouse show the earliest legal land purchases and hence permanent settlement in the year 1664. These followed the surrender of New Amsterdam (later New York City) by the Dutch to the English in 1683.

In 1664, Thomas Whitlock started building a house that is known locally as the Spy House, or Shoal Harbor Museum. This house in Middletown was suspected to contain people spying on British shipping in New York Harbor during the American Revolution. Now a part of the Monmouth County Park Systems "Bayshore Waterfront Park" the building is now officially known as the "Seabrook-Wilson House," which now also houses the County's Bayshore Waterfront Park Activity Center.

On April 8, 1665, Governor Nichol of New York signed the Monmouth Patent. Under the terms of the Patent, settlers had to purchase the land from the Indian inhabitants. The Patentees guaranteed that 100 families would establish permanent homes here within five years. The signing of the Patent encouraged the rapid settlement of Middletown and Shrewsbury - "The Two Towns of Navesink".

On December 14, 1667, the first "Town Meeting" was held in the Village of Middletown to establish a local government, which was incorporated in 1667. The early residents of Middletown were very religious with many of the Patentees being refugees from religious persecution in Massachusetts. During the American Revolution the British occupied the Sandy Hook area and raiding parties continuously harassed local patriots. After the Battle of Monmouth took place in June 28, 1778, the British Army retreated through the Township on its way to the Highlands and Sandy Hook for embarkation to New York.

From this rich colonial heritage the Township has emerged as a community, while modern in all respects, still blessed with an unusually rich historical heritage.

Government Structure

The Township is governed by a Township Committee consisting of five (5) members elected to three (3) year terms. The Mayor is chosen and appointed yearly by the Township Committee. The Mayor and Township Committee constitute the legislative body which formulates policy, appropriates funds and adopts ordinances and resolutions for the purpose of conducting Township business. The Chief Executive Officer of the Township is the Township's full time Administrator

who is assisted in the administration of Township affairs by the Chief Financial Officer/Controller, Tax Collector, Tax Assessor, Clerk, Police Chief, Fire Chief, Building Inspector and Directors of Public Works, Parks & Recreation, Planning, Management Information Systems, Health and Welfare. The Township has 550 full and part-time employees.

Geographical Location and Transportation

The Township is situated in the northeastern corner of Monmouth County (the "County") and is bordered on the north by the Boroughs of Atlantic Highlands and Highlands, and the Raritan and Sandy Hook Bays, on the east and south by the Navesink and Swimming Rivers and the Boroughs of Red Bank, Fair Haven and Rumson and to the west and south by the municipalities of Keansburg, Hazlet, Holmdel, Colts Neck and Tinton Falls. The Township is approximately forty-three (43) miles from New York City and about seventy (70) miles from Philadelphia. The Township has an area of approximately forty-one (42) square miles. It has the largest population in the County and is the sixth largest Township in the State. Because of the vast expanse of the Township, certain neighborhoods in the Township have their own neighborhood identification. They include North Middletown, Port Monmouth, Belford, Leonardo, Navesink, River Plaza, Lincroft, Locust, Chapel Hill, Monmouth Hills, Oak Hill, Fairview and New Monmouth.

The Naval Weapons Station Earle is located in the Leonardo section of the Township. The station is made up of two principal parts connected by a 14-mile rail line and government road. The main station is located inland in neighboring Colts Neck while the recently expanded three-mile pier extends into Sandy Hook Bay. The piers provide deep water berths for ammunition cargo ships calling Earle their homeport.

Many of the Township's citizens are employed in Newark and New York City and commute daily from the Middletown Railroad Station by means of New Jersey Transit. Two parking lots totaling 1,450 spaces are available for commuter parking. Bus service is available to provide additional transportation to the metropolitan area of New York and commuter ferry service to lower Manhattan is operated from the Belford Section of the Township; ferry service is also available from both Highlands and Atlantic Highlands. The Garden State Parkway and New Jersey Turnpike together provide access to northern and southern New Jersey, New York City, Philadelphia, Baltimore, Boston and Washington. Newark International airport is a 30-minute drive from Middletown.

Utilities

Utilities are provided to the Township by New Jersey Natural Gas Company and Jersey Central Power and Light Company. Water is supplied by the privately owned New Jersey-American Water Company. Sanitary sewerage service is provided by the Middletown Sewerage Authority, an autonomous authority. Its plant design capacity is currently 10.8 million gallons per day.

Public Safety

Police Department - The Township provides police protection on a 24-hour, 7-day a week basis through its 115-member police department. The uniform officers are supported by 25 civilian

employees. The department is divided into several divisions and has a number of auxiliary units manned by volunteers.

Fire Services - The Middletown Township Fire Department consists of eleven companies, 37 pieces of apparatus and has its own fire training academy. The all-volunteer fire department, the "world's largest", provides 24-hour service to protect the property and lives of business and residents of the Township. It has the highest insurance rating for a volunteer organization.

Ambulance Services - The Township has five volunteer first aid and rescue squads which provide 24-hour emergency treatment and transportation when required for accident or illness. This has now also been supplemented by a paid service called Middletown Emergency Medical, which provides service generally weekdays, 7:00AM – 7:00PM.

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP

COMPARATIVE POPULATION

<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
67,106	66,522	66,327	68,183	62,574

COMPARATIVE UNEMPLOYMENT RATES

YEAR	RATES
2024	4.10%
2023	3.90%
2022	3.20%
2021	5.40%
2020	8.70%

Source: New Jersey Department of Labor and Workforce Development

TAX COLLECTION HISTORY

Year	Tax Levy	Cash Collection	Percentage
2024	\$273,496,740.51	\$273,290,781.26	99.92%
2023	262,960,723.65	262,632,076.17	99.87
2022	256,087,321.15	255,809,580.21	99.89
2021	250,438,260.68	250,248,705.87	99.92
2020	247,948,064.79	247,762,501.30	99.92

Source: Township Records

COMPONENTS OF TAX RATE

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Tax Rate	1.645	1.738	1.883	2.079	2.138
Apportionment of Tax Rate:					
Municipal	0.383	0.404	0.429	0.467	0.485
Municipal Open Space	0.030	0.030	0.030	0.030	0.020
Municipal Library	0.031	0.031	0.031	0.033	0.034
County	0.199	0.204	0.223	0.254	0.266
Local School	1.002	1.069	1.170	1.295	1.333

Source: County of Monmouth General Tax Rate Certification

ASSESSED VALUATIONS AND TAX RATES

Year	Tax Rate per \$100 of Assessed Valuation	Assessed Valuation of Real Property	Average Ratio of Assessed to Tax Value of Real Property	Assessed of Business Personal Property
2024	1.645	\$16,512,417,700	97.53%	\$15,697,252
2023	1.783	15,056,272,800	99.04	15,620,990
2022	1.883	13,489,015,400	98.10	15,076,519
2021	2.079	11,916,147,400	95.85	15,061,773
2020	2.138	11,475,994,700	98.01	14,447,572

Source: State of New Jersey Department of the Treasury - Table of Equalized Valuations

TEN LARGEST TAXPAYERS - YEAR 2024

<u>Tax Payer</u>	<u>Assessed Value</u>	<u>% of Total Assessment</u>
1. AT&T Middletown NJ Landlord LLC	\$ 154,892,600	0.94%
2. FM Red Owner, LLC	74,576,900	0.45
3. APA Holdings TIC I Owner, LLC	43,092,700	0.26
4. Middletown UE LLC	36,303,700	0.22
5. Centro NP Middletown Plaza Owner, LLC	34,985,000	0.21
6. Middletown Marketplace, LLC	33,891,100	0.21
7. Hensyn, Inc.	30,851,700	0.19
8. Middletown Shopping Center I	23,598,300	0.14
9. Toll NJ XII LP	22,423,600	0.14
10. McGuires Grove II Investments LLC	18,495,100	0.11
Total	\$473,110,700	2.86%

Source: Township of Middletown Tax Assessor

GENERAL TAX RATE AND TOTAL NET DEBT

<u>Year</u>	<u>General Tax Rate</u>	<u>Total Net Debt</u>	<u>Net Debt as a Percentage of Equalized Tax Valuation Basis</u>
2024	1.645	\$ 60,158,332.23	0.393%
2023	1.783	49,864,727.79	0.361
2022	1.883	41,830,953.49	0.331
2021	2.079	40,777,822.18	0.343
2020	2.138	46,410,271.77	0.406

