

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 29, 2026

NEW ISSUES – BOOK-ENTRY ONLY

**RATING: Bonds - Moody's: "Aaa"
Notes – Moody's: "MIG 1"**

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

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

**\$9,855,000 OPEN SPACE BONDS, SERIES 2026
(CALLABLE)**

And

**\$37,616,000 BOND ANTICIPATION NOTES,
SERIES 2026**

Consisting of:

\$26,200,000 GENERAL IMPROVEMENT NOTES, SERIES 2026

and

**\$11,416,000 WATER/SEWER UTILITY NOTES, SERIES 2026
(NON-CALLABLE)**

Dated: Date of Delivery

**Bonds Due: October 15, as set forth on the inside front cover
Notes Due: October 15, 2027**

The Township of Freehold, in the County of Monmouth, New Jersey (the "Township") is offering \$9,855,000 aggregate principal amount of Open Space Bonds, Series 2026 (the "Bonds") and \$37,616,000 Bond Anticipation Notes, Series 2026, consisting of \$26,200,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and \$11,416,000 Water/Sewer Utility Notes, Series 2026 (the "Water/Sewer Utility Notes") and together with General Improvement Notes, the "Notes"; the Notes and the Bonds shall be collectively referred to herein as the "Obligations").

The Obligations will be issued as fully registered Obligations in the form of one certificate for the aggregate principal amount of each maturity of each series of the Obligations. With respect to the Bonds, the Bonds when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository. The Notes when issued will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants and the participants will be responsible for maintaining records regarding the beneficial ownership interests in the Obligations on behalf of the individual purchasers. Individual purchases of the Obligations may be made in the principal amount of \$5,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books and the records of DTC and its participants and individual purchasers of the Obligations will not receive certificates representing their beneficial ownership interests in the Obligations.

Principal of the Bonds is payable on October 15 in each of the years set forth on the inside front cover. Interest on the Bonds, calculated on a 30-day month, 360-day year basis will be payable semiannually on April 15 and October 15 in each year until maturity or prior redemption, commencing April 15, 2027. The principal of and the interest on the Bonds will be paid to DTC by the Township. Interest on the Bonds will be credited to the Participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds). The Bonds are subject to optional redemption prior to their stated maturities at the times and in the manner described herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on October 15, 2027, and shall bear interest at the rate of interest set forth on the inside front cover, payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be credited to the registered owner as of the close of business on October 8, 2027. Principal of and interest on the Notes will be paid to DTC by the Township at maturity. The Notes are not subject to redemption prior to maturity.

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

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

The Obligations are offered when, as and if received by the Underwriters (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by FBT Gibbons LLP, Newark, New Jersey, Bond Counsel, and certain other conditions described herein. Acacia Financial Group, Inc. served as Municipal Advisor to the Township in connection with the Obligations. It is expected that the Obligations, in definitive form, will be available for delivery on or about October 16, 2026 through the facilities of DTC in New York, New York.

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Township will deliver an Official Statement in accordance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

\$9,855,000 OPEN SPACE BONDS, SERIES 2026

<u>Year</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip*</u>
2027	\$525,000			
2028	540,000			
2029	555,000			
2030	570,000			
2031	585,000			
2032	605,000			
2033	625,000			
2034	645,000			
2035	665,000			
2036	685,000			
2037	710,000			
2038	740,000			
2039	770,000			
2040	800,000			
2041	835,000			

\$37,616,000 BOND ANTICIPATION NOTES, SERIES 2026

General Improvement Notes

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip*</u>
October 15, 2027	\$26,200,000			

Water/Sewer Utility Notes

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip*</u>
October 15, 2027	\$11,416,000			

* CUSIP is a registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Obligations only at the time of issuance of the Obligations and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Obligations.

TOWNSHIP OF FREEHOLD, NEW JERSEY

MAYOR AND COMMITTEE

Lester A. Preston, Mayor
Alan Walker, Deputy Mayor
Maureen Fasano
Anthony J. Ammiano
Thomas L. Cook

TOWNSHIP OFFICIALS

Peter R. Valesi, Township Administrator
Jeffrey Elsasser, Chief Financial Officer/Treasurer

TOWNSHIP AUDITOR

Suplee, Clooney & Company
Westfield, New Jersey

MUNICIPAL ADVISOR

Acacia Financial Group, Inc.
Mt. Laurel, New Jersey

BOND COUNSEL

FBT Gibbons LLP
Newark, New Jersey

TOWNSHIP ATTORNEY

King, Moench & Collins LLP
Red Bank, 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 Obligations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Township as to information from sources other than itself. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. The Township has not confirmed the accuracy or completeness of information relating to The Depository Trust Company (“DTC”) which information has been provided by DTC.

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 Obligations 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 Underwriters.

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 OBLIGATIONS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
DESCRIPTION OF THE OBLIGATIONS.....	1
AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS	3
SECURITY FOR THE OBLIGATIONS	4
BOOK-ENTRY-ONLY SYSTEM	4
PROVISIONS WITH REGARD TO TOWNSHIP GENERAL OBLIGATION DEBT	7
ABSENCE OF MATERIAL LITIGATION.....	10
TAX MATTERS	10
LEGALITY FOR INVESTMENT	12
MUNICIPAL BANKRUPTCY	13
NO DEFAULT	13
APPROVAL OF LEGAL PROCEEDINGS.....	13
MUNICIPAL ADVISOR	13
RATING	14
UNDERWRITING	14
SECONDARY MARKET DISCLOSURE	14
FINANCIAL STATEMENTS.....	15
INFECTIOUS DISEASE OUTBREAK – COVID 19	15
CYBER SECURITY	16
PREPARATION OF OFFICIAL STATEMENT	16
ADDITIONAL INFORMATION	16
MISCELLANEOUS.....	17
 APPENDIX A – General Information Concerning the Township of Freehold	 A-1
APPENDIX B – Financial Statements of the Township of Freehold... ..	B-1
APPENDIX C – Forms of Continuing Disclosure Certificates... ..	C-1
APPENDIX D – Proposed Forms of Opinions of Bond Counsel	D-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

**\$9,855,000 OPEN SPACE BONDS, SERIES 2026
(CALLABLE)**

And

**\$37,616,000 BOND ANTICIPATION NOTES,
SERIES 2026**

Consisting of:

\$26,200,000 GENERAL IMPROVEMENT NOTES, SERIES 2026

and

**\$11,416,000 WATER/SEWER UTILITY NOTES, SERIES 2026
(NON-CALLABLE)**

INTRODUCTION

The Township of Freehold, in the County of Monmouth, New Jersey (the “Township”) is offering \$9,855,000 aggregate principal amount of Open Space Bonds, Series 2026 (the “Bonds”) and \$37,616,000 Bond Anticipation Notes, Series 2026, consisting of \$26,200,000 General Improvement Notes, Series 2026 (the “General Improvement Notes”) and \$11,416,000 Water/Sewer Utility Notes, Series 2026 (the “Water/Sewer Utility Notes” and together with General Improvement Notes, the “Notes”; the Notes and the Bonds shall be collectively referred to herein as the “Obligations”).

This Official Statement, including the front cover page and the attached Appendices, contains specific information relating to the Obligations, including their general description, the purpose of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts and disbursements, is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

DESCRIPTION OF THE OBLIGATIONS

Bonds

The Bonds are dated their date of delivery and will mature on October 15 in the years and in the amounts and bear interest as set forth on the inside front cover page hereof, calculated on the basis of a 30-day month, 360-day year, payable semiannually to the registered owners of the Bonds as of each April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds) immediately preceding each April 15 and October 15, commencing April 15, 2027. So long as The Depository Trust Company, New York, New York (“DTC”), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds.

The Bonds will be issued in fully registered book-entry form only in the form of one certificate for each maturity of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers.

Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See “Book-Entry-Only System” herein.

Redemption Provisions for the Bonds

Optional Redemption

The Bonds maturing on or prior to October 15, 2036 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after October 15, 2037 shall be subject to redemption prior to their respective maturity dates, on or after October 15, 2036 at the option of the Township, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the “Redemption Price”), plus in each case accrued interest thereon to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notices of redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by lot. If notice of redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

Notes

The Notes are dated their date of delivery and will mature on October 15, 2027 and shall bear interest at the rate as set forth on the inside front cover page hereof, payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be credited to the registered owner as of the close of business on October 8, 2027. Principal of and interest on the Notes will be made by the Township directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes.

The Notes will be issued in fully registered book-entry form of one certificate in the principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co. as nominee of the DTC, which will act as Securities Depository for the Notes, and the certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books and the records of DTC and its participants and individual purchasers of the Notes will not receive certificates representing their beneficial ownership interest in the Notes, but each book-entry Note owner will receive a credit balance on

the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. See “Book-Entry-Only System” herein.

Redemption Provisions for the Notes

The Notes are not subject to redemption prior to maturity.

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

Bonds

The Bonds have been authorized 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 and supplemented (the “Local Bond Law”); (ii) various bond ordinances finally adopted by the Township Committee of the Township (the “Township Committee”) and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Committee on September 8, 2026.

The Township shall apply the proceeds derived from the sale of the Bonds to permanently finance various capital projects, all as authorized by and described in the bond ordinances set forth below:

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount</u>
25-7	Open Space Acquisition	\$7,125,000
26-3	Open Space Acquisition	2,730,000
		\$9,855,000

Notes

The Notes have been authorized pursuant to the Local Bond Law and various ordinances finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law.

The Notes are being issued to temporarily fund \$8,193,500 aggregate principal amount of new money projects and to currently refund \$29,422,500 aggregate principal amount of the Township’s \$31,197,500 Bond Anticipation Notes, Series 2025, issued October 20, 2025 (together with \$1,775,000 principal paydown from other sources of funds of the Township) as authorized by and described in the bond ordinances set forth below.

General Improvement Notes

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount</u>
21-6	Various Capital Improvements	\$ 2,676,477
23-11	Various Capital Improvements	5,988,409
24-6	Various Capital Improvements	5,807,719
25-17	Various Capital Improvements	6,000,000
26-23	Various Capital Improvements	5,727,395
		\$26,200,000

Water/Sewer Utility Notes

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount</u>
18-8	Water/Sewer Utility Improvements	\$ 35,418
20-11	Water/Sewer Utility Improvements	87,500
21-7	Water/Sewer Utility Improvements	1,510,103
23-12	Water/Sewer Utility Improvements	2,194,479
24-7	Water/Sewer Utility Improvements	3,122,500
25-18	Water/Sewer Utility Improvements	3,500,000
26-24	Water/Sewer Utility Improvements	966,000
		\$11,416,000

SECURITY FOR THE OBLIGATIONS

The full faith, credit and taxing power of the Township are available for the payment of the principal of the Obligations and the interest thereon. The Obligations will be valid and binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Obligations may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of the Obligations (“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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds and principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Township, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Obligations held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, or the Township, subject

to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE OBLIGATIONS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE OBLIGATIONS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE OBLIGATIONS.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 Obligations 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 Obligations is discontinued, the Township has provided that upon receipt of the Obligation certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Obligations to the holders thereof, and the principal of and interest on the Obligations will be payable and the Obligations may thereafter be transferred or exchanged in the manner described in the Obligation certificates so provided.

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 of New Jersey, 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.

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 2.5% 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 up 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 (the obligation of the Borrower to repay its Borrower Loan comes within this exception); (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 has previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective April 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 has now been 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 (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 Borrower 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).