Source: Annual Debt Statement

DEBT SUMMARY
AS OF DECEMBER 31, 2024

GROSS DEBT:	
Municipal Portion of School District Debt	\$21,240,000.00
Municipal	
Bonds	\$48,670,000.00
Bond Anticipation Notes	
Bond Anticipation Notes. Authorized	
but not Issued	\$21,515,873.65
Other	\$105,028.00
TOTAL GROSS DEBT	\$91,530,901.65
LESS DEDUCTIONS:	
Municipal Portion of School District Debt	\$21,240,000.00
Cash on Hand to Pay Notes	
Reserve for Debt Service	\$10,132,569.42
TOTAL DEDUCTIONS	\$31,372,569.42
NET DEBT	\$60,158,332.23

Source: Township of Middletown 2024 Audited Financial Statements

SUMMARY OF DEBT RATIOS

	Per Capita (1)	Ratio to Assessed Value (2)	Ratio to Equalized Value (3)
Net Debt	\$896.47	0.364%	0.393%

- (1) 2020 U.S. Census of the Population is 67,106
- (2) Municipal Assessed Value is \$16,512,417,700
- (3) Municipal Three Year Equalized Value is \$15,293,851,134

ASSESSED VALUATION OF REAL AND BUSINESS PERSONAL PROPERTY, BY CLASSIFICATION

<u>Year</u>	<u>Vacant Land # of Parcels</u>	<u>Taxable Value</u>	<u>Residential # of Parcels</u>	<u>Taxable Value</u>	<u>Farm # of Parcels</u>	<u>Taxable Value</u>	<u>Apartments # of Parcels</u>	<u>Taxable Value</u>
2024	793	\$106,071,000	23,075	\$14,972,739,200	205	\$154,132,100	12	\$131,771,800
2023	832	92,624,700	22,062	13,560,577,800	212	151,088,900	12	130,975,800
2022	742	115,550,600	22,863	12,016,574,600	217	144,907,200	12	124,961,100
2021	683	82,942,000	22,798	10,545,723,500	218	141,149,500	11	116,482,800
2020	783	92,592,700	22,732	10,073,170,500	215	143,655,200	11	114,441,200
<u>Year</u>	<u>Commercial # of Parcels</u>	<u>Taxable Value</u>	<u>Industrial # of Parcels</u>	<u>Taxable Value</u>	<u>Total Real Property</u>	<u>Business Personal Property</u>		
2024	596	\$1,136,640,900	2	\$11,062,700	\$16,512,417,700	\$15,697,252		
2023	612	1,251,981,400	2	10,563,200	15,056,272,800	15,620,990		
2022	591	1,076,987,600	2	10,124,300	13,489,015,400	15,076,519		
2021	582	1,019,852,400	2	9,987,200	11,916,147,400	15,061,773		
2020	591	1,046,484,800	2	5,650,300	11,475,994,700	14,447,572		

COMPARATIVE AGGREGATE EQUALIZED VALUATIONS

2024	2023	2022	2021	2020
\$16,946,300,861	\$15,216,300,243	\$13,765,347,059	\$12,447,140,438	\$11,723,451,449

Source: State of New Jersey Department of the Treasury - Table of Equalized Valuations (Column 6)

APPENDIX B

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

AUDITED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

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SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Middletown
County of Monmouth
Middletown, New Jersey 07748

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Middletown (the "Township"), as of and for the year ended December 31, 2024 and 2023, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the 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 the various individual funds and account group of the Township as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2024.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account group as of December 31, 2024 and 2023, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the regulatory 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.

SUPLEE, CLOONEY & COMPANY LLC

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2025 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Robert W. Swisher
Robert W. Swisher, C.P.A., R.M.A.

May 9, 2025

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>		
Current Fund:		
Cash-Treasurer	\$ 60,875,239.63	\$ 55,898,788.02
Cash-Tax Collector	46,977.67	97,643.80
Cash-Change Funds	3,100.00	3,100.00
Due From State of New Jersey:		
Chapter 20, P.L.1971	2,632.49	4,415.58
Deferred Charges:		
Emergency and Special Emergency Authorizations	370,000.00	175,000.00
	<u>\$ 61,297,949.79</u>	<u>\$ 56,178,947.40</u>
Receivables and Other Assets With Full Reserves:		
Delinquent Property Taxes Receivable	\$ 1.21	\$ 3,861.56
Tax Title Liens Receivable	257,442.50	234,898.02
Property Acquired for Taxes-Assessed Valuation	1,548,500.00	1,485,300.00
Revenue Accounts Receivable	28,610.00	22,323.25
	<u>\$ 1,834,553.71</u>	<u>\$ 1,746,382.83</u>
Total Current Fund	<u>\$ 63,132,503.50</u>	<u>\$ 57,925,330.23</u>
Grant Fund:		
Cash-Treasurer	\$	\$ 2,465,233.00
Grants Receivable	532,223.99	612,037.29
Interfunds Receivable	835,657.76	205,057.40
Total Grant Fund	<u>\$ 1,367,881.75</u>	<u>\$ 3,282,327.69</u>
Total Assets	<u>\$ 64,500,385.25</u>	<u>\$ 61,207,657.92</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 5,048,437.18	\$ 4,858,448.69
Interfunds Payable	835,657.76	205,057.40
Encumbrances Payable	4,130,160.01	3,969,395.83
Accounts Payable	48,969.39	72,047.70
Prepaid Taxes	1,743,248.72	1,484,421.94
Tax Overpayments	8,985.81	11,239.32
Special Emergency Note Payable		175,000.00
Reserve for:		
Various Reserves	745,689.71	1,272,264.44
Tax Appeals	2,207,399.97	2,158,418.39
County Taxes Payable	194,394.54	118,740.87
Local School Taxes Payable	19,571,907.98	15,471,041.98
	\$ 34,534,851.07	\$ 29,796,076.56
Reserve for Receivables and Other Assets	1,834,553.71	1,746,382.83
Fund Balance	26,763,098.72	26,382,870.84
Total Current Fund	\$ 63,132,503.50	\$ 57,925,330.23
Grant Fund:		
Reserve for Grants Appropriated	\$ 1,273,616.55	\$ 831,125.51
Encumbrances Payable	94,265.20	37,325.55
Reserve for Grants Unappropriated		2,413,876.63
Total Grant Fund	\$ 1,367,881.75	\$ 3,282,327.69
Total Liabilities, Reserves and Fund Balance	\$ 64,500,385.25	\$ 61,207,657.92

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 12,400,000.00	\$ 11,600,000.00
Miscellaneous Revenue Anticipated	22,963,033.57	22,726,614.02
Receipts From Delinquent Taxes	11,057.81	55,185.16
Receipts From Current Taxes	273,290,781.26	262,632,076.17
Non-Budget Revenues	742,500.69	492,012.39
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	5,251,458.67	5,664,885.37
Prior Year Void Check	120.80	
Appropriated Grant Reserves Cancelled	12,144.94	5,962.07
Accounts Payable Cancelled	6,814.87	13,866.60
<u>TOTAL REVENUE AND OTHER INCOME</u>	<u>\$ 314,677,912.61</u>	<u>\$ 303,190,601.78</u>
<u>EXPENDITURES</u>		
Budget and Emergency Appropriations:		
Operations Within "CAPS":	\$ 69,909,620.50	\$ 64,443,066.00
Deferred Charges and Statutory Expenditures-Municipal	8,412,163.72	8,055,426.29
Other Operations Excluded From "CAPS"	8,886,109.36	9,638,428.67
Capital Improvements-Excluded From "CAPS"	3,665,000.00	3,625,000.00
Municipal Debt Service	7,390,071.77	8,242,188.88
Deferred Charges-Municipal	35,000.00	300,000.00
Judgments	80,000.00	54,060.28
County Taxes	32,857,259.44	30,820,013.41
Due County for Added Taxes	194,394.54	118,740.87
Local District School Taxes	165,678,974.00	161,062,781.00
Municipal Open Space Tax	4,999,261.39	4,542,281.74
Prior Year Senior Citizens Disallowed	4,563.92	3,544.88
Refund of Prior Year Revenue	2,214.42	27,356.59
Grants Receivable Cancelled	13,051.67	6,509.15
<u>TOTAL EXPENDITURES</u>	<u>\$ 302,127,684.73</u>	<u>\$ 290,939,397.76</u>
Excess in Revenue	\$ 12,550,227.88	\$ 12,251,204.02
Adjustments to Income Before Fund Balance:		
Expenditures Included above which are Deferred		
Charges to Budget of Succeeding Year	230,000.00	175,000.00
Regulatory Excess to Fund Balance	\$ 12,780,227.88	\$ 12,426,204.02
Fund Balance, January 1	26,382,870.84	25,556,666.82
	<u>\$ 39,163,098.72</u>	<u>\$ 37,982,870.84</u>
Decreased by:		
Utilization as Anticipated Revenue	12,400,000.00	11,600,000.00
Fund Balance, December 31	<u>\$ 26,763,098.72</u>	<u>\$ 26,382,870.84</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>ANTICIPATED</u>			<u>EXCESS OR (DEFICIT)</u>
	<u>BUDGET</u>	<u>SPECIAL N.J.S 40A: 4-87</u>	<u>REALIZED</u>	
Fund Balance Anticipated	\$ 12,400,000.00	\$	\$ 12,400,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 65,000.00	\$	\$ 72,175.00	\$ 7,175.00
Other	50,000.00		44,207.50	(5,792.50)
Fees and Permits:	560,000.00		731,149.51	171,149.51
Fines and Costs:				
Municipal Court	325,000.00		429,765.46	104,765.46
Interest and Costs on Taxes	200,000.00		207,926.31	7,926.31
Parking Meters	350,000.00		358,524.97	8,524.97
Interest on Investments and Deposits	1,550,000.00		3,344,679.48	1,794,679.48
Rental Income - Middletown EMS	9,000.00		8,252.00	(748.00)
Field User Fees	200,000.00		205,423.35	5,423.35
Chapel Hill Associates PILOT	32,000.00		47,665.00	15,665.00
Edgewood Park PILOT	105,500.00		103,664.00	(1,836.00)
Senior Citizen Housing PILOT	400,000.00		436,579.88	36,579.88
Sloan Kettering PILOT	202,000.00		205,554.87	3,554.87
Energy Receipts Tax	6,117,015.00		6,117,015.48	0.48
Municipal Relief Fund Aid	630,520.32		630,520.32	
Watershed Aid	7,755.00		7,755.00	
Uniform Construction Code Fees	1,925,000.00		2,505,188.00	580,188.00
Millstone Tax Assessor Shared Service	106,700.00		106,700.00	
Fair Haven Tax Collector Shared Service	18,000.00		20,270.96	2,270.96
Fair Haven CFO Shared Service	25,000.00		28,154.08	3,154.08
Middletown Board of Education - Shared Service	350,000.00		351,412.52	1,412.52
Shared Services - Board of Education Security	1,340,000.00		1,131,699.58	(208,300.42)
Shared Services - Howell Purchasing (QPA)	78,000.00		26,000.00	(52,000.00)
Shared Services - Keyport Court		73,500.00	74,600.00	1,100.00
Shared Services - Oceanport RMS		32,725.00	21,816.67	(10,908.33)
Body Armor Replacement		8,219.01	8,219.01	
Police - Distracted Driving	24,500.00		24,500.00	
Recycling Tonnage Grant	133,799.35		133,799.35	
National Opioids Settlement		347,205.22	347,205.22	
Senior Center Grant	33,500.00	10,000.00	43,500.00	
Bayshore DWI, DD CPS		81,200.00	81,200.00	
ARP Firefighter 2024		75,000.00	75,000.00	
Clean Communities Program		200,431.14	200,431.14	
Police CBA SLEO III	86,676.00		86,676.00	
Click It Or Ticket		7,000.00	7,000.00	
Emergency Management EMAA	10,000.00		10,000.00	
Uniform Fire Safety Act	90,000.00		109,663.97	19,663.97
Hotel Occupancy Tax	360,000.00		380,301.80	20,301.80
Cable TV Franchise Fee - Comcast	428,000.00		428,551.50	551.50
Cable TV Franchise Fee - Verizon	534,000.00		534,318.10	318.10
Reserve for Police Outside Administrative Fees	540,000.00		540,000.00	
Capital Fund Surplus	200,000.00		200,000.00	
Reserve Note Premium	54,994.71		54,994.71	
American Rescue Plan Act Funds	2,465,233.00		2,465,233.00	
Middletown Arts Center (MAC) Lease	39,000.00			(39,000.00)
33 Vanderbilt LLC (E&N) PILOT	15,000.00		15,739.83	739.83
	\$ 19,661,193.38	\$ 835,280.37	\$ 22,963,033.57	\$ 2,466,559.82
Receipts From Delinquent Taxes	\$ 15,000.00	\$	\$ 11,057.81	\$ (3,942.19)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 63,224,324.82	\$	\$ 66,113,796.88	\$ 2,889,472.06
Minimum Library Tax	5,072,095.01		5,072,095.01	
	68,296,419.83		71,185,891.89	2,889,472.06
BUDGET TOTALS	\$ 100,372,613.21	\$ 835,280.37	\$ 106,559,983.27	\$ 5,352,089.69
Non-Budget Revenues			742,500.69	742,500.69
	\$ 100,372,613.21	\$ 835,280.37	\$ 107,302,483.96	\$ 6,094,590.38

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Revenue from Collections		\$ 273,290,781.26
Allocated to:		
Local School Taxes	\$ 165,678,974.00	
County Taxes	33,051,653.98	
Municipal Open Space Taxes	<u>4,999,261.39</u>	
		<u>203,729,889.37</u>
Balance for Support of Municipal Budget Appropriations		\$ 69,560,891.89
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,625,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 71,185,891.89</u></u>
Other Fees and Permits:		
Assessment Search Fees		\$ 1,350.00
Environmental Disturbance Fee		8,375.00
Street Opening Permits		121,696.81
DPW - Recycling and Garbage Cans		12,850.00
Variance Fees		133,244.47
Planning & Zoning Board Fees		12,813.78
Planning - Vacant Abandon Property Register		12,000.00
Planning - Business/Rent Insurance Registration		2,785.00
Planning - Zoning Applications		7,000.00
Miscellaneous Fees		10,986.95
Tax Collector - Miscellaneous		2,585.00
Tax Collector - Interest and Cost		8,832.24
Tax Collector - Tax Sale Ad Fees		64,002.51
Health Fees		82,640.00
Registrar Fees		12,647.50
Registrar - EDRS Fees		23,746.00
Police - Gun Permit Fees		99,617.00
Police - ABC Permits		3,360.00
Police - Youth Week		587.25
Police Accident Reports		3,947.00
Fire Prevention Fees		93,208.00
Fire Academy User Fees		<u>12,875.00</u>
		<u><u>\$ 731,149.51</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

Miscellaneous Revenue Not Anticipated:

Senior Citizens and Veterans Administrative Fee	\$	7,326.75
Hazlet Purchase of Body Cameras		5,000.00
Middletown BOE Shared Service 11/25/23 to 1/5/24		146,806.59
Titans Installments		262,500.00
CBA Shared Service 11/25/23 to 1/5/24		9,969.71
Cancel Legal Planning Trust		7,852.19
PILOT Exit 109/FM Red Owner		179,152.39
Verizon Return of Equipment		47,484.55
Premium Forfeited		8,300.00
DMV Fines		7,803.25
OutFront Rent		12,953.16
Unappropriated Body Armor Grant Cancelled		7,858.63
Miscellaneous		<u>39,493.47</u>
	\$	<u><u>742,500.69</u></u>
Cash Receipts	\$	734,642.06
Grants Unappropriated Cancelled		<u>7,858.63</u>
	\$	<u><u>742,500.69</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>GENERAL ADMINISTRATION:</u>					
Administrative and Executive:					
Salaries and Wages	\$ 870,301.00	\$ 870,301.00	\$ 831,752.08	\$ 38,548.92	
Other Expenses	272,000.00	272,000.00	205,456.87	66,543.13	
Purchasing:					
Salaries and Wages	239,570.00	239,570.00	183,823.11	55,746.89	
Other Expenses	6,700.00	6,700.00	3,668.02	3,031.98	
Township Committee:					
Salaries and Wages	20,000.00	20,000.00	19,999.98	0.02	
Other Expenses	18,500.00	18,500.00	17,643.76	856.24	
Township Clerk:					
Salaries and Wages	466,539.00	466,539.00	440,963.75	25,575.25	
Other Expenses	109,200.00	109,200.00	96,725.01	12,474.99	
Elections:					
Salaries and Wages	6,000.00	6,000.00	6,000.00		
Other Expenses	35,000.00	35,000.00	33,061.34	1,938.66	
Financial Administration:					
Salaries and Wages	737,868.00	737,868.00	715,944.01	21,923.99	
Other Expenses	108,500.00	108,500.00	61,991.86	46,508.14	
Audit Services	103,500.00	103,500.00	96,345.00	7,155.00	
Data Processing Center:					
Salaries and Wages	520,027.00	520,027.00	472,561.84	47,465.16	
Other Expenses	658,200.00	658,200.00	599,623.75	58,576.25	
Collection of Taxes:					
Salaries and Wages	454,510.00	454,510.00	384,600.34	69,909.66	
Other Expenses	124,500.00	124,500.00	52,152.99	72,347.01	
Tax Title Liens and Foreclosed Property	30,000.00	30,000.00	25,000.00	5,000.00	
Assessment of Taxes:					
Salaries and Wages	343,687.00	343,687.00	314,641.11	29,045.89	
Other Expenses	224,000.00	224,000.00	166,396.23	57,603.77	
Maintenance of Tax Maps	12,000.00	12,000.00		12,000.00	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Legal Services and Costs:					
Other Expenses	\$ 700,000.00	\$ 700,000.00	\$ 627,185.32	\$ 72,814.68	\$
Engineering:					
Other Expenses	70,000.00	70,000.00	62,853.07	7,146.93	
Planning Board:					
Salaries and Wages	39,231.00	39,231.00	38,063.52	1,167.48	
Other Expenses	36,000.00	36,000.00	13,000.00	23,000.00	
Planning and Development:					
Salaries and Wages	305,270.00	305,270.00	303,779.14	1,490.86	
Other Expenses	285,800.00	515,800.00	432,591.50	83,208.50	
Zoning Board of Adjustment:					
Salaries and Wages	39,231.00	39,231.00	39,182.91	48.09	
Other Expenses	33,000.00	33,000.00	29,000.00	4,000.00	
Insurance:					
General Liability	1,217,643.00	1,217,643.00	1,078,764.55	138,878.45	
Workers Compensation Insurance	848,746.00	848,746.00	848,206.00	540.00	
Employees Group Health	11,700,000.00	11,700,000.00	11,697,932.93	2,067.07	
<u>PUBLIC SAFETY:</u>					
Police:					
Salaries and Wages	16,817,847.00	16,649,847.00	15,731,912.35	917,934.65	
Other Expenses	663,000.00	831,000.00	624,621.83	206,378.17	
Emergency Management:					
Salaries and Wages	44,045.00	44,045.00	40,760.17	3,284.83	
Other Expenses	49,600.00	49,600.00	40,353.94	9,246.06	
First Aid:					
Salaries and Wages	9,000.00	9,000.00	8,999.64	0.36	
Other Expenses	105,300.00	105,300.00	94,626.61	10,673.39	
Subsidy to First Aid Companies	200,000.00	200,000.00	200,000.00		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Fire:	\$	\$	\$	\$	\$
Subsidy to Volunteer Fire Company	248,000.00	248,000.00	246,228.03	1,771.97	
Salaries and Wages	73,375.00	73,375.00	72,988.73	386.27	
Other Expenses	568,800.00	568,800.00	546,641.90	22,158.10	
Fire Hydrant Service	1,080,000.00	1,045,000.00	1,045,000.00		
Volunteer Management:					
Salaries and Wages	12,000.00	12,000.00	6,000.02	5,999.98	
Other Expenses	63,000.00	43,000.00		43,000.00	
Uniform Fire Safety Bureau:					
Salaries and Wages	221,203.00	221,203.00	201,169.08	20,033.92	
Other Expenses	21,000.00	21,000.00	18,116.45	2,883.55	
Uniform Fire Safety Act (Ch. 383, PL1983)	90,000.00	90,000.00	90,000.00		
Prosecutor:					
Salaries and Wages	78,000.00	78,000.00	73,077.04	4,922.96	
Other Expenses	10,000.00	10,000.00	3,000.00	7,000.00	
<u>DEPARTMENT OF PUBLIC WORKS AND ENGINEERING:</u>					
Public Works					
Salaries and Wages	1,691,455.00	1,691,455.00	1,611,285.67	80,169.33	
Other Expenses	1,094,000.00	1,094,000.00	1,081,559.14	12,440.86	
Storm Response					
Salaries and Wages	60,000.00	60,000.00	52,547.83	7,452.17	
Other Expenses	198,000.00	198,000.00	179,107.32	18,892.68	
Parks:					
Salaries and Wages	1,262,301.00	1,262,301.00	1,218,402.39	43,898.61	
Other Expenses	217,000.00	217,000.00	143,994.96	73,005.04	
DPW Administration:					
Salaries and Wages	781,812.00	781,812.00	722,465.68	59,346.32	
Other Expenses	92,700.00	92,700.00	89,257.84	3,442.16	
Stormwater Management	225,000.00	225,000.00	46,200.00	178,800.00	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Solid Waste and Recycling:					
Salaries and Wages	\$ 1,007,665.00	\$ 1,007,665.00	\$ 875,726.06	\$ 131,938.94	\$
Other Expenses	10,562,100.00	10,562,100.00	10,176,236.84	385,863.16	
Maintenance of Public Property:					
Salaries and Wages	938,089.00	938,089.00	863,219.45	74,869.55	
Other Expenses	392,000.00	392,000.00	390,202.66	1,797.34	
Fleet Maintenance:					
Salaries and Wages	825,469.00	825,469.00	708,860.09	116,608.91	
Other Expenses	1,256,200.00	1,256,200.00	1,172,270.63	83,929.37	
Condominium Maintenance:					
Other Expenses	188,000.00	188,000.00	139,897.76	48,102.24	
<u>HEALTH AND HUMAN SERVICES</u>					
Health and Welfare:					
Salaries and Wages	340,693.00	340,693.00	336,912.12	3,780.88	
Other Expenses	42,300.00	42,300.00	15,893.96	26,406.04	
Alliance:					
Salaries and Wages	104,856.50	104,856.50	69,271.05	35,585.45	
Other Expenses	17,500.00	17,500.00	271.68	17,228.32	
Animal Control:					
Salaries and Wages	144,856.00	144,856.00	142,488.01	2,367.99	
Other Expenses	77,000.00	77,000.00	38,817.90	38,182.10	
<u>RECREATION:</u>					
Recreation:					
Salaries and Wages	686,371.00	686,371.00	615,216.65	71,154.35	
Other Expenses	79,500.00	79,500.00	73,548.07	5,951.93	
<u>OTHER COMMON OPERATING FUNCTIONS:</u>					
Railroad Parking Lot Lease	400,000.00	400,000.00	400,000.00		
Fire Department LOSAP	100,000.00	100,000.00	100,000.00		
Employee Accumulated Leave	205,000.00	205,000.00	105,327.65		
Sick Time Buy Back	25,000.00	25,000.00			
Salary and Wage Adjustment Account					

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>UTILITIES:</u>					
Electric	\$ 611,000.00	\$ 611,000.00	\$ 600,999.70	\$ 10,000.30	\$
Street Lighting	730,000.00	765,000.00	765,000.00		
Telephone	570,000.00	570,000.00	312,262.88	257,737.12	
Water	250,000.00	250,000.00	250,000.00		
Natural Gas	260,000.00	260,000.00	251,500.00	8,500.00	
Heating Oil	25,000.00	25,000.00	13,452.97	11,547.03	
Sewage Processing and Disposal	15,400.00	15,400.00	14,924.00	476.00	
Fuel	830,000.00	830,000.00	783,096.58	46,903.42	
<u>STATE UNIFORM CONSTRUCTION CODE:</u>					
Construction Official:					
Salaries and Wages	1,745,278.00	1,745,278.00	1,625,660.58	119,617.42	
Other Expenses	30,500.00	30,500.00	18,794.92	11,705.08	
Municipal Court:					
Salaries and Wages	553,282.00	553,282.00	532,738.85	20,543.15	
Other Expenses	39,500.00	39,500.00	22,507.37	16,992.63	
Public Defender:					
Salaries and Wages	35,100.00	35,100.00	29,009.93	6,090.07	
	\$ 69,699,620.50	\$ 69,909,620.50	\$ 65,531,334.97	\$ 4,378,285.53	\$
	20,000.00	20,000.00			20,000.00
<u>CONTINGENT</u>					
	\$ 69,719,620.50	\$ 69,929,620.50	\$ 65,531,334.97	\$ 4,378,285.53	\$
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>					

DEFERRED CHARGES AND STATUTORY
EXPENDITURES MUNICIPAL-WITHIN "CAPS"

DEFERRED CHARGES:

Prior Year Bill 2021 EFAX Corp
Prior Year Bill 2022 EFAX Corp

\$	259.90	\$	259.90	\$	\$
	316.82		316.82		316.82

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System (P.E.R.S.)	\$ 1,984,298.00	\$ 1,984,298.00	\$ 1,983,835.08	\$ 462.92	\$
Social Security System (O.A.S.I.)	1,420,227.00	1,440,227.00	1,428,376.18	11,850.82	
Police and Firemen's Retire System of N.J.	4,877,000.00	4,877,000.00	4,876,027.15	972.85	
State Unemployment Insurance (S.U.I.)	25,000.00	25,000.00	14,727.12	10,272.88	
Defined Contribution Retirement Program(DCRP)	85,062.00	85,062.00	76,466.17	8,595.83	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 8,392,163.72	\$ 8,412,163.72	\$ 8,380,008.42	\$ 32,155.30	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 78,111,784.22	\$ 78,341,784.22	\$ 73,911,343.39	\$ 4,410,440.83	\$ 20,000.00
OPERATIONS- EXCLUDED FROM "CAPS":					
Library Salaries and Wages	\$ 2,078,173.00	2,078,173.00	1,953,118.49	125,054.51	\$
Maintenance of Free Public Library- O/E- SW	2,993,922.01	2,993,922.01	2,900,402.86	93,519.15	
Refund of Tax Appeal	75,000.00	75,000.00	75,000.00		
TOTAL OPERATIONS- EXCLUDED FROM "CAPS":	\$ 5,147,095.01	\$ 5,147,095.01	\$ 4,928,521.35	\$ 218,573.66	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:					
Middletown Board of Education Fuel Solid waste Recycling	\$ 350,000.00	\$ 350,000.00	\$ 350,000.00	\$	\$
Township of Middletown Schools Board of Education	1,340,000.00	1,340,000.00	1,168,779.31	171,220.69	
Monmouth County Shuttle Bus	24,500.00	24,500.00	23,590.00	910.00	
Monmouth Regional Health Services	123,000.00	123,000.00	123,000.00		
Fair Haven CFO	25,000.00	25,000.00	25,000.00		
Millstone Tax Assessor (40A:4-87 +35,566.00)	106,700.00	106,700.00	100,000.00	6,700.00	
Interlocal Howell QPA	78,000.00	78,000.00	78,000.00		
Fair Haven Tax Collector	18,000.00	18,000.00	18,000.00		
Monmouth County Dispatch Services	536,000.00	536,000.00	535,463.00	537.00	
Monmouth County CRS Project Management Software	6,200.00	6,200.00		6,200.00	
Keyport Court Shared Service		73,500.00	49,013.77	24,486.23	
Oceanport RMS Shared Service		32,725.00	5,499.90	27,225.10	
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	\$ 2,607,400.00	\$ 2,713,625.00	\$ 2,476,345.98	\$ 237,279.02	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFFSET BY REVENUES:</u>					
Emergency Management Assistance	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	
Clean Communities Program (40A:4-87 +200,431.14)		200,431.14	200,431.14		
Bayshore DWI, DD CPS (40A:4-87 +81,200.00)		81,200.00	81,200.00		
ARP Firefighter 2024 (40A:4-87 +75,000.00)		75,000.00	75,000.00		
Click It Or Ticket (40A:4-87 +7,000.00)		7,000.00	7,000.00		
National Opioid Settlement (40A:4-87 +347,205.22)		347,205.22	347,205.22		
CBA SLEO III	86,676.00	86,676.00	86,676.00		
Bayshore Distracted Driving	24,500.00	24,500.00	24,500.00		
Body Armor Replacement (40A:4-87 +8,219.01)		8,219.01	8,219.01		
Police Body Armor Replacement	7,858.63	7,858.63	7,858.63		
Recycling - Tonnage Grant	133,799.35	133,799.35	133,799.35		
Senior Citizen Grant	33,500.00	43,500.00	43,500.00		
Matching Funds for Grants	35,000.00	35,000.00			35,000.00
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</u>	\$ 331,333.98	\$ 1,060,389.35	\$ 1,025,389.35	\$	35,000.00
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 8,085,828.99	\$ 8,921,109.36	\$ 8,430,256.68	\$ 455,852.68	35,000.00
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 2,550,000.00	\$ 2,550,000.00	\$ 2,550,000.00	\$	
Computer Technology Equipment	338,000.00	338,000.00	279,678.81	58,321.19	
Turnout Gear	237,000.00	237,000.00	204,852.96	32,147.04	
Police Vehicles	540,000.00	540,000.00	448,324.56	91,675.44	
<u>TOTAL CAPITAL IMPROVEMENTS -EXCLUDED FROM "CAPS"</u>	\$ 3,665,000.00	\$ 3,665,000.00	\$ 3,482,856.33	\$ 182,143.67	\$

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE -EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 3,250,000.00	\$ 3,250,000.00	\$ 2,468,700.00	\$	\$ 781,300.00
Interest on Bonds	1,850,000.00	1,850,000.00	1,417,143.61		432,856.39
Capital Lease (Town Hall)	3,600,000.00	3,600,000.00	3,504,228.16		95,771.84
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAP"</u>	<u>\$ 8,700,000.00</u>	<u>\$ 8,700,000.00</u>	<u>\$ 7,390,071.77</u>	<u>\$</u>	<u>\$ 1,309,928.23</u>
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM"CAPS"</u>					
Emergency Authorizations	35,000.00	35,000.00	35,000.00		
<u>TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM"CAPS"</u>	<u>35,000.00</u>	<u>35,000.00</u>	<u>35,000.00</u>		
<u>JUDGMENTS</u>					
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 80,000.00</u>	<u>\$</u>	<u>\$ 70,000.00</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>\$ 20,635,828.99</u>	<u>\$ 21,471,109.36</u>	<u>\$ 19,418,184.78</u>	<u>\$ 637,996.35</u>	<u>\$ 1,414,928.23</u>
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 98,747,613.21</u>	<u>\$ 99,812,893.58</u>	<u>\$ 93,329,528.17</u>	<u>\$ 5,048,437.18</u>	<u>\$ 1,434,928.23</u>
<u>Budget</u>	<u>\$ 100,372,613.21</u>	<u>\$ 101,437,893.58</u>	<u>\$ 94,954,528.17</u>	<u>\$ 5,048,437.18</u>	<u>\$ 1,434,928.23</u>
Appropriation by 40A-4-87	\$ 100,372,613.21				
Emergency Appropriation	835,280.37	230,000.00			
	\$ 101,437,893.58				
Encumbrances Payable			\$ 4,130,160.01		
Reserve for Grants - Appropriated			1,025,389.35		
Reserve for Tax Appeals			75,000.00		
Reserve for Uncollected Taxes			1,625,000.00		
Emergency Authorization			35,000.00		
Disbursed			88,293,737.28		
Less: Refunds			(229,758.47)		
			94,954,528.17		

The accompanying Notes to the Financial Statements are an integral part of this statement.

"B"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>		
Animal Control Fund:		
Cash	\$ 79,817.52	\$ 99,152.86
	<u>\$ 79,817.52</u>	<u>\$ 99,152.86</u>
Other Funds:		
Cash	\$ 30,921,320.03	\$ 31,750,883.29
Investment in Special Emergency Note		175,000.00
Community Development Block Grant Receivable	523,169.39	510,261.86
	<u>\$ 31,444,489.42</u>	<u>\$ 32,436,145.15</u>
	<u>\$ 31,524,306.94</u>	<u>\$ 32,535,298.01</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Animal Control Fund:		
Due State of New Jersey	\$ 4.80	\$ 15.60
Reserve for Animal Control Fund Expenditures	79,812.72	99,137.26
	<u>\$ 79,817.52</u>	<u>\$ 99,152.86</u>
Other Funds:		
Encumbrances Payable	\$ 3,555,527.50	\$ 1,306,496.09
Reserve for:		
Miscellaneous Deposits	19,996,529.61	23,301,726.61
Open Space Trust	6,999,780.41	6,265,962.26
Community Development Block Grant	456,297.60	536,963.20
Self-Insurance Fund	164,298.11	723,999.65
Payroll Fund	272,056.19	300,997.34
	<u>\$ 31,444,489.42</u>	<u>\$ 32,436,145.15</u>
	<u>\$ 31,524,306.94</u>	<u>\$ 32,535,298.01</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"C"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

BALANCE SHEETS-REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>		
Cash	\$ 18,022,553.11	\$ 7,275,111.15
Grants Receivable	9,586,465.25	5,568,431.25
Deferred Charges to Future Taxation:		
Funded	48,775,028.00	37,918,318.36
Unfunded	21,515,873.65	19,333,556.90
Interfund - Open Space Trust Fund		
Deferred Capital Lease Obligation	<u>84,347,760.20</u>	<u>87,851,988.36</u>
	<u>\$ 182,247,680.21</u>	<u>\$ 157,947,406.02</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Improvement Authorizations:		
Funded	\$ 9,864,900.94	\$ 6,317,268.44
Unfunded	14,764,611.93	14,520,589.73
Serial Bonds Payable	48,670,000.00	37,730,000.00
Green Acres Loan Payable	105,028.00	188,318.36
Various Reserves	625,854.45	533,974.31
Reserve for Grants Receivable	3,512,207.49	3,663,933.49
Capital Lease Payable	84,347,760.20	87,851,988.36
Capital Improvement Fund	860,294.17	911,594.17
Contracts Payable	18,649,569.21	5,182,375.34
Fund Balance	<u>847,453.82</u>	<u>1,047,363.82</u>
	<u>\$ 182,247,680.21</u>	<u>\$ 157,947,406.02</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

Balance, December 31, 2023	\$	1,047,363.82
Increased by:		
Improvement Authorization Cancelled		90.00
	\$	<u>1,047,453.82</u>
Decreased by:		
Anticipated in 2024 Current Fund Budget		<u>200,000.00</u>
Balance, December 31, 2024	\$	<u><u>847,453.82</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"D"

TOWNSHIP OF MIDDLETOWN
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEET-REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>FIXED ASSETS</u>		
Land and Buildings	\$ 77,984,000.00	\$ 77,984,000.00
Machinery and Equipment	<u>39,788,244.68</u>	<u>37,586,346.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 117,772,244.68</u>	<u>\$ 115,570,346.00</u>
 <u>RESERVE</u>		
Investments in General Fixed Assets	 <u>\$ 117,772,244.68</u>	 <u>\$ 115,570,346.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024 AND 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Middletown is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization.