The report of Suplee, Clooney & Company, the Township's independent auditor, for the calendar year ending December 31, 2025 appears in Appendix B to this Official Statement.

ABSENCE OF MATERIAL LITIGATION

To the knowledge of the attorney for the Township, King, Moench & Collins LLP, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the attorney for the Township, no litigation is presently pending or threatened that, in the opinion of the attorney for the Township, would have a material adverse impact on the financial condition of the Township if adversely decided. Certificates to such effect will be executed by the attorney for the Township and delivered to the purchasers of the Obligations at the closing.

TAX MATTERS

Exclusion of Interest on the Obligations 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 Obligations in order to assure that interest on the Obligations 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 Obligations to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Obligations. The Township will make certain representations in its tax certificates, which will be executed on the date of issuance of the Obligations, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause the interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code.

or cause interest on the Obligations to be treated as an item of tax preference under Section 57 of the Code. FBT Gibbons LLP, Bond Counsel to the Township, has relied upon the representations of the Township made in its tax certificates 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 Obligations from gross income for federal income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to continuing compliance with the Code, FBT Gibbons LLP, Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Obligations is excluded from the gross income of the owners of the Obligations for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Obligations 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 Obligations 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 certain of the Obligations (the “Premium Obligations”) is greater than the principal amount of such Obligations payable at maturity. An amount equal to the excess of the purchase price of a Premium Obligation over its stated redemption price at maturity constitutes premium on such Premium Obligation. A purchaser of a Premium Obligation must amortize any premium over such Premium Obligation’s term using constant yield principles, based on the Premium Obligation’s yield to maturity. As premium is amortized, the purchaser’s basis of such Premium Obligation 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 such Premium Obligation prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Obligations, 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 such Premium Obligations.

Tax Treatment of Original Issue Discount

The initial public offering price of certain of the Bonds (the “Discount Bond”) is less than the amount payable on such Bonds at maturity. The difference between the initial public offering price of the Discount Bonds of each such year as set forth on the inside front cover of this Official Statement and the amount payable at maturity of the Discount Bonds of such year, is original issue discount. Bond Counsel is of the opinion that the accrued portion of the original issue discount will be treated for Federal income tax purposes as interest excludable from gross income under Section 103 of the Code to the same extent as stated interest on the Bonds.

The amount of original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder of the Discount Bonds. Under Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual and, in the case of an original holder of the Discount Bonds who purchases at the initial public offering price of such Discount Bonds, the amount treated as interest on the Discount Bonds excludable from gross income under Section 103 of the Code is the sum of the daily portions of the original issue discount attributable to the Discount Bonds for each day during the taxable year that the owner holds such Discount Bonds.

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

Additional Federal Income Tax Consequences

Prospective purchasers of the Obligations should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Obligations, 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 Obligations 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 Obligations from gross income pursuant to Section 103 of the Code and interest on the Obligations not constituting an item of tax preference under Section 57 of the Code, and interest on the Obligations 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 Obligations should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Obligations.

State Taxation

Bond Counsel to the Township is of the opinion that, under existing law, interest on the Obligations and net gains from the sale of the Obligations 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 Obligations, the exclusion of interest on the Obligations from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Obligations or any other date, or that such changes will not result in other adverse federal or state tax consequences.

ALL POTENTIAL PURCHASERS OF THE OBLIGATIONS 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 OBLIGATIONS.

LEGALITY FOR INVESTMENT

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

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, 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 (the "Bankruptcy Act"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Act permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three (3) 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 Bankruptcy Act specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a local unit, including the Township, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Federal Bankruptcy Act. For the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Township has not authorized the filing of a bankruptcy petition. The Township is fiscally sound and has a broad tax base. This reference to the Bankruptcy Act or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Obligations, or that the Bankruptcy Act Could not be amended after the date hereof.

NO DEFAULT

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Obligations are subject to the approval of FBT Gibbons LLP, Newark, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with respect to the Obligations in substantially the forms set forth in Appendix D. Certain legal matters will be passed on for the Township by the Township Attorney, King, Moench & Collins LLP, Red Bank, New Jersey.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mt. Laurel, New Jersey served as Municipal Advisor to the Township with respect to the issuance of the Obligations. The municipal advisor assisted in matters relating to the planning, structuring and issuance of the Obligations and provided other advice. Acacia Financial Group, Inc. is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instrument.

RATINGS

Moody's Ratings (the "Rating Agency") has assigned its rating of "Aaa" to the Bonds and "MIG 1" to the Notes. The ratings reflect only the view of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Obligations and the Township. There can be no assurance that the ratings will be maintained for any given period of time or that the ratings may not be raised, lowered or withdrawn entirely, if in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of such ratings, may have an adverse effect on the marketability or market price of the Obligations.

UNDERWRITING

The Bonds are being purchased from the Township by _____ (the "Bond Underwriter") at a purchase price of \$____. The Bond Underwriter is obligated to purchase all of the Bonds if any Bonds are purchased. The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale with respect to the Bonds.

The Notes are being purchased from the Township by _____ (the "Note Underwriter", and together with the Bond Underwriter, the "Underwriters") at a purchase price of \$____. The Note Underwriter is obligated to purchase all of the Notes if any Notes are purchased. The Note Underwriter has purchased the Notes in accordance with the Notice of Sale with respect to the Notes.

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

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 Obligations, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board ("MSRB") (the "Continuing Disclosure Requirements").

On the date of delivery of the Obligations, the Township will enter into Continuing Disclosure Certificates (the "Continuing Disclosure Certificates") containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Obligations pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Township by no later than October 1 of each fiscal year, commencing October 1, 2027 for the fiscal year ending December 31, 2026 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events for the benefit of the holders and beneficial owners of the Obligations. The Annual Report will be filed by the Township with the MSRB. 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 Annual Report or the notices of enumerated events is set forth in "Appendix C - Forms of Continuing Disclosure Certificates". These covenants have been made in order to

assist the Underwriters in complying with Rule 15c2-12. Notwithstanding the foregoing, if the fiscal year is not a calendar year then the Township shall provide financial information and operating data relating to the Township by not later than the first day of the tenth month of each fiscal year.

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The Township has engaged Digital Assurance Certification, L.L.C. on a going-forward basis with respect to its own bond and note issuances.

FINANCIAL STATEMENTS

The financial statements of the Township for the year ended December 31, 2025 are presented in Appendix B to this Official Statement. The financial statements of the Township for the year ended December 31, 2025 were audited by Suplee, Clooney & Company, independent auditors, as stated in its Independent Auditors' Report appearing in Appendix B.

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 \$3,624,044.03 from the Plan. The Township received its first installment under the Plan in the amount of \$1,812,022.01 on July 1, 2021, and its second installment under the Plan in the amount of \$1,812,022.02 on July 1, 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 has been satisfied and to spend the funds is December 31, 2026 which has been satisfied.

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

CYBER SECURITY

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

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Obligations, by certificate signed by the Chief Financial Officer, that to its knowledge such descriptions and statements, as of the date of this Official Statement and on the date of issuance of the Obligations, 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 takes responsibility for the audited financial statements to the extent specified in their Independent Auditors' Report.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein may be directed to Jeffrey Elsasser, Chief Financial Officer at (732) 294-2031.

MISCELLANEOUS

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

TOWNSHIP OF FREEHOLD IN THE COUNTY OF MONMOUTH, NEW JERSEY

Jeffrey Elsasser
Chief Financial Officer

Dated: October __, 2026

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

**INFORMATION CONCERNING
THE TOWNSHIP OF FREEHOLD**

[THIS PAGE INTENTIONALLY LEFT BLANK]

CERTAIN GENERAL INFORMATION REGARDING THE TOWNSHIP

General

The Township of Freehold, founded in 1693, is located approximately 50 miles south of New York City and 60 miles east of Philadelphia, Pennsylvania, in the western portion of Monmouth County. The Township is approximately 38 square miles.

Governing Body

Freehold Township is governed by a five-member Township Committee, all of whom are elected at large to three-year staggered terms. The Township Committee employs a Township Administrator who serves as Chief Operating Officer, and is responsible for the administration of the Township and all operating departments.

Population

According to the census concluded in the years 2000, 2010 and 2020, the population of the Township was:

<u>2020 Census</u>	<u>2010 Census</u>	<u>2000 Census</u>
35,369	36,184	31,537

The Township is composed of a large percentage of professionals who commute to surrounding financial centers for employment and to conduct business.

Township Employees

Full Time	208
Part Time	31
Seasonal	138

Police

The Township has a paid, full-time Police Department which consists of a Chief and Ranking Officer, a unit of Superior Officers, officers, as well as part-time public safety attendants and school crossing guards. Sworn personnel 77 and civilian personnel 16 for a total of 93 employees.

Utilities

All developed areas of the municipality are served by municipally owned water and sewer utilities. A regional sewer authority provides treatment services to all developed areas of Freehold Township.

Operation of Utilities

Municipal public utilities are supported by the revenue generated by the respective operations of the utilities in addition to the general taxing power upon real property in case of deficit.

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 provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the “Current” or operating budget.

Pension Plans

Municipal employees are covered under the Public Employees Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Sworn Police personnel are covered under the Police and Firemen’s Retirement System (PFRS). The Pension Plans are administered by the State of New Jersey (PERS and PFRS) and Prudential (DCRP) and all contributions are current.

Capital Budget

In accordance with the Local Budget Law, each local unit with a population of 10,000 or more should adopt and annually revise a six-year capital program which is part of the annual 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 the next six years.

Employment and Unemployment Comparisons

For the years 2021 to 2025 the New Jersey Department of Labor reported the following annual average employment information for the Township of Freehold, County of Monmouth and State of New Jersey:

	<u>Township of Freehold</u>			
	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2025	18,111	17,404	707	3.9%
2024	18,199	17,537	662	3.6
2023	19,584	18,880	704	3.6
2022	19,504	19,043	461	2.4
2021	17,849	16,815	1,034	5.8

	<u>County of Monmouth</u>			
	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2025	335,410	322,193	13,594	4.0%
2024	337,410	324,753	12,657	3.8
2023	351,748	338,128	13,620	3.9
2022	350,447	341,062	9,385	2.7
2021	325,543	310,383	15,160	4.7

	<u>State of New Jersey</u>			
	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
2025	4,919,038	4,655,408	263,630	5.4%
2024	4,903,331	4,678,030	225,301	4.6
2023	4,822,968	4,605,191	217,777	4.5
2022	4,764,700	4,607,500	157,200	3.3
2021	4,632,670	4,398,562	234,108	5.1

Source: U.S. Bureau of Labor Statistics
Local Area Unemployment Statistics, December 31, 2025

Ten Largest Non-Governmental Employers

The ten largest non-governmental employers in the Township of Freehold employ approximately 3,799 employees year-round. Since 2021, post - COVID employment numbers have not been made available for the Township's use.