Except as noted below, the financial statements of the Township of Middletown include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Middletown, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Middletown do not include the operations of the local school district, the Middletown Sewerage Authority and the Middletown Free Public Library, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Township of Middletown conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and 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 financial transactions and accounts of the Township of Middletown are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity.

As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

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

Trust Fund - receipts, custodianship and disbursements 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.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st 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. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under, GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C 5:30-5.7, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

Under GAAP, municipalities are required to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total pension related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 68.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2024 was not available, therefore the information dated June 30, 2023 is disclosed.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits.

Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department.

When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Middletown had the following cash and cash equivalents at December 31, 2024:

<u>Fund</u>	Cash in	<u>Reconciling Items</u>		Change	<u>Total</u>
	<u>Bank</u>	<u>Increases</u>	<u>Decreases</u>	<u>Funds</u>	
Checking Accounts	\$113,155,947.64	\$1,875,386.17	\$5,085,425.85		\$109,945,907.96
Change Funds				\$3,100.00	3,100.00
	<u>\$113,155,947.64</u>	<u>\$1,875,386.17</u>	<u>\$5,085,425.85</u>	<u>\$3,100.00</u>	<u>\$109,949,007.96</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. However, GUDPA does not protect intermingled trust funds such as salary withholdings, or funds that may pass to the Township relative to the happening of a future condition.

As of December 31, 2024, the Township's bank balance of \$113,155,947.64 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$112,226,400.22
Uninsured:	
Escrow Deposits	<u>929,547.42</u>
Bank Balance 12/31/2024	<u><u>\$113,155,947.64</u></u>

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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 date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for Investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
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;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

At December 31, 2024 the Township had no investments:

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

MUNICIPAL DEBT (EXCLUDING CURRENT
OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2024</u>	<u>YEAR 2023</u>	<u>YEAR 2022</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$48,775,028.00	\$37,918,318.36	\$42,459,967.58
Net Debt Issued	<u>\$48,775,028.00</u>	<u>\$37,918,318.36</u>	<u>\$42,459,967.58</u>
Less Open Space Bonds (40A:2-44h)	9,775,000.00	7,041,300.00	8,358,400.00
Less: Cash on Hands to Pay Notes	357,569.42	345,847.47	233,212.99
	<u>\$38,642,458.58</u>	<u>\$30,531,170.89</u>	<u>\$33,868,354.59</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$21,515,873.65	\$19,333,556.90	\$7,962,598.90
Total Authorized But Not Issued	<u>\$21,515,873.65</u>	<u>\$19,333,556.90</u>	<u>\$7,962,598.90</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$60,158,332.23</u>	<u>\$49,864,727.79</u>	<u>\$41,830,953.49</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

**SUMMARY OF REGULATORY 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 regulatory net debt of .393%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
School District Debt	\$21,240,000.00	\$21,240,000.00	-0-
General Debt	70,290,901.65	10,132,569.42	\$60,158,332.23
	<u>\$91,530,901.65</u>	<u>\$31,372,569.42</u>	<u>\$60,158,332.23</u>

NET DEBT \$60,158,332.23 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$15,293,851,134.00 EQUALS .393%

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2024	\$15,293,851,134.00
3-1/2 of Equalized Valuation Basis	535,284,789.69
Net Debt	<u>60,158,332.23</u>
Remaining Borrowing Power	<u>\$475,126,457.46</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

Long-Term Debt

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2024**

<u>CALANDAR</u> <u>YEAR</u>	<u>GENERAL IMPROVEMENT BONDS</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2025	\$4,030,000.00	\$2,229,750.00	\$6,259,750.00
2026	4,030,000.00	2,066,625.00	6,096,625.00
2027	4,025,000.00	1,865,100.00	5,890,100.00
2028	4,255,000.00	1,661,225.00	5,916,225.00
2029	4,265,000.00	1,445,850.00	5,710,850.00
2030-2034	20,590,000.00	4,032,375.00	24,622,375.00
2035-2039	6,915,000.00	636,425.00	7,551,425.00
2040-2042	560,000.00	45,200.00	605,200.00
	<u>\$48,670,000.00</u>	<u>\$13,982,550.00</u>	<u>\$62,652,550.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2024</u>
\$19,935,000.00 in Governmental Pooled Loan Revenue Bonds dated February 23, 2017 due in remaining annual installments ranging between \$1,000,000.00 and \$1,840,000.00 beginning February 15, 2025 and ending February 15, 2032 with an interest rate of 5.00%	\$12,850,000.00
\$8,135,000.00 in Governmental Pooled Loan Revenue Bonds dated December 23, 2019 due in remaining annual installments ranging between \$400,000.00 and \$800,000.00 beginning June 30, 2025 and ending June 30, 2035 with interest ranging from 4.00% to 5.00%	6,135,000.00
\$8,905,000.00 in Governmental Pooled Loan Revenue Bonds dated July 8, 2021 due in remaining annual installments ranging between \$430,000.00 and \$705,000.00 beginning March 1, 2025 and ending March 1, 2038 with interest ranging from 2.00% to 5.00%	7,690,000.00
8,630,000 Pooled Loan Revenue Bonds dated October 4, 2022 due in remaining annual installments ranging between \$535,000.00 and \$815,000.00 beginning October 1, 2025 and ending October 1, 2042 with interest ranging from 4.00% to 5.00%.	7,585,000.00
14,410,000 Pooled Loan Revenue Bonds dated November 18, 2024 due in remaining annual installments ranging between \$930,000.00 and \$1,400,000.00 beginning November 1, 2025 and ending November 1, 2038 with interest of 5.00%.	<u>14,410,000.00</u>
Total	<u><u>\$48,670,000.00</u></u>

STATE OF NEW JERSEY GREEN TRUST LOANS

The Township has entered into the following State of New Jersey Green Trust Loans:

<u>Year</u>	<u>Loan Number</u>	<u>Loan Amount</u>
2005	1331-90-046	\$200,000.00
2005	1331-92-119	393,340.48
2005	1331-95-074	500,000.00
2008	1331-93-032	300,000.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY GREEN TRUST LOANS (CONTINUED)

These loans require semi-annual installments that include interest at 2%

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

GREEN TRUST LOANS			
YEAR	PRINCIPAL	INTEREST	TOTAL
2025	\$50,970.81	\$1,677.85	\$52,648.66
2026	17,661.69	993.27	18,654.96
2027	18,016.68	638.27	18,654.95
2028	18,378.82	276.14	18,654.96
	<u>\$105,028.00</u>	<u>\$3,585.53</u>	<u>\$108,613.53</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2024, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$21,515,873.65</u>
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SHORT TERM DEBT

At December 31, 2024, the Township had no Bond Anticipation Notes outstanding.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2024, which was appropriated and included as anticipated revenue for the year ending December 31, 2025 were as follows:

Current Fund	<u>\$12,400,000.00*</u>
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*Per Introduced Budget

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

NOTE 5: PROPERTY TAXES (CONTINUED)

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	Balance December <u>31, 2024</u>	Balance December <u>31, 2023</u>
Prepaid Taxes	<u>\$1,743,248.72</u>	<u>\$1,484,421.94</u>

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.50% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. PFRS members contributed at a uniform rate of 10.00% of base salary.

NOTE 6: PENSION PLANS (CONTINUED)

The Township's share of pension costs, including Defined Contribution Retirement System, which is based upon the annual billings received from the State for the preceding three years are as follows:

<u>Year Ended December 31,</u>	<u>Public Employees Retirement System</u>	<u>Police & Firemen's Retirement System</u>	<u>Defined Contribution Retirement System</u>	<u>Total</u>
2024	\$1,893,496.08	\$4,728,560.15	\$76,466.17	\$6,698,522.40
2023	1,892,475.00	4,452,728.00	72,436.00	6,417,639.00
2022	1,692,370.00	4,109,980.00	75,300.00	5,877,650.00

Pension Contribution Deferral

The State of New Jersey has enacted Public Law 2011, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would have been due April 1, 2011. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The Pension deferral activity for 2024 is as follows:

<u>Retirement System</u>	<u>Original Amount Deferred</u>	<u>2024 Payments</u>	
		<u>Principal</u>	<u>Interest</u>
PFRS	\$ 1,080,551.00	\$ 135,981.00	\$ 30,708.00
PERS	<u>455,410.00</u>	<u>58,997.00</u>	<u>13,277.00</u>
Total	\$ <u>1,535,961.00</u>	\$ <u>194,978.00</u>	\$ <u>43,985.00</u>

The amount of the actuarially computed value balance outstanding at December 31, 2024 is not available from the State Retirement System and is therefore not presented.

Certain Township employees are also covered by Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2024, for PERS and PFRS was not available, therefore the information dated June 30, 2023 is disclosed.

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$23,190,392.00 for the Township's proportionate share of the total net pension liability. 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. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Township's proportion was 0.01601062743 percent, which was an increase of 0.0032423829 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension benefit of \$255,046.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2023 billing was \$1,978,129.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 221,730.00	\$ 94,795.00
Changes of assumptions	50,945.00	1,405,437.00
Net difference between projected and actual earnings on pension plan investments	106,795.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>1,123,350.00</u>	<u>130,459.00</u>
	\$ <u>1,502,820.00</u>	\$ <u>1,630,691.00</u>

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	(\$1,025,787.80)
2025	(484,815.80)
2026	1,153,576.20
2027	27,671.20
2028	<u>201,485.20</u>
	<u>(\$127,871.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

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

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market 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. Treasury's	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Township's proportionate share of net pension liability to changes in the discount rate

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

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$30,188,956.00	\$23,190,392.00	\$17,233,688.00

Special Funding Situation

In accordance with 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. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2023, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Township under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Township does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Township related to this legislation.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of June 30, 2023 was 0.01607141502% which was an increase of 0.0032235628 percent from its proportion measured as of June 30, 2022. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2023 and June 30, 2022 was \$72,322.00 and 49,809.00, respectively.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the State reported a net pension liability of \$39,063,757.00 for the Township's proportionate share of the total PFRS net pension liability. 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. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the Township's proportion was 0.03535571 percent, which was a decrease of 0.00065608 percent from its proportion measured as of June 30, 2022.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$2,424,658.00. The pension expense recognized in the Township's financial statements based on the April 1, 2023, billing was \$4,589,666.00.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

		Deferred Outflow of Resources		Deferred Inflow of Resources
Differences between expected and actual experience	\$	1,672,632.00	\$	1,862,995.00
Changes of assumptions		84,313.00		2,637,740.00
Net difference between projected and actual earnings on pension plan investments		1,989,443.00		
Changes in proportion and differences between Township contributions and proportionate share of contributions		<u>1,232,212.00</u>		<u>1,141,344.00</u>
	\$	<u>4,978,600.00</u>	\$	<u>5,642,079.00</u>

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

Year Ended June 30		Amount
2024	\$	(1,502,051.40)
2025		(1,440,751.40)
2026		2,365,435.60
2027		(183,709.40)
2028		90,229.60
Thereafter		<u>7,368.00</u>
	\$	<u>(663,479.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

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 rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	All future years 3.25-16.25% Based on years of Service
Investment Rate of Return	7.00%

Employee mortality rates were based on the 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Long-Term Rate of Return

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

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market 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. Treasury's	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both 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 on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Township’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Township’s proportionate share of the net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the Township’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the PFRS pension liability	\$54,428,504.00	\$39,063,757.00	\$26,268,592.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with 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.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Township under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Township does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Township related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2023 and 2022 is 0.35355694% and 0.3529011% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2023 and 2022 was \$823,168.00 and \$894,996.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2023 and 2022 was \$818,752.00 and \$829,421.00, respectively.

At June 30, 2023 and 2022, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$7,197,952.00 and \$7,189,003.00, respectively.

At June 30, 2023, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$39,063,757.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>7,197,952.00</u>
	<u>\$46,261,709.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 7: LITIGATION

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

NOTE 8: SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

	<u>LOCAL DISTRICT SCHOOL TAX</u>	
	BALANCE	BALANCE
	DECEMBER	DECEMBER
	<u>31, 2024</u>	<u>31, 2023</u>
Balance of Tax	\$81,391,907.98	\$77,291,041.98
Deferred	<u>61,820,000.00</u>	<u>61,820,000.00</u>
Tax Payable	<u><u>\$19,571,907.98</u></u>	<u><u>\$15,471,041.98</u></u>

NOTE 9: COMPENSATED ABSENCE

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date as outlined in Township personnel policies. It is estimated that, at December 31, 2024, the current cost of such unpaid compensation would approximate \$5,735,841.41. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has accumulated \$1,313,311.29 for this purpose in the Trust Other Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2024 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has made provision, from tax revenues, in the amount of \$2,207,399.97 for these appeals in the event that the tax reductions are granted.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2024, the Township does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Township utilizes a self-insured risk management program for claims relating to general, automobile, employee benefits and law enforcement liability. The Township has obtained reinsurance coverage and umbrella coverage which limited the Township risk retention to \$200,000 per occurrence and an aggregate limit of \$10,000,000. The Township is also self-insured for Workers Compensation claims. The employer's liability coverage is \$7,000,000.00 with risk retention of \$200,000.00 through the Municipal Excess Liability Fund (MEL) and \$200,000.00 through the Monmouth County Joint Insurance Fund (JIF) The Township has engaged an outside claims service to serve as Fund Administrator. Reserves are established by the Administrator for estimated benefits and expenses for reported claims. The Township charges to current fund operations all claims rendered during the year which will be paid from expendable available financial resources.

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

<u>Year</u>	<u>Interest</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$30,144.21		\$56,332.29	\$257,719.79	\$818,467.41
2023	23,475.77	140,332.63	52,690.61	102,093.86	989,710.70
2022	5,991.36	141,519.68	47,704.81	72,086.49	875,305.55

NOTE 13: DEFERRED CHARGES:

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the Township had the following Deferred Charges:

	BALANCE DECEMBER 2024	2025 BUDGET APPROPRIATION	BALANCE TO SUCCEEDING YEARS
Current Fund:			
N.J.S. 40A:4-46 EMERGENCY	\$230,000.00	\$230,000.00	-0-
Special Emergency			
N.J.S.A. 40A: 4-53(d)	140,000.00	35,000.00	105,000.00
	<u>\$370,000.00</u>	<u>\$265,000.00</u>	<u>\$105,000.00</u>

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

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

	Interfund Receivable	Interfund Payable
Current Fund	\$	\$ 835,657.76
Grant Fund	835,657.76	
	<u>\$ 835,657.76</u>	<u>\$ 835,657.76</u>

This interfund is the result of timing difference between grant expenditures and reimbursements from the granting agency. The Township makes every effort to limit the time between the expenditure of grant funds and submission for reimbursement.

NOTE 15: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

NOTE 15: DEFERRED COMPENSATION PLAN (CONTINUED)

All assets of the plan are held by independent administrators, Lincoln Financial Group, AXA Equitable, Nationwide Insurance and AIG-VALIC, however the Lincoln plan is the only active plan receiving contributions.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities.

NOTE 16: INSTALLMENT PURCHASE CONTRACT

On February 13th, 2019 the Township entered into an installment purchase contract under which the property on which the Township Municipal Complex is located was contracted to a private entity for 30 years for the amount of \$1.00. The private entity then was responsible for the demolition of the existing facilities and construction of a new Municipal Building. This new building upon completion was then to be contracted back to the Township for a term of 30 years. At the conclusion of the lease period ownership of the property and the building revert to the Township for the sum of \$1.00.

The basic term of this contract agreement is 30-year triple net contract with base rent payments commencing on the date of substantial completion of the building. Payments are to be made monthly from September 1, 2021 through August 1, 2051.

The project was completed in 2021 and contract payments began in that year. Interest on the contract will be paid at 4.1%. If after ten (10) years either Party believes it will be advantageous to refinance the loan due to the then prevailing interest rates, that party may formally request that the Parties explore the feasibility of such refinance, which request shall not be unreasonably denied. Any savings resulting from the refinancing shall be split evenly with the Tenant's savings taking the form of reduced Rent with the annual rental amount being decreased by an amount equal to one half of the decrease in the annual debt service payable by the Landlord and the balance of any additional cash flow shall be for and paid to the Landlord.

The balance of the contract payments including principal and interest at December 31, 2024 was \$84,347,760.20.