	<u>Non-Governmental Employers</u>	<u>Estimated Number of Employees</u>
1	CentraState Medical Center	1,958
2	Shoprite	301
3	Wal-Mart Supercenter	276
4	Durham School Services	234
5	Applewood Estates	207
6	Freehold Cartage, Inc.	190
7	Sams Club	179
8	Allaire Rehab & Nursing	160
9	Freehold Family YMCA	154
10	Home Depot	140
	Total	3,799

Per Capita Income (Freehold Township)

<u>Per Capita Income</u>		<u>Per Capita Income Rank</u>	
2025	\$63,768	2025	20 th of 53

Source: NJ Home Town Locator as of 2025

Building Permits Issued

<u>Year</u>	<u>Number</u>	<u>Total Value of Construction</u>
2025	2,452	\$97,603,557
2024	2,655	89,741,012
2023	2,340	70,857,579
2022	2,499	64,729,266
2021	2,416	53,061,608

FINANCIAL INFORMATION REGARDING THE TOWNSHIP
Summary of Statutory Debt Condition as of December 31, 2025

	<u>Gross Debt</u>	<u>Statutory Deduction (1)</u>	<u>Net Debt</u>
Local School Debt:			
Bonds Issued (2)	\$154,828,000	\$154,828,000	\$ -
Authorized But Not Issued	-	-	-
Regional School Debt:			
Share of Bonds Issues (2)	2,409,375	2,409,058	-
Municipal Debt:			
Water/Sewer Utility:			
Bonds and Notes Issued	22,725,000	22,725,000	-
Authorized But Not Issued	12,072,902	12,072,902	-
General:			
Bonds and Notes Issued	72,930,301	21,150,485	51,779,816
Authorized But Not Issued	23,746,805	-	23,746,805
	<u>\$288,712,805</u>	<u>\$213,185,444</u>	<u>\$75,526,621</u>

Equalized Valuation Basis \$9,747,598,404*

Percentage of Net Debt to Equalized Valuation Basis 0.775%
Net Debt per Capita \$2,135.39
Percentage of Net Debt per Capita 6.037%

Percentage of Gross Debt to Equalized Valuation Basis 2.962%
Gross Debt per Capita 8,162.86
Percentage of Gross Debt per Capita 23.079%

Ratio to Assessed Value 0.750%

Borrowing Power of Freehold Township	
@ 3.5% of Average Equalized Valuations	\$341,165,944
Net Debt Authorized	<u>75,526,621</u>
Remaining Borrowing Power	<u>\$265,639,322</u>

Overlapping Debt:

County of Monmouth, New Jersey (3)	32,685,401
Manasquan River Regional Sewerage Authority (4)	525,632

*Based on 3yr Average (2023-2025 Equalized Valuations)

(1) Deductions column is utilized only to reflect deductions permitted under New Jersey Statutes in determining the portion of School and Utility Debt that is charged to the borrowing capacity of the Municipality and is not intended to reflect that the debt is payable from a source other than the Township.

(2) The School and Utility Debt set forth above are not included in the Net Debt figure since New Jersey Statutes provide that such Debt need not be included in determining the Statutory borrowing capacity of the Township.

(3) Township of Freehold obligation constitutes 4.60997% of outstanding debt of the County of Monmouth as of December 31, 2025

(4) Township of Freehold obligation constitutes 3.90804% of outstanding debt of the Manasquan River Regional Sewerage Authority as of December 31, 2025

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>
2025	\$1.673	\$75,526,621	0.750%
2024	1.825	74,326,234	0.810
2023	1.825	67,782,079	0.809
2022	1.981	58,996,596	0.780
2021	2.121	68,068,080	0.970

Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2025	\$174,943,362	\$173,225,366	99.07%
2024	167,943,362	166,212,688	98.97
2023	159,387,618	157,646,112	98.91
2022	151,954,447	150,981,505	99.36
2021	148,587,103	147,380,198	99.19

Tax Rate Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	\$1.673	\$1.781	\$1.825	\$1.981	\$2.121
Local Municipal Purpose Tax (Including Municipal Open Space)	0.287	0.309	0.326	0.347	0.365
Monmouth County Taxes	0.212	0.236	0.233	0.251	0.284
Local District School Tax	0.804	0.854	0.898	0.992	1.060
Regional High School Tax	0.370	0.382	0.368	0.391	0.412

**Township of Freehold
Water-Sewer Utility Rents History
For the Years Ended**

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Collections</u>
2025	\$724,529	\$12,997,686	\$12,879,527
2024	771,759	13,374,800	13,449,309
2023	782,892	13,025,656	13,037,280
2022	652,229	12,648,083	12,723,064
2021	577,248	12,129,748	12,054,610

Schedule of Bond Maturities (As of December 31, 2025)

<u>General Capital Outstanding Issues</u>			<u>Water-Sewer Utility Outstanding Issues</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$6,160,000	\$1,344,281	\$1,700,000	\$386,212	\$9,590,493
2027	5,765,000	1,179,256	1,750,000	341,600	9,035,856
2028	5,080,000	1,014,638	1,265,000	293,600	7,653,238
2029	4,430,000	864,625	1,285,000	256,850	6,836,475
2030	4,525,000	735,675	1,320,000	214,500	6,795,175
2031-2035	13,760,000	1,874,775	3,965,000	486,550	20,086,325
2036-2037	3,815,000	186,200	925,000	37,000	4,963,200
	\$43,535,000	\$7,199,450	\$12,210,000	\$2,016,312	\$64,960,762

Schedule of Green Trust Loan Program

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
February 2026	\$19,287.95	\$192.88
May 2026	8,963.52	363.95
November 2026	9,053.16	274.32
May 2027	9,143.69	183.79
November 2027	9,235.13	92.35
	<u>\$55,683.45</u>	<u>\$1,107.29</u>

Ten Largest Assessments 2025

<u>Assessed To</u>	<u>Description</u>	<u>2025 Assessment</u>	<u>As a Percentage of Assessed Value of Real Property</u>
Freemall Associates	Retail Mall	275,000,000	2.69%
Eagle Rock Advisors	Apartment Complex	81,182,400	0.80
Iron Mountain Information Management, Inc.	Storage Facility	70,193,100	0.69
Applewood Estates	Center for Aging	62,408,800	0.61
JSM at Eaton Commercial LLC	Retail Stores	51,336,000	0.50
Silver Shore Land Co. LLC	Distributor	41,505,300	0.41
Freehold Industrial Owner LLC	Real Estate	37,195,600	0.36
New Jersey Bell Telephone Company	Communications Company	30,935,500	0.30
Freemall Associates	Retail Stores	30,338,100	0.30
Ronardi Freehold Enterprises	Retail Stores	30,308,300	0.30

Equalized Valuation

<u>Year</u>	<u>Equalized Valuation</u>
2025	\$9,747,598,404
2024	9,685,268,921
2023	9,489,611,917
2022	8,361,314,337
2021	7,284,810,776

Assessed Valuation of Real Property 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>Apartments (# of Parcels)</u>	<u>Taxable Value</u>	<u>Commercial (# of Parcels)</u>	<u>Taxable Value</u>
2025	421	\$96,379,000	11,610	\$7,921,671,800	3	\$161,518,400	412	\$1,639,903,000
2024	485	95,450,100	11,543	7,060,898,225	3	159,396,700	412	1,578,749,000
2023	502	93,866,100	11,543	6,525,385,800	3	142,719,700	408	1,468,978,100
2022	461	72,531,700	11,527	5,699,466,100	2	103,968,000	410	1,384,100,100
2021	399	52,455,300	11,496	5,103,047,500	2	101,720,900	406	1,399,760,900

<u>Year</u>	<u>Farm- Regular (# of Parcels)</u>	<u>Taxable Value</u>	<u>Farm- Qualified (# of Parcels)</u>	<u>Taxable Value</u>	<u>Industrial (# of Parcels)</u>	<u>Taxable Value</u>	<u>Total Real Property</u>	<u>Personal Property</u>
2025	68	\$46,879,100	149	\$1,395,500	32	\$388,098,000	\$10,213,596,325	-
2024	70	40,332,400	149	1,359,900	31	277,410,000	9,213,596,325	-
2023	73	39,158,600	163	1,370,300	31	233,111,600	8,504,590,200	-
2022	74	34,120,300	171	1,445,000	30	186,909,000	7,482,540,200	-
2021	75	32,672,100	171	1,490,000	30	176,972,900	6,868,119,600	-

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund		
2025	\$23,364,481	\$12,848,714
2024	21,279,716	11,779,916
2023	17,135,211	9,101,328
2022	15,141,877	8,641,876
2021	12,746,836	7,746,802
Water/Sewer Utility Operating Fund		
2025	\$8,012,206	\$3,951,567
2024	9,932,611	4,239,830
2023	9,713,822	4,038,243
2022	10,158,505	3,785,232
2021	9,928,768	3,176,605

APPENDIX B

**FINANCIAL STATEMENTS OF
THE TOWNSHIP OF FREEHOLD**

[THIS PAGE INTENTIONALLY LEFT BLANK]



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Freehold
County of Monmouth
Freehold, New Jersey 07728

Report on 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 Freehold (the "Township"), as of and for the year ended December 31, 2025 and 2024, 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, 2025, 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, 2025 and 2024, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2025.

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 balances sheets of the various individual funds and account group as of December 31, 2025 and 2024, 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, 2025 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*, the *Uniform Guidance* 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*, the *Uniform Guidance* 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 July 28, 2026 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 LLC
Certified Public Accountants

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

July 28, 2026

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
<u>Regular Funds</u>		
Cash and Cash Equivalents - Treasurer	\$ 36,052,634.76	\$ 34,260,259.27
Investments	27,572,113.96	25,472,038.66
Change Funds	1,325.00	1,325.00
	<u>63,626,073.72</u>	<u>59,733,622.93</u>
Receivables with Full Reserves:		
Delinquent Property Taxes Receivable	1,625,504.28	1,704,333.91
Tax Title Liens Receivable	335,582.02	321,979.65
Property Acquired for Taxes at Assessed Value	1,102,850.00	1,102,850.00
Miscellaneous Receivables	14,292.26	77,005.16
Revenue Accounts Receivable	71,296.26	65,864.94
Interfunds:		
Other Trust Fund	177,523.09	599,230.72
General Capital Fund		70,000.00
Water-Sewer Operating Fund		2,036.80
	<u>3,327,047.91</u>	<u>3,943,301.18</u>
	<u>66,953,121.63</u>	<u>63,676,924.11</u>
<u>Grant Fund</u>		
Interfund - Current Fund	1,282,413.13	717,783.03
Grants Receivable	784,716.11	1,239,172.76
	<u>2,067,129.24</u>	<u>1,956,955.79</u>
	<u>\$ 69,020,250.87</u>	<u>\$ 65,633,879.90</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Regular Funds</u>		
Liabilities:		
Appropriation Reserves	\$ 2,732,277.79	\$ 3,985,313.65
Reserve for Encumbrances	730,381.94	1,035,930.01
Due to State of New Jersey for Fees Collected	26,619.00	144,507.00
Tax Overpayments	4,868.56	
Accounts Payable	2,617.00	12,538.36
Prepaid Health Benefits	38,696.78	23,737.63
Prepaid Taxes	1,243,351.11	1,158,113.25
Due from State of New Jersey (Chapter 20, P.L. 1971)	3,250.00	10,750.00
Due County for Added and Omitted Taxes	139,767.65	174,629.78
Local District School Tax Payable	15,767,761.04	14,093,561.04
Regional High School Tax Payable	18,247,406.40	17,015,259.40
Reserve for:		
Taxes Collected on Appeal	106,303.54	106,303.54
Lone Pine Purchase	34,000.00	
Interfunds:		
Water-Sewer Utility Operating Fund	1,878.45	
Grant Fund	1,282,413.13	717,783.03
	<u>40,361,592.39</u>	<u>38,478,426.69</u>
Reserve for Receivables and Other Assets	3,327,047.91	3,943,301.18
Fund Balance	<u>23,264,481.33</u>	<u>21,255,196.24</u>
	<u>66,953,121.63</u>	<u>63,676,924.11</u>
<u>Grant Fund</u>		
Reserve for Encumbrances	231,207.32	130,100.30
Appropriated Reserves	1,715,951.71	1,815,796.94
Unappropriated Reserves	119,970.21	11,058.55
	<u>2,067,129.24</u>	<u>1,956,955.79</u>
	<u><u>\$ 69,020,250.87</u></u>	<u><u>\$ 65,633,879.90</u></u>

There were deferred school taxes on December 31, 2025 and 2024 of \$25,566,589.00

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31 2025 AND 2024

	<u>Year 2025</u>	<u>Year 2024</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 11,779,716.27	\$ 9,101,328.40
Miscellaneous Revenue Anticipated	20,225,279.09	22,509,524.74
Receipts from Delinquent Taxes	1,705,696.41	1,315,620.52
Receipts from Current Taxes	173,169,127.20	166,337,932.60
Non-Budget Revenues	2,383,360.75	1,722,747.70
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,530,835.00	3,010,977.49
Interfunds Liquidated	493,744.43	
Cancel Accounts Payable	12,538.36	13,081.89
Cancel Appropriated Grant Reserve	38,694.44	
Total Income	<u>212,338,991.95</u>	<u>204,011,213.34</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	18,525,499.00	17,849,567.98
Other Expenses	17,051,463.89	16,838,032.11
Capital Improvements	400,000.00	400,000.00
Deferred Charges and Statutory Expenditures	5,708,519.29	5,514,775.16
Municipal Debt Service	7,366,847.14	7,119,780.02
Transferred to Board of Education	948,492.00	947,653.00
Budget Totals	<u>50,000,821.32</u>	<u>48,669,808.27</u>
Municipal Open Space Tax	4,111,363.75	3,722,092.28
Special District Taxes - Fire	2,822,047.00	2,634,092.00
County Taxes	21,699,773.73	21,720,850.22
Due County for Added and Omitted Taxes	139,767.35	174,629.78
Local District School Taxes	82,003,865.00	78,638,546.00
Regional School District Taxes	37,732,158.00	35,182,953.00
Cancel Grant Receivable	38,694.44	7,290.48
Interfund Advances		36,503.16
Refund of Prior Year Revenue		1,384.70
Prior Year Deductions Disallowed	1,500.00	1,750.00
Total Expenditures	<u>198,549,990.59</u>	<u>190,789,899.89</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31 2025 AND 2024

	<u>Year 2025</u>	<u>Year 2024</u>
Excess in Revenue	\$ 13,789,001.36	\$ 13,221,313.45
Fund Balance January 1	21,255,196.24	17,135,211.19
	<u>35,044,197.60</u>	<u>30,356,524.64</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>11,779,716.27</u>	<u>9,101,328.40</u>
Fund Balance December 31	<u>\$ 23,264,481.33</u>	<u>\$ 21,255,196.24</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 4

FOR THE YEAR ENDED DECEMBER 31, 2025

	Ref.	Anticipated		Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87	
	A-1	\$ 11,779,716.27	\$	\$
Fund Balance Anticipated				
<u>Miscellaneous Revenues</u>				
Licenses:				
Alcoholic Beverages	A-7	40,000.00		45,188.00
Other	A-7	20,000.00		86,741.00
Fees and Permits:				
Construction Code Official	A-7	1,100,000.00		2,429,246.00
Other	A-7	210,000.00		271,703.80
Fines and Costs:				
Municipal Court	A-7	575,000.00		929,330.05
Interest and Costs on Taxes	A-4	130,000.00		346,058.46
Interest on Investments and Deposits	A-7	250,000.00		3,567,087.32
Cable Television Franchise Fees	A-7	236,140.00		236,140.00
Verizon Franchise Fees	A-7	260,610.76		260,610.76
State Aid:				
Energy Receipts Tax	A-7	7,506,566.00		7,506,565.94
Garden State Trust Pilot	A-7	22,420.00		22,420.00
Special Items:				
State Grants:				
Body Armor Fund	A-14	5,936.87		5,936.87
Childhood Lead Exposure	A-14		124,189.00	124,189.00
Department of Community Affairs				
Local Recreation Improvement Grant	A-14		74,000.00	74,000.00
Drunk Driving Enforcement Fund	A-14		58,481.22	58,481.22
Recycling Tonnage Grant	A-14		121,491.44	121,491.44
HDSRF Grants	A-14		140,103.38	140,103.38
				(.06)

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Anticipated		Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	Budget				
Special Items (Continued):					
Federal Grants:					
Bulletproof Vests	\$ 3,360.45	\$		\$ 3,360.45	\$
Enhancing Local Public Health Infrastructure	12,500.00			12,500.00	
FEMA BRIC	101,515.00			101,515.00	
STEP Grant	71,880.00			71,880.00	
Strengthen Public Health			64,788.00	64,788.00	
Sustaining Local Public Health			20,000.00	20,000.00	
Other Grants:					
Monmouth County Historical Commission	10,000.00			10,000.00	
National Opioid Settlement	4,949.00		60,876.06	65,825.06	
NEHA - FDA Flexible Funding			12,000.00	12,000.00	
NJ ACCHO PFL Grant	200,000.00			200,000.00	
Other Special Items:					
Shared Services Agreements:					
Board of Health - VNA Health Group	6,250.00				(6,250.00)
Board of Health Services	713,060.00			876,003.63	162,943.63
Public Works - Automotive Services	50,000.00			79,973.76	29,973.76
Public Works - Fuel Usage	230,000.00			233,763.43	3,763.43
Regional Information Technology Services	422,000.00			630,419.59	208,419.59
Regional Licensed Operational Services	80,000.00			203,199.44	123,199.44
Police - School Security Detail	156,000.00			175,211.54	19,211.54
Police - Western Monmouth Active Shooter	6,518.00			6,452.00	(66.00)
Fund Balance - General Capital Fund	505,507.10			505,507.10	
Hospital Property Tax Exemption	305,099.50			303,928.20	(1,171.30)
Hotel/Motel Tax	50,000.00			177,020.82	127,020.82

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 4

FOR THE YEAR ENDED DECEMBER 31, 2025

	Anticipated		Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	Budget				
Other Special Items (Continued):					
Uniform Fire Safety Act	\$ 60,000.00	\$		\$ 122,354.90	\$ 62,354.90
Payments in Lieu of Taxes	75,000.00			124,282.93	49,282.93
Total Miscellaneous Revenues	13,420,312.68		675,929.10	20,225,279.09	6,129,037.31
Receipts from Delinquent Taxes	925,000.00			1,705,696.41	780,696.41
Amount to be Raised by Taxes for Support of Municipal					
Budget - Local Tax for Municipal Purposes	25,210,503.29			26,633,539.23	1,423,035.94
Budget Totals	51,335,532.24		675,929.10	60,344,231.00	8,332,769.66
Non-Budget Revenues				2,383,360.75	2,383,360.75
	\$ 51,335,532.24	\$	675,929.10	\$ 62,727,591.75	\$ 10,716,130.41
	A-3		A-3		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 4 of 4

FOR THE YEAR ENDED DECEMBER 31, 2025

Analysis of Realized Revenues

Allocation of Current Tax Collection

Revenue from Collections	\$ 173,169,127.20
Allocated to School, County and Special District Taxes	148,508,975.13
Balance for Support of Municipal Budget Appropriations	<u>24,660,152.07</u>
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,973,387.16</u>
 Amount for Support of Municipal Appropriations	 \$ <u><u>26,633,539.23</u></u>

Delinquent Taxes

Taxes Receivable	\$ <u><u>1,705,696.41</u></u>
------------------	-------------------------------

Analysis of Non-Budget Revenue

Cell Phone Tower Lease	55,365.10
Division of Motor Vehicles Inspection Fees	26,950.00
Finance Department	726,958.69
Fire Bureau Fees	128,396.00
Housing and Zoning Fees	210,109.85
Impound Yard Fees	25,973.00
Landlord Tenant Renewals	107,845.00
Meeting Room Rental	100.00
Planning Board Fees	170,520.28
Police Department Fees	72,719.57
Police Special Duty	576,924.88
Recycling Fees	88,135.71
Sale of Municipal Assets	181,706.96
Sign Making and Repair Services	2,001.85
State of New Jersey Administrative Fee	2,835.00
Tax Collector Fees	6,529.94
Vending Machine Commissions	<u>288.92</u>
	\$ <u><u>2,383,360.75</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>						
<u>General Government</u>						
Administrative and Executive						
Salaries and Wages	\$ 276,000.00	\$ 276,000.00	\$	266,153.51	\$ 9,846.49	\$
Other Expenses	7,500.00	7,500.00		5,021.00	2,479.00	
Public Information Office						
Salaries and Wages	27,000.00	27,000.00		19,244.71	7,755.29	
Other Expenses	7,000.00	7,000.00		726.04	6,273.96	
Purchasing Department						
Salaries and Wages	77,000.00	77,250.00		77,250.00		
Other Expenses	37,000.00	36,750.00		32,847.32	3,902.68	
Human Resources						
Salaries and Wages	64,000.00	64,250.00		64,120.74	129.26	
Other Expenses	14,000.00	15,500.00		14,723.88	776.12	
Mayor and Township Committee						
Salaries and Wages	61,000.00	61,000.00		59,980.04	1,019.96	
Other Expenses	30,000.00	30,000.00		18,516.63	11,483.37	
Municipal Clerk						
Salaries and Wages	227,000.00	228,250.00		227,904.75	345.25	
Other Expenses	113,700.00	113,700.00		100,975.72	12,724.28	
Elections						
Salaries and Wages	1,000.00	1,000.00		572.91	427.09	
Other Expenses	18,700.00	18,700.00		18,260.77	439.23	
Financial Administration						
Salaries and Wages	195,000.00	225,250.00		225,250.00		
Other Expenses	93,650.00	93,400.00		83,325.79	10,074.21	
Audit	36,000.00	36,000.00		28,556.50	7,443.50	
Information Technology						
Salaries and Wages	167,000.00	181,750.00		181,750.00		
Other Expenses	197,000.00	190,750.00		172,107.71	18,642.29	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Revenue Administration (Collection of Taxes)					\$
Salaries and Wages	\$ 117,000.00	\$ 117,000.00	\$ 116,683.54	\$ 316.46	
Other Expenses	30,400.00	30,400.00	25,550.94	4,849.06	
Assessment of Taxes					
Salaries and Wages	172,000.00	172,000.00	168,845.81	3,154.19	
Other Expenses	258,400.00	258,400.00	203,091.59	55,308.41	
Cost of Tax Appeals	100,000.00	93,500.00		93,500.00	
Legal Services and Costs					
Other Expenses	350,000.00	350,000.00	298,306.21	51,693.79	
Affordable Housing Services and Costs					
Other Expenses	150,000.00	150,000.00	50,394.40	99,605.60	
Engineering Services and Costs					
Salaries and Wages	351,000.00	351,000.00	233,428.65	117,571.35	
Other Expenses	27,700.00	27,700.00	25,105.83	2,594.17	
Historical Preservation					
Other Expenses	5,700.00	5,700.00	1,200.00	4,500.00	
Municipal Land Use Law Planning Board					
Salaries and Wages	206,000.00	206,000.00	203,947.08	2,052.92	
Other Expenses	56,600.00	56,600.00	15,403.54	41,196.46	
Insurance					
Other Insurance	740,289.60	740,289.60	735,362.00	4,927.60	
Workmen's Compensation	570,977.60	570,977.60	568,722.00	2,255.60	
Group Insurance for Employees	7,614,524.00	7,614,524.00	7,093,893.61	520,630.39	
Health Benefit Waiver	200,000.00	200,000.00	191,712.50	8,287.50	
Code Enforcement - Other					
Salaries and Wages	229,000.00	229,000.00	199,829.29	29,170.71	
Other Expenses	12,200.00	12,200.00	9,500.00	2,700.00	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Public Safety</u>					
Police					
Salaries and Wages	\$ 9,963,000.00	\$ 9,758,999.00	\$ 9,415,785.79	\$ 343,213.21	\$
Salaries and Wages - School Security Detail	156,000.00	156,000.00	156,000.00		
Other Expenses	573,600.00	573,600.00	403,254.40	170,345.60	
Office of Emergency Management					
Salaries and Wages	5,000.00	5,000.00	4,887.76	112.24	
Other Expenses	500.00	500.00		500.00	
Bureau of Fire Protection					
Salaries and Wages	52,000.00	52,000.00	49,964.28	2,035.72	
Other Expenses	5,500.00	5,500.00	265.58	5,234.42	
Uniform Fire Safety Act					
Salaries and Wages	83,000.00	83,000.00	81,762.95	1,237.05	
Other Expenses	13,000.00	13,000.00	6,395.00	6,605.00	
Municipal Prosecutor					
Other Expenses	82,500.00	85,000.00	78,095.16	6,904.84	
<u>Public Works</u>					
Road Repairs and Maintenance					
Salaries and Wages	1,222,000.00	1,222,000.00	1,127,959.42	94,040.58	
Other Expenses	306,600.00	306,600.00	238,233.71	68,366.29	
Snow Removal					
Salaries and Wages	225,000.00	225,000.00	169,916.44	55,083.56	
Other Expenses	225,000.00	225,000.00	224,851.91	148.09	
Shade Tree Commission					
Salaries and Wages	58,000.00	58,000.00	12,615.18	45,384.82	
Other Expenses	18,000.00	18,000.00	9,654.12	8,345.88	
Recycling					
Salaries and Wages	154,000.00	154,000.00	115,926.23	38,073.77	
Other Expenses	965,000.00	965,000.00	933,425.94	31,574.06	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Public Buildings and Grounds	\$ 410,000.00	\$ 402,500.00	\$ 392,019.10	\$ 10,480.90	\$
Salaries and Wages	150,000.00	157,500.00	153,855.53	3,644.47	
Other Expenses					
Equipment Maintenance and Repair	417,000.00	417,000.00	349,143.00	67,857.00	
Salaries and Wages	388,650.00	393,150.00	365,356.17	27,793.83	
Other Expenses					
Condominium Services Act	120,000.00	90,000.00	88,176.90	1,823.10	
Other Expenses					
<u>Health and Welfare</u>					
Board of Health	339,000.00	339,000.00	251,329.77	87,670.23	
Salaries and Wages	89,850.00	89,850.00	77,589.06	12,260.94	
Other Expenses					
Animal Control	82,000.00	104,500.00	102,458.00	2,042.00	
Other Expenses					
Environmental Commission	400.00	400.00		400.00	
Other Expenses					
<u>Recreation and Education</u>					
Board of Recreation Commissioners	509,000.00	624,000.00	618,148.80	5,851.20	
Salaries and Wages	148,700.00	148,700.00	148,577.60	122.40	
Other Expenses					
Senior Center	200,000.00	210,000.00	208,687.83	1,312.17	
Salaries and Wages	41,000.00	41,500.00	41,403.75	96.25	
Other Expenses					
<u>Municipal Court</u>					
Municipal Court	437,000.00	441,000.00	440,870.79	129.21	
Salaries and Wages	24,300.00	26,800.00	24,827.31	1,972.69	
Other Expenses					
Public Defender	38,500.00	38,500.00	38,500.00		
Other Expenses					

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>Uniform Construction Code</u>					
State Uniform Construction Code Official					
Salaries and Wages	\$ 640,000.00	\$ 640,000.00	\$ 638,822.65	\$ 1,177.35	\$
Other Expenses	28,700.00	28,700.00	25,607.62	3,092.38	
<u>Unclassified</u>					
Utilities:					
Electricity	250,000.00	250,000.00	209,380.78	40,619.22	
Street Lighting	300,000.00	300,000.00	264,599.06	35,400.94	
Telephone	150,000.00	150,000.00	137,502.95	12,497.05	
Water and Sewer	75,000.00	75,000.00	54,934.27	20,065.73	
Natural Gas	155,000.00	155,000.00	141,554.69	13,445.31	
Gasoline	425,000.00	365,000.00	314,556.82	50,443.18	
Total Operations within Caps	32,368,141.20	32,270,640.20	29,855,161.33	2,415,478.87	
Contingent	1.00	1.00		1.00	
Total Operations (Including Contingent) within Caps	32,368,142.20	32,270,641.20	29,855,161.33	2,415,479.87	
Detail:					
Salaries and Wages	17,240,000.00	17,204,249.00	16,270,513.52	933,735.48	
Other Expenses	15,128,142.20	15,066,392.20	13,584,647.81	1,481,744.39	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Public Employees Retirement System	1,223,784.00	1,223,784.00	1,191,871.69	31,912.31	
Social Security System (O.A.S.I.)	1,297,491.29	1,357,491.29	1,331,804.43	25,686.86	
Police and Firemen's Retirement System of NJ	2,799,244.00	2,799,244.00	2,799,244.00		
Unemployment Compensation Insurance	65,000.00	65,000.00	65,000.00		
Defined Contribution Retirement Program	8,000.00	8,000.00	2,808.52	5,191.48	
Accumulated Leave Compensation	75,000.00	75,000.00	75,000.00		
Accumulated Absence Liability	180,000.00	180,000.00	180,000.00		
Total Statutory Expenditures within Caps	5,648,519.29	5,708,519.29	5,645,728.64	62,790.65	
Total Appropriations within Caps	38,016,661.49	37,979,160.49	35,500,889.97	2,478,270.52	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
SFSP Fire District Payment	\$ 9,252.00	\$ 9,252.00	\$ 9,252.00		\$
Local Matching Fund for Grants	31,723.45	31,723.45	31,723.45		
<u>Shared Service Agreements</u>					
Board of Health					
Salaries and Wages	672,000.00	672,000.00	556,836.79	115,163.21	
Other Expenses	41,060.00	41,060.00	24,332.50	16,727.50	
Board of Health - VNA Health Group					
Salaries and Wages	3,250.00	3,250.00		3,250.00	
Other Expenses	3,000.00	3,000.00		3,000.00	
Information Technology					
Salaries and Wages	422,000.00	430,000.00	429,985.78	14.22	
Licensed Operational Services					
Salaries and Wages	60,000.00	60,000.00	21,245.11	38,754.89	
Dispatch Services					
County of Monmouth					
Other Expenses	417,880.82	417,881.82	417,881.00	.82	
Road Repair and Maintenance					
Fuel Oil					
Other Expenses	250,000.00	250,000.00	201,492.80	48,507.20	
Equipment Maintenance					
Other Expenses	50,000.00	67,500.00	63,697.09	3,802.91	
Police - School Security Detail					
Salaries and Wages	156,000.00	156,000.00	145,801.25	10,198.75	
Western Monmouth Active Shooter					
Other Expenses	6,584.00	6,584.00	4,820.23	1,763.77	
Construction Code - Borough of Freehold					
Other Expenses	60,000.00	72,000.00	59,176.00	12,824.00	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Public and Private Programs Offset by Revenues</u>					
State Grants:					
Body Armor Fund	\$ 3,360.45	\$ 3,360.45	\$ 3,360.45	\$	\$
Childhood Lead Exposure		124,189.00	124,189.00		
Drunk Driving Enforcement Fund		58,481.22	58,481.22		
HDSRF Grants		140,103.38	140,103.38		
Monmouth County Historical Commission	10,000.00	10,000.00	10,000.00		
Recreation Improvement Grant		74,000.00	74,000.00		
Recycling Tonnage Grant		121,491.44	121,491.44		
Strengthen Public Health		64,788.00	64,788.00		
Federal Grants:					
Bulletproof Vests	5,936.87	5,936.87	5,936.87		
Enhancing Local Public Health Infrastructure	12,500.00	12,500.00	12,500.00		
FEMA - BRIC	101,515.00	101,515.00	101,515.00		
NACCHO PRF	200,000.00	200,000.00	200,000.00		
NEHA - FDA Flex Funding		12,000.00	12,000.00		
STEP Grant	71,880.00	71,880.00	71,880.00		
Sustaining Local Public Health		20,000.00	20,000.00		
Other Grants:					
National Opioid Settlement	4,949.00	65,825.06	65,825.06		
Total Operations excluded from Caps	<u>2,592,891.59</u>	<u>3,306,321.69</u>	<u>3,052,314.42</u>	<u>254,007.27</u>	
Detail:					
Salaries and Wages	1,313,250.00	1,321,250.00	1,153,868.93	167,381.07	
Other Expenses	1,279,641.59	1,985,071.69	1,898,445.49	86,626.20	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	<u>400,000.00</u>	<u>400,000.00</u>	<u>400,000.00</u>		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	\$ 5,203,100.00	\$ 5,203,100.00	\$ 5,203,100.00	\$	\$
Payment of Bond Anticipation and Capital Notes	200,000.00	200,000.00	200,000.00		
Interest on Bonds	1,002,000.00	1,002,000.00	1,001,485.63		514.37
Interest on Notes	600,000.00	600,000.00	593,247.50		6,752.50
M.C.I.A. Lease Principal	350,000.00	350,000.00	327,928.63		22,071.37
M.C.I.A. Lease Interest	49,000.00	49,000.00	41,085.38		7,914.62
Total Municipal Debt Service excluded from Caps	<u>7,404,100.00</u>	<u>7,404,100.00</u>	<u>7,366,847.14</u>		<u>37,252.86</u>
<u>TRANSFERRED TO BOARD OF EDUCATION</u>					
Board of Education	948,492.00	948,492.00	948,492.00		
Total General Appropriations excluded from Caps	<u>11,345,483.59</u>	<u>12,058,913.69</u>	<u>11,767,653.56</u>	<u>254,007.27</u>	<u>37,252.86</u>
Subtotal General Appropriations	\$ 49,362,145.08	\$ 50,038,074.18	\$ 47,268,543.53	\$ 2,732,277.79	\$ 37,252.86
Reserve for Uncollected Taxes	<u>1,973,387.16</u>	<u>1,973,387.16</u>	<u>1,973,387.16</u>		
Total General Appropriations	<u>\$ 51,335,532.24</u>	<u>\$ 52,011,461.34</u>	<u>\$ 49,241,930.69</u>	<u>\$ 2,732,277.79</u>	<u>\$ 37,252.86</u>
Budget					
Added by N.J.S. 40A:4-87	\$ 51,335,532.24				
	<u>675,929.10</u>				
	<u>\$ 52,011,461.34</u>				
Disbursements			\$ 45,420,367.72		
Reserve for:					
Encumbrances			730,381.94		
Uncollected Taxes			1,973,387.16		
Interfund - Grant Fund			<u>1,117,793.87</u>		
			<u>\$ 49,241,930.69</u>		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
<u>Animal Control Trust Fund</u>		
Cash	\$ 39,615.82	\$ 35,436.62
<u>Other Trust Fund</u>		
Cash	\$ 21,640,665.59	\$ 21,846,865.80
Promissory Note Receivable	400,000.00	400,000.00
	<u>\$ 22,040,665.59</u>	<u>\$ 22,246,865.80</u>
	<u>\$ 22,080,281.41</u>	<u>\$ 22,282,302.42</u>
<u>Liabilities and Reserves</u>		
<u>Animal Control Trust Fund</u>		
Prepaid Licenses	\$ 13,494.60	\$ 12,201.00
Due State of New Jersey	43.20	31.20
Reserve for Animal Control Trust Fund	26,078.02	23,204.42
	<u>\$ 39,615.82</u>	<u>\$ 35,436.62</u>
<u>Other Trust Fund</u>		
Miscellaneous Reserves	\$ 21,463,142.50	\$ 21,247,635.08
Reserve for Promissory Note Receivable	400,000.00	400,000.00
Interfund - Current Fund	177,523.09	599,230.72
	<u>\$ 22,040,665.59</u>	<u>\$ 22,246,865.80</u>
	<u>\$ 22,080,281.41</u>	<u>\$ 22,282,302.42</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 30,015,182.62	\$ 27,942,866.82
Grants Receivable	1,888,836.30	1,727,358.30
Loan Receivable	349,854.81	346,864.81
Deferred Charges to Future Taxation:		
Funded	43,590,683.45	49,663,663.52
Unfunded	51,544,305.09	36,889,155.09
Capital Lease	689,420.00	1,037,740.00
Installment Note	1,542,117.23	1,679,272.26
	<u>\$ 129,620,399.50</u>	<u>\$ 119,286,920.80</u>
<u>Liabilities, Reserves and Fund Balance</u>		
General Serial Bonds	\$ 43,535,000.00	\$ 49,540,000.00
Green Trust Loan	55,683.45	123,663.52
Bond Anticipation Notes	27,797,500.00	14,872,500.00
Installment Note Payable	1,542,117.23	1,679,272.26
Interfund - Current Fund		70,000.00
Improvement Authorizations:		
Funded	7,724,371.95	8,456,007.57
Unfunded	35,957,204.76	35,286,431.15
Reserve for Encumbrances	5,765,032.59	2,379,287.39
Capital Improvement Fund	32,150.00	
Down Payments on Improvements	86,476.58	86,476.58
M.C.I.A. Lease Payable	689,420.00	1,037,740.00
Reserve for:		
Debt Service	2,715,484.58	1,965,484.58
Historical Preservation	9,203.20	9,203.20
Improvements	21,376.00	21,376.00
Grants Receivable	1,560,225.75	1,398,747.75
Reserve for Receivables:		
Loans Receivable	349,854.81	346,864.81
Fund Balance	<u>1,779,298.60</u>	<u>2,013,865.99</u>
	<u>\$ 129,620,399.50</u>	<u>\$ 119,286,920.80</u>

There were bonds and notes authorized but not issued on December 31, 2025 and 2024 of \$23,746,805.09 and \$22,016,655.09, respectively

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF CHANGE IN FUND BALANCE

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2025

Balance December 31, 2024	\$ 2,013,865.99
Increased by:	
Receipts:	
Premium on Sale of Notes	<u>270,939.71</u>
	2,284,805.70
Decreased by:	
Capital Fund Balance to Current Fund	<u>505,507.10</u>
Balance December 31, 2025	<u><u>\$ 1,779,298.60</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 729,184.14	\$ 2,449,608.66
Investments	8,310,308.76	8,079,810.13
Cash - Change Fund	100.00	100.00
	<u>9,039,592.90</u>	<u>10,529,518.79</u>
Receivables with Full Reserves:		
Water Charges Receivable	309,894.36	281,398.63
Sewer Charges Receivable	532,792.41	443,129.95
Bankruptcy Utility Charges	491.67	2,730.12
Miscellaneous Receivables	15,182.13	15,096.53
	<u>858,360.57</u>	<u>742,355.23</u>
Interfunds:		
Current Fund	1,878.45	
Water-Sewer Utility Capital Fund	25,000.00	7,500.00
	<u>885,239.02</u>	<u>749,855.23</u>
Total Operating Fund	<u>9,924,831.92</u>	<u>11,279,374.02</u>
Capital Fund:		
Cash and Cash Equivalents	11,855,463.02	12,307,604.34
Connection Fees Receivable	18,576.00	18,576.00
Fixed Capital	61,945,090.07	61,945,090.07
Fixed Capital Authorized and Uncompleted	39,573,569.90	31,125,569.90
Total Capital Fund	<u>113,392,698.99</u>	<u>105,396,840.31</u>
	<u>\$ 123,317,530.91</u>	<u>\$ 116,676,214.33</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>		
Operating Fund:		
Appropriation Reserves	\$ 594,827.33	\$ 245,873.27
Reserve for Encumbrances	242,064.05	99,909.63
Interfund - Current Fund		2,036.80
Prepaid Water-Sewer Rents	63,418.88	52,181.45
Accrued Interest on Bonds and Notes	153,955.28	142,940.40
	<u>1,054,265.54</u>	<u>542,941.55</u>
Reserve for Receivables	858,360.57	742,355.23
Operating Fund Balance	8,012,205.81	9,994,077.24
Total Operating Fund	<u>9,924,831.92</u>	<u>11,279,374.02</u>
Capital Fund:		
Interfund - Water-Sewer Utility Operating Fund	25,000.00	7,500.00
Improvement Authorizations:		
Funded	1,707,871.29	1,801,223.91
Unfunded	18,871,659.97	12,286,281.79
Reserve for Encumbrances	1,009,777.13	3,245,900.51
Capital Improvement Fund	629,752.57	579,752.57
Reserve for Amortization	60,450,319.16	59,953,070.77
Deferred Reserve for Amortization	6,144,858.77	4,864,427.16
Serial Bonds	12,210,000.00	13,872,000.00
Bond Anticipation Notes	10,525,000.00	7,060,000.00
M.C.I.A. Lease Payable	115,580.00	156,260.00
Reserve for Infrastructure Contribution	83,964.29	83,964.29
Reserve for Accounts Receivable	18,576.00	18,576.00
Fund Balance	1,600,339.81	1,467,883.31
Total Capital Fund	<u>113,392,698.99</u>	<u>105,396,840.31</u>
	<u>\$ 123,317,530.91</u>	<u>\$ 116,676,214.33</u>

There were bonds and notes authorized but not issued on December 31, 2025 and 2024 of \$12,072,902.04 and \$7,164,902.04, respectively

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-1

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2025

Balance December 31, 2024			\$ 1,467,883.31
Increased by:			
Premium on Sale of Notes	\$ 90,936.00		
Joint Project Proceeds - Mall Tank Storage	<u>315,000.00</u>		
		405,936.00	
		<u>1,873,819.31</u>	
Decreased by:			
Anticipated as Revenue in Utility Operating		<u>273,479.50</u>	
Balance December 31, 2025			\$ <u><u>1,600,339.81</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-2

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>Year 2025</u>	<u>Year 2024</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 4,239,829.50	\$ 4,038,243.17
Rents:		
Water Charges	4,691,477.62	4,992,941.65
Sewer Charges	8,188,049.82	8,339,741.82
Bankruptcy Receivable Realized	1,878.45	
Miscellaneous:		
Water Connection Fees	171,439.34	331,147.39
Sewer Connection Fees	96,013.70	267,748.98
Interest on Deposits	907,886.57	878,178.29
Fire Hydrant Service	248,800.14	245,381.59
Miscellaneous Revenue Anticipated	162,783.37	189,267.86
Fund Balance:		
Utility Capital Fund	273,479.50	68,069.33
Other Credits to Income:		
Refund of Prior Year Expenditure	25,000.00	
Unexpended Balance of Appropriation Reserves	247,812.30	914,885.91
Total Income	<u>19,254,450.31</u>	<u>20,265,605.99</u>
<u>Budget and Other Expenditures</u>		
Budget:		
Operating	13,838,150.00	13,114,850.00
Capital Improvements	200,000.00	145,023.37
Debt Service	2,500,183.24	2,236,271.93
Statutory Expenditures	458,159.00	450,962.50
	<u>16,996,492.24</u>	<u>15,947,107.80</u>
Excess in Revenues	2,257,958.07	4,318,498.19
Fund Balance January 1	9,994,077.24	9,713,822.22
	<u>12,252,035.31</u>	<u>14,032,320.41</u>
Decreased by:		
Utilization by:		
Water-Sewer Operating Budget	<u>4,239,829.50</u>	<u>4,038,243.17</u>
Fund Balance December 31	<u>\$ 8,012,205.81</u>	<u>\$ 9,994,077.24</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 4,239,829.50	\$ 4,239,829.50	\$
Water Rents	4,335,000.00	4,691,477.62	356,477.62
Sewer Rents	7,548,000.00	8,188,049.82	640,049.82
Miscellaneous:			
Water Connection Fees	100,000.00	171,439.34	71,439.34
Sewer Connection Fees	100,000.00	96,013.70	(3,986.30)
Interest on Deposits	250,000.00	907,886.57	657,886.57
Fire Hydrant Service	72,500.00	248,800.14	176,300.14
Miscellaneous Other	80,500.00	162,783.37	82,283.37
Fund Balance:			
Utility Capital Fund	273,479.50	273,479.50	
	<u>\$ 16,999,309.00</u>	<u>\$ 18,979,759.56</u>	<u>\$ 1,980,450.56</u>

D-4

Analysis of Miscellaneous Other

Interest on Delinquent Accounts		\$ 75,726.52
Miscellaneous:		
Meter Installation	\$ 13,477.66	
Reconnect and Disconnect Fees	3,009.99	
NSF Check Fees	2,166.00	
Miscellaneous Other	68,403.20	
		<u>87,056.85</u>
		<u>\$ 162,783.37</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriated		Expended		Unexpended Balance Cancelled	for operations
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating						
Salaries and Wages	\$ 1,989,000.00	\$ 1,989,000.00	\$ 1,958,363.17	\$ 30,636.83	\$	
Other Expenses	11,849,150.00	11,849,150.00	11,435,731.67	413,418.33		13,838,150.00
Capital Improvements						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00			
Capital Outlay	150,000.00	150,000.00		150,000.00		200,000.00
Debt Service						
Payment of Bond Principal	1,662,000.00	1,662,000.00	1,662,000.00			
Payment of Bond Anticipation Notes	75,000.00	75,000.00	75,000.00			
Interest on Bonds	430,000.00	430,000.00	430,000.00			
Interest on Notes	285,000.00	285,000.00	285,000.00			
M.C.I.A. - Principal	42,500.00	42,500.00	40,680.00		1,820.00	2,500,183.24
M.C.I.A. - Interest	8,500.00	8,500.00	7,503.24		996.76	
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System	306,000.00	306,000.00	306,000.00			
Social Security System (O.A.S.I.)	152,159.00	152,159.00	151,386.83	772.17		458,159.00
	<u>\$ 16,999,309.00</u>	<u>\$ 16,999,309.00</u>	<u>\$ 16,401,664.91</u>	<u>\$ 594,827.33</u>	<u>\$ 2,816.76</u>	
Reserve for Encumbrances			\$ 242,064.05			
Disbursements			15,437,097.62			
Accrued Interest on Bonds and Notes			<u>722,503.24</u>			
			<u>\$ 16,401,664.91</u>			

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

PAYROLL FUND

Exhibit G

STATEMENTS OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash	\$ <u>40,376.24</u>	\$ <u>161,724.63</u>
<u>Liabilities</u>		
Due to Various Agencies	\$ <u>40,376.24</u>	\$ <u>161,724.63</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Freehold, County of Monmouth, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or fire districts which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements No. 39, 61 and 90, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units during 2025.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as “paid or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish, and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. Under GAAP, the Township would be required to record a liability for compensated absences, including salary-related payments, as those benefits are earned and meet the recognition criteria established by GASB 101. However, under the accounting practices prescribed by the State of New Jersey, compensated absences are recorded only when due and payable. Accordingly, the Township has not recorded a liability for compensated absences in accordance with GASB 101. The compensated absence liability at December 31, 2025 is set forth in Note 9.

Fund Balance - fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Freehold Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2024 and decreased by the amount deferred at December 31, 2025.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "Local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Sale of Municipal Assets - cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Cash and Cash Equivalents (Continued)

the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system based on an inspection and historic cost analysis.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be 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.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2025 and 2024 the following changes occurred in the fixed assets of the Township:

		<u>Expended from</u>			
	<u>Balance</u>	<u>Capital or</u>	<u>Capital</u>	<u>Less:</u>	<u>Balance</u>
	<u>Jan. 1, 2025</u>	<u>Operating</u>	<u>Authorized</u>	<u>Disposals</u>	<u>Dec. 31, 2025</u>
		<u>Funds</u>			
General Fixed Assets Account Group:					
Land	\$ 122,711,084	\$ 7,549,315	\$	\$	\$ 130,260,399
Buildings and Improvements	12,053,800				12,053,800
Equipment	4,112,535	21,199		43,115	4,090,619
Motor Vehicles and Equipment	14,104,396	532,202		1,230,372	13,406,226
	<u>152,981,815</u>	<u>8,102,716</u>		<u>1,273,487</u>	<u>159,811,044</u>
Water-Sewer Utility Capital Fund:					
Fixed Capital	61,945,090				61,945,090
Fixed Capital Authorized and Uncompleted	31,125,570		8,448,000		39,573,570
	<u>93,070,660</u>		<u>8,448,000</u>		<u>101,518,660</u>
	\$ <u>246,052,475</u>	\$ <u>8,102,716</u>	\$ <u>8,448,000</u>	\$ <u>1,273,487</u>	\$ <u>261,329,704</u>

		<u>Expended from</u>			
	<u>Balance</u>	<u>Capital or</u>	<u>Capital</u>	<u>Less:</u>	<u>Balance</u>
	<u>Jan. 1, 2024</u>	<u>Operating</u>	<u>Authorized</u>	<u>Disposals</u>	<u>Dec. 31, 2024</u>
		<u>Funds</u>			
General Fixed Assets Account Group:					
Land	\$ 122,689,280	\$ 21,804	\$	\$	\$ 122,711,084
Buildings and Improvements	12,053,800				12,053,800
Equipment	4,228,396	53,659		169,520	4,112,535
Motor Vehicles and Equipment	12,346,572	2,138,090		380,266	14,104,396
	<u>151,318,048</u>	<u>2,213,553</u>		<u>549,786</u>	<u>152,981,815</u>
Water-Sewer Utility Capital Fund:					
Fixed Capital	60,998,214	607,503			61,945,090
Fixed Capital Authorized and Uncompleted	24,443,792		7,022,000		31,125,570
	<u>85,442,006</u>	<u>607,503</u>	<u>7,022,000</u>		<u>93,070,660</u>
	\$ <u>236,760,054</u>	\$ <u>2,821,056</u>	\$ <u>7,022,000</u>	\$ <u>549,786</u>	\$ <u>246,052,475</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

F. Impact of Recently Issued Accounting Principles

Recent Accounting Pronouncements

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. There are no recent GASB pronouncement that would have a significant impact on the Township's financial statements.

G. Accounting and Financial Reporting for Pensions

Governmental Accounting standards board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenditures, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounting and financial Reporting for Pensions (Continued)

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.

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

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan)

The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

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.

I. Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

At year-end the carrying amount of the Township's deposits was \$100,373,122 and the bank balance amount was \$101,590,589. Of this amount \$250,000 was covered by federal depository insurance, a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$101,162,217 and \$178,372 was not insured.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; 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 section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

At year-end, the carrying value of the Township's investments and the investment balance was \$35,882,423 of which and is reflected in the financial statements was follows:

	Current Fund	Utility Operating Fund	Total
Notes of Other Government Entities	\$ 6,401,000	\$	\$ 6,401,000
U.S Treasury Notes	21,171,114	8,310,309	29,481,423
	<u>\$ 27,572,114</u>	<u>\$ 8,310,309</u>	<u>\$ 35,882,423</u>

The Township is holding notes for the following municipalities at year end:

Municipality	Maturity Date	Interest Rate	Amount
City of Bayonne	6/24/2026	4.145%	\$ 3,000,000
Borough of Chatham	9/25/2026	4.075%	1,576,000
Borough of Manville	12/17/2026	3.310%	1,825,000
			<u>\$ 6,401,000</u>

The Township has unrealized gains on investments in U.S. Government Bonds, \$429,338 and \$186,501 for the Current Fund and Water-Sewer Utility Fund, respectively, which have been caused by interest rate fluctuations.

Securities	Total Cost	Market Value	Unrealized Gain
Government Bonds:			
Current Fund	\$ 21,171,114	\$ 21,600,452	\$ 429,338
Water-Sewer Utility Fund	8,310,309	8,496,810	186,501
Total Government Bonds	<u>\$ 29,481,423</u>	<u>\$ 30,097,262</u>	<u>\$ 615,839</u>

Guidelines established by GASB Statement No. 72 recognize a three-tiered fair value hierarchy for investments, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

U.S. Government Bonds (Continued)

At December 31, 2025, the Township had the following recurring fair value measurements:

	<u>Dec. 31, 2025</u>	<u>Fair Value Measurements Using</u>		
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Debt Securities:				
U.S. Treasuries	\$ <u>30,097,762</u>	\$ <u>30,097,762</u>	\$ <u>-</u>	\$ <u>-</u>

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

Insured:	
FDIC	\$ 250,000
GUDPA	101,162,217
Uninsured	178,372
Investments	<u>35,882,423</u>
	\$ <u>137,473,012</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

E. Interest Rate Risk

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; government money market mutual funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress; 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; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; local government investment pools; deposits with the State of New Jersey Cash Management Fund; and agreements for the purchase of fully collateralized securities with certain provisions. The County has no investment policy that would further limit its investment choices.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with New Jersey statutes.

As of December 31, 2025, the Township's investments had the following maturities:

	<u>Current Fund</u>	<u>Utility Operating Fund</u>	<u>Total</u>
Notes of Other Government Entities	\$ 6,401,000	\$	\$ 6,401,000
U.S Treasury Notes	<u>21,171,114</u>	<u>8,310,309</u>	<u>29,481,423</u>
	<u>\$ 27,572,114</u>	<u>\$ 8,310,309</u>	<u>\$ 35,882,423</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2025 and 2024 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major funds, in the aggregate, are as follows:

<u>December 31, 2025</u>	<u>Current Fund</u>	<u>Grant Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>Total (Memo Only)</u>
State	\$	\$ 366,238	\$ 1,385,742	\$	\$	\$ 1,751,980
Federal		332,208				332,208
Taxes and User Fees	1,961,086			858,361		2,819,447
Other	85,589	86,270	852,949		18,576	1,043,384
	<u>\$ 2,046,675</u>	<u>\$ 784,716</u>	<u>\$ 2,238,691</u>	<u>\$ 858,361</u>	<u>\$ 18,576</u>	<u>\$ 5,947,019</u>

<u>December 31, 2024</u>	<u>Current Fund</u>	<u>Grant Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>Total (Memo Only)</u>
State	\$	\$ 754,128	\$ 1,346,558	\$	\$	\$ 2,100,686
Federal		408,775				408,775
Taxes and User Fees	2,026,314			745,355		2,771,669
Other	142,870	76,270	727,665		18,576	965,381
	<u>\$ 2,169,184</u>	<u>\$ 1,239,173</u>	<u>\$ 2,074,223</u>	<u>\$ 745,355</u>	<u>\$ 18,576</u>	<u>\$ 6,246,511</u>

NOTE 4. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 177,523	\$ 1,245,111
Grant Fund	1,243,233	
Other Trust Fund		177,523
Water-Sewer Utility Operating Fund	26,878	
Water-Sewer Utility Capital Fund		25,000
Total	<u>\$ 1,447,634</u>	<u>\$ 1,447,634</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The purpose of these interfunds is short-term borrowing.

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

NOTE 6. SCHOOL TAXES

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

		Balance December 31			
		Local District School Taxes		Regional District School Taxes	
		2025	2024	2025	2024
Balance of Tax	\$	41,334,350	\$ 39,660,150	\$ 18,247,406	\$ 17,015,259
Deferred		25,566,589	25,566,589		
Tax Payable	\$	<u>15,767,761</u>	<u>\$ 14,093,561</u>	<u>\$ 18,247,406</u>	<u>\$ 17,015,259</u>

NOTE 7. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-term Debt

The Township's long-term debt is summarized as follows:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 7. DEBT (CONTINUED)

A. Long-term Debt (Continued)

General Capital Fund

2.00% to 3.25% General Obligation Bonds Issued December 1, 2014, installment maturities to December 1, 2026	\$ 515,000
2.125% to 2.375% General Obligation Bonds Issued December 1, 2015, installment maturities to November 1, 2027	1,550,000
2.00% to 2.375% General Obligation Refunding Bonds Issued November 8, 2017, installment maturities to September 15, 2028	2,240,000
1.00% to 4.00% General Obligation Bonds Issued November 4, 2019, installment maturities to October 15, 2031	5,095,000
1.00% to 2.00% General Obligation Bonds Issued October 28, 2021, installment maturities to October 15, 2032	7,835,000
4.00% General Obligation Bonds issued October 26, 2022, installment maturities to October 15, 2032	6,570,000
3.50% to 4.00% Open Space Bonds issued October 26, 2022, installment maturities to October 15, 2037	11,310,000
1.00% to 4.00% General Obligation Bonds issued October 22, 2024, installment maturities to October 15, 2037	<u>8,420,000</u>
	\$ <u>43,535,000</u>

Water-Sewer Utility Capital Fund

2.125% to 2.375% Utility Bonds Issued December 11, 2015, installment maturities to November 1, 2027	\$ 1,025,000
1.00% to 4.00% Utility Bonds Issued November 4, 2019, installment maturities to October 15, 2031	1,215,000
1.00% to 2.00% Utility Bonds Issued October 28, 2021, installment maturities to October 15, 2033	1,185,000
4.00% Utility Bonds issued October 26, 2022, installment Maturities to October 15, 2032	3,955,000
1.00% to 4.00% Utility Bonds issued October 22, 2024, installment maturities to October 15, 2037	<u>4,830,000</u>
	\$ <u>12,210,000</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 7. DEBT (CONTINUED)

A. Long-term Debt (Continued)

The General Capital Fund bonds mature serially in installments to the year 2037 and the Water-Sewer Utility Capital Fund bonds mature serially in installments to the year 2037. Aggregate debt service requirements are as follows:

General Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 6,160,000	\$ 1,344,281
2027	5,765,000	1,179,256
2028	5,080,000	1,014,638
2029	4,430,000	864,625
2030	4,525,000	735,675
2031-35	13,760,000	1,874,775
2036-37	3,815,000	186,200
Total	\$ <u>43,535,000</u>	\$ <u>7,199,450</u>

Water-Sewer Utility Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,700,000	\$ 386,212
2027	1,750,000	341,600
2028	1,265,000	293,600
2029	1,285,000	256,850
2030	1,320,000	214,500
2031-35	3,965,000	486,550
2036-37	925,000	37,000
Total	\$ <u>12,210,000</u>	\$ <u>2,016,312</u>

Green Trust Loan Program

The Township has two low interest loans (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. Loans of \$600,000 and \$300,000 for Opatut Park Development were finalized in September 2007 and February 2008, respectively. The Township must repay each loan in semi-annual installments over twenty years. The balance December 31, 2025 was \$55,683. Loan payments are due through 2027.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 7. DEBT (CONTINUED)

A. Long-term Debt (Continued)

Green Trust Loan Program (Continued)

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 37,304	\$ 467
2027	18,379	276
Total	\$ <u>55,683</u>	\$ <u>743</u>

Installment Purchase Agreements

The Township has entered into the following Installment Purchase Agreements

The Township has entered into an Installment Purchase Agreement in August 2022 for the preservation and conservation of agricultural land. The purchase agreement is for \$2,200,000 at 2.1% for fifteen years (through 2035). Annual payments are due August 15th of each year. The balance at December 31, 2025 is \$1,542,117.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 140,063	\$ 31,041
2027	143,033	28,072
2028	146,066	25,039
2029	149,163	21,942
2030	152,326	18,779
2031-35	<u>811,466</u>	<u>44,057</u>
Total	\$ <u>1,542,117</u>	\$ <u>168,930</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 7. DEBT (CONTINUED)

A. Long-term Debt (Continued)

Installment Purchase Agreements (Continued)

The Township has also authorized the following Installment Purchase Agreements through the Monmouth County Improvement Authority

<u>Year</u>	<u>General Capital Fund</u>	<u>Water-Sewer General Capital Fund</u>
2017	\$ 1,312,000	\$
2019	1,109,410	309,590
2021	1,158,780	143,220

As described in Note 1, the obligations under the Installment Purchase Agreements based upon the regulatory basis of accounting is as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Water-Sewer Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 304,340	\$ 31,240	\$ 42,660	\$ 5,860
2027	120,680	18,308	20,320	3,891
2028	94,590	12,678	21,410	2,812
2029	98,610	8,377	22,390	1,674
2030	34,710	3,560	4,290	440
2031	36,490	1,825	4,510	225
Total	\$ <u>689,420</u>	\$ <u>75,988</u>	\$ <u>115,580</u>	\$ <u>14,902</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 7. DEBT (CONTINUED)

B. Short-Term Debt

On December 31, 2025, the Township's outstanding Bond Anticipation Notes were as follows:

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Balance Dec. 31, 2025</u>	<u>Interest Rate</u>
21-06	Various Improvements	\$ 200,000.00	3.50%
		2,600,000.00	3.50%
23-11	Various Improvements	5,772,500.00	3.50%
		500,000.00	3.50%
24-06	Various Improvements	5,600,000.00	3.50%
25-07	Acquisition of Open Space	7,125,000.00	3.50%
25-17	Various Improvements	6,000,000.00	3.50%
		<u>\$ 27,797,500.00</u>	

<u>Ordinance Number</u>	<u>Water-Sewer Utility Capital Fund</u>	<u>Balance Dec. 31, 2025</u>	<u>Interest Rate</u>
12-13	Various Improvements to Water-Sewer System	\$ 1,302.00	3.50%
18-8	Various Improvements to Water-Sewer System	38,698.00	3.50%
20-11	Various Improvements to Water-Sewer System	100,000.00	3.50%
21-07	Various Improvements to Water-Sewer System	1,159,500.00	3.50%
		143,000.00	3.50%
		235,000.00	3.50%
23-12	Various Improvements to Water-Sewer System	125,000.00	3.50%
		2,100,000.00	3.50%
24-07	Various Improvements to Water-Sewer System	3,122,500.00	3.50%
25-18	Various Improvements to Water-Sewer System	3,500,000.00	3.50%
		<u>\$ 10,525,000.00</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 7. DEBT (CONTINUED)

C. Bonds and Notes Authorized but not Issued

At December 31 the Township had authorized but not issued bonds and notes as follows:

	<u>2025</u>	<u>2024</u>
General Capital Fund	\$ 23,746,805	\$ 22,016,655
Water-Sewer Utility Capital Fund	12,072,902	7,164,902

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2025 was .775%. The Township's remaining borrowing power is 2.725%.

The summary of municipal debt for the last three years and the calculation of statutory net debt are presented in the statistical section of this report.

E. Summary of Debt Activity

During 2025 and 2024 the following changes occurred in the issued and outstanding debt of the Township:

	<u>Balance</u> <u>Jan. 1, 2025</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2025</u>	<u>Due within</u> <u>One Year</u>
General Capital Fund:					
Serial Bonds	\$ 49,540,000	\$	\$ 6,005,000	\$ 43,535,000	\$ 6,160,000
Bond Anticipation Notes	14,872,500	13,125,000	200,000	27,797,500	27,797,500
Green Trust Loans	123,664		67,981	55,683	37,305
Water-Sewer Utility Capital Fund:					
Serial Bonds	13,872,000		1,662,000	12,210,000	1,700,000
Bond Anticipation Notes	7,060,000	3,540,000	75,000	10,525,000	10,525,000
	<u>\$ 85,468,164</u>	<u>\$ 16,665,000</u>	<u>\$ 8,009,981</u>	<u>\$ 94,123,183</u>	<u>\$ 46,219,805</u>

	<u>Balance</u> <u>Jan. 1, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Due within</u> <u>One Year</u>
General Capital Fund:					
Serial Bonds	\$ 45,915,000	\$ 9,000,000	\$ 5,375,000	\$ 49,540,000	\$ 6,005,000
Bond Anticipation Notes	18,172,500	6,100,000	9,400,000	14,872,500	14,872,500
Green Trust Loans	202,496		78,832	123,664	67,980
Water-Sewer Utility Capital Fund:					
Serial Bonds	10,170,000	5,167,000	1,465,000	13,872,000	1,662,000
Bond Anticipation Notes	7,072,000	5,222,500	5,234,500	7,060,000	7,060,000
	<u>\$ 81,531,996</u>	<u>\$ 25,489,500</u>	<u>\$ 21,553,332</u>	<u>\$ 85,468,164</u>	<u>\$ 29,667,480</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 8. TAXES AND SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>2025</u>	<u>2024</u>
Prepaid Taxes	\$ 1,243,351	\$ 1,158,113
Prepaid Water-Sewer Utility Charges	63,419	52,181

NOTE 9. ACCRUED SICK PAY BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$768,839 and \$817,063 at December 31, 2025 and 2024, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. At December 31, 2025 the Township had \$271,406 reserved for accrued sick pay benefits in the Trust Other Fund.

NOTE 10. FUND BALANCES

The fund balances at December 31, 2025 which have been appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2026 of the succeeding year is as follows:

	<u>2025</u>	<u>2024</u>
Current Fund	\$ 12,848,714	\$ 11,779,716
Water-Sewer Utility Fund	3,951,567	4,239,830

NOTE 11. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 11. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 12. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2025, the Township estimates that no material liabilities will result from such audits.

Tax Appeals

The Township has reserved \$106,304 in anticipation of successful tax appeals currently pending before the State courts.

Major Tax Assessments

Taxpayers in 2025 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Value</u>	<u>Value</u>
Freemall Associates	\$ 275,000,000	2.69%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 12. CONTINGENT LIABILITIES (CONTINUED)

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 13. GROUND LEASE

In 2005 the Township authorized a ground lease for a parcel of land utilized for the construction of affordable senior housing. The loan amount is \$299,000 bearing an interest rate of one percent (1%) per annum. There are stipulations in the lease agreements for the repayment of the ground lease to the Township. The balance receivable at December 31, 2025 and 2024 is \$349,855 and \$346,865, respectively.

NOTE 14. UNEMPLOYMENT COMPENSATION INSURANCE

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

<u>Year</u>	<u>Contributions</u>				<u>Reimbursed to State</u>	<u>Balance December 31</u>
	<u>Interest</u>	<u>Refund</u>	<u>Township</u>	<u>Employee</u>		
2025	\$ 7,830	\$	\$ 65,000	\$	\$ 172,472	\$ 197,016
2024	10,722	12,828	65,000	29,173	109,235	296,658
2023	6,486		65,000	7,764	70,960	288,170

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 15. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township is a member of the Monmouth County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Monmouth County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

The financial statements of the Township are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement and has been implemented prospectively.

Freehold Township provides post-employment medical, prescription drug and dental coverage to eligible retired employees and their spouses. Non-union employees covered under the NJPERS pension plan hired after January 1st, 2010 are not eligible for retirement coverage. Blue Collar union employees hired after January 1st, 2010 are extended coverage until Medicare eligibility. For all other employees coverage is provided for the lifetime of the participant. The surviving spouse of a deceased retiree may receive continued benefits for life. The surviving spouse of an active employee who dies while employed with the Township receives no benefits. The Township Plan is a single employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. The Township Plan does not issue a separate financial report.

Freehold Township pays 100% of the insurance cost for the retiree.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Employees and Retirees Covered - At December 31, 2025, the following participants were covered by the Township plan:

<u>Participant Data</u>	<u>Amount</u>
Active Employees	127
Retired Employees:	
Retirees	137
Beneficiaries	0
Spouses	91
Total	355

Actuarial Assumptions and Other Inputs - This valuation has been conducted as of December 31, 2025 based on census, plan design and premium information provided by the Township. Census includes 228 retired participants (including spouses and beneficiaries) and 127 active participants. Total OPEB Liability for fiscal year ending December 31, 2025 of \$98,532,678 is measured at December 31, 2024 as allowed under GASB 75.

The values are determined in accordance with GASB 75 including the Individual Entry Age Normal Cost method with the normal cost determined as a percentage of pay. Standard roll forward and backward techniques were used to adjust valuation dates to measurement dates. The following assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Cost Method	Individual Entry Age Normal as a level percentage of pay
Discount Rate	To value the Total OPEB Liability as of December 31, 2025, the S&P Municipal Bond 20-Year High Grade Bond Index rate of 4.28% as of December 31, 2025, was used. To measure the fiscal year ending December 31, 2025, expense, the Bond Buyer 20-Bond GO Index rate of 3.26% as of December 31, 2024, was used.
Inflation Rate	2.30%
Salary Increases	Sample rates for employees who are covered under the New Jersey Police and Firemen's Retirement System ("NJPFRS"):

Age	FY 2016-2026	FY 2026+
25	8.98%	9.98%
30	5.97%	6.97%
35	4.17%	5.17%
40	3.33%	4.33%
45	2.90%	3.90%
50	2.75%	3.75%
55	2.60%	3.60%
60	2.35%	3.35%
64+	2.10%	3.10%

Sample rates for employees who are covered under the New Jersey Public Employees' Retirement System ("NJPERs"):

Age	FY 2016-2026	FY 2026+
20	4.15%	5.15%
25	3.90%	4.90%
30	3.65%	4.65%
35	3.40%	4.40%
40	3.15%	4.15%
45	2.90%	3.90%
50	2.65%	3.65%
55	2.40%	3.40%
60	2.15%	3.15%
65+	1.65%	2.65%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Health Care Cost Trend Trend was calculated assuming an implied inflation rate of 2.3% per year, and actual premiums, and reflects current provisions of the Affordable Care Act of 2020 (ACA) which impose an excise tax for the first time in 2022 for medical coverage which exceeds certain premium thresholds.

<u>Year</u>	<u>Trend for Costs Prior to Age 65</u>	<u>Trend for Costs