NOTE 16: INSTALLMENT PURCHASE CONTRACT (CONTINUED)

Following are the maturities and debt schedule for the outstanding payments on the contract:

<u>YEAR</u>	<u>PAYMENTS</u>
2025	\$3,477,946.48
2026	3,451,861.92
2027	3,425,972.96
2028	3,400,278.16
2029	3,374,776.08
2030-2034	16,497,993.28
2035-2039	15,888,529.36
2040-2044	15,301,580.04
2045-2049	14,736,313.44
2050-2051	<u>4,792,508.48</u>
	<u><u>\$84,347,760.20</u></u>

NOTE 17: LENGTH OF SERVICE AWARDS PROGRAM

The Township of Middletown has adopted an ordinance establishing a Length of Service Awards Program for the members of the

Middletown Volunteer Fire Department pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of up to \$1,600.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be budgeted annually in the budget of the Township and is anticipated to be \$400,000.00 per year.

The accompanying financial statements do not include the Township's Length of Service Award Program's activities.

NOTE 18: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Township’s defined benefit OPEB plan, Township of Middletown Retiree Medical Plan (the Plan), provides OPEB for all eligible employees of the Township in accordance with the terms of their labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Township. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Summary of Benefits

The Plan provides retirees and their eligible dependents medical benefits provided that they have meet the eligibility requirement contained in the Township’ various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	244
Inactive employees entitled to but not currently receiving benefits payments	-0-
Active Employees	355
	599

Contributions

The contribution requirements of the Township and Plan members are established and maybe be amended by the Township’s governing body.

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Township’s plan document, ranging from 3.5% to 35%.

Net OPEB Liability

The Township’s total OPEB liability of \$169,838,362.00 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

NOTE 18: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 3.0%

Salary Increases 3.0%

Healthcare cost trend rates 7.0 percent decreasing to an ultimate rate of 4.5 percent.

Mortality rates were based on the PUB 2010 mortality table with MP-2021 projection.

The actuarial assumptions used in the December 31, 2024 valuation were based on December 31, 2024 census data.

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the Total OPEB liabilities at December 31, 2024 and December 31, 2023, based on the "The S&P Municipal Bond 20-year High Grade Index", are 4.28% and 4.00%, respectively.

NOTE 18: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Changes in the Total OPEB Liability

	Net OPEB Liability
Balance at 12/31/23	\$193,652,943
Changes for the year:	
Service cost	6,664,988
Interest Cost	7,424,852
Differences between expected and actual experience	(9,785,643)
Changes in assumptions or other inputs	(12,055,482)
Benefit payments	(16,063,296)
Net change in OPEB Liability	<u>(23,814,581)</u>
Balance at 12/31/24	<u>\$169,838,362</u>

Sensitivity of the Total OPEB liability and expense to changes in the discount rate and healthcare cost trend rates.

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage point higher (5.28 percent) than the current discount rate:

	December 31, 2024		
	<u>1.00% Decrease (3.28%)</u>	<u>At Discount Rate (4.28)</u>	<u>1.00% Increase (5.28%)</u>
Net OPEB Liability	\$196,599,623	\$169,838,362	\$148,313,147
GASB 75 Expense FYE 2024	11,740,000.00	9,590,592.00	8,030,000.00

NOTE 18: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

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

	December 31, 2024		
	1.00% <u>Decrease</u> (6.0% decreasing to 3.5%)	Healthcare Cost <u>Trend Rate</u> (7.5% decreasing to 4.5%)	1.00% <u>Increase</u> (8.0% decreasing to 5.5%)
Net OPEB Liability	\$146,732,803	\$169,838,362	\$199,130,570
GASB 75 Expense FYE 2024	8,180,000.00	9,590,592.00	11,570,000.00

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

For the year ended December 31, 2024 the actuarially determined OPEB expense reflected in the MTRMP report was \$9,590,592.00. The OPEB expense recognized in the Township's financial statement based on actual billing was \$16,063,296.00.

At December 31, 2024, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 36,676,336.00	\$ 6,778,571.00
Changes of assumptions	51,349,901.00	6,307,806.00
	<u>\$ 88,026,237.00</u>	<u>\$ 13,086,377.00</u>

NOTE 18: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2025	(\$19,327,092)
2026	(23,352,810)
2027	(23,352,807)
2028	(2,666,831)
2029	(3,120,161)
2030	<u>(3,120,159)</u>
	<u>(\$74,939,860)</u>

NOTE 19: ACCELERATED TAX SALE

Chapter 99 of the Public Laws of 1997 of the State of New Jersey, effective May 12, 1997 authorizes any municipality to have an accelerated tax sale. An accelerated tax sale permits a municipality to have a tax sale when a property is in arrears after the 11th day of the 11th month of each fiscal year. In 2024, the Township had an accelerated tax sale, which resulted in a majority of delinquent taxes being sold to outside lien holders.

NOTE 20: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2024:

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2024</u>
Land and Buildings	\$77,984,000.00			\$77,984,000.00
Machinery & Equipment	<u>37,586,346.00</u>	<u>2,338,093.18</u>	<u>136,194.50</u>	<u>39,788,244.68</u>
	<u>\$115,570,346.00</u>	<u>\$2,338,093.18</u>	<u>\$136,194.50</u>	<u>\$117,772,244.68</u>

NOTE 21: TAX ABATEMENTS

The Township negotiates tax abatements under the State of New Jersey Local Redevelopment and Housing Law (NJSA 40A:12A-1 et seq.). These abatements include specifically the Five-Year Exemption and Abatement Law (NJSA 40A:21-1 et seq) and Long-Term Tax Exemption Law (NJSA 40A:20-1 et seq). The purposes for which a tax abatement may be considered for approval in the Township encompasses residential, commercial and industrial development that addresses a need identified by the Township Redevelopment Plans, the Township Affordable Housing Plan or other specific projects as described in the above referenced laws.

Each agreement has been negotiated pursuant to the Local Redevelopment and Housing Law which allows the Township to abate property taxes for economic development purposes. The abatements are directed toward development within a Township designated Area in Need of Redevelopment or a property that is developed to meet designated unmet needs in the Township's Affordable Housing Program.

For the year ended December 31, 2024 the Township abated property taxes totaling \$1,651,354.65 under this program.

<u>Recipient</u>	<u>Purpose</u>	<u>Taxes Abated</u>	<u>Municipal Portion Collected PILOT Program</u>
Daniel Towers	Affordable Housing	\$194,251.47	\$29,483.00
Tomaso Plaza	Affordable Housing	378,262.82	36,551.00
Bayshore Village	Affordable Housing	74,847.50	48,430.88
Luftman Pavilion	Affordable Housing	216,977.15	27,262.00
Luftman Towers	Affordable Housing	352,301.43	294,853.00
Edgewood Park	Affordable Housing	319,468.87	103,664.00
Chapel Hill Affordables LLC	Affordable Housing	39,516.19	47,665.00
Vanderbuilt LLC	Affordable Housing	39,845.19	15,739.83
Exit 109 Urban Renewal 5,LLC	Redevelopment	35,884.03	179,152.39
		<u>\$ 1,651,354.65</u>	<u>\$ 782,801.10</u>

NOTE 22: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through May 9, 2025 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following subsequent events occurred that need disclosure:

The following Capital Ordinances were adopted:

<u>Date</u>	<u>Ordinance Number</u>	<u>Purpose</u>	<u>Bonds & Notes Authorized</u>
4/28/2025	2025-3460	Kings Highway Safe Routes to Transit Improvement Project (Phase I)	\$ 1,850,000.00
4/28/2025	2025-3461	Acquisition of Property	<u>2,850,000.00</u>
			<u>\$ 4,700,000.00</u>

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of December 1, 2025 by the Township of Middletown, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$11,278,287 principal amount of Bond Anticipation Notes, Series 2025A (the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

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

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

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

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

ARTICLE II

OPERATING RULES

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

Section 2.2. Transmission of Notices. Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer’s notices.

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

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

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

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

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

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

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide

notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

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

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

ARTICLE IV

DEFINITIONS

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

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

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

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders; if material;

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

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

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

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

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

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

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

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

**TOWNSHIP OF MIDDLETOWN, NEW
JERSEY**

By: _____
Name: Colleen Lapp
Title: Chief Financial Officer

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APPENDIX D

FORM OF OPINION OF GIBBONS P.C., BOND COUNSEL

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[FORM OF OPINION OF GIBBONS P.C.]

December __, 2025

Mayor and Township Committee
Township of Middletown
1 Kings Highway
Middletown, New Jersey 07748

Dear Mayor and Committee members:

We have examined certified copies of the proceedings of the Mayor and Committee of the Township of Middletown, in the County of Monmouth, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of the \$11,278,287 Bond Anticipation Notes, Series 2025A (the "Notes"). The Notes are issued in registered form, are dated November 5, 2025, and bear interest at the rate of ____ and ____ Hundredths per centum (____%) per annum and is payable at maturity on December 8, 2026. The Notes are not subject to redemption prior to maturity.

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

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

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

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

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

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

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

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

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

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

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does

not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

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

Very truly yours,

Gibbons P.C.

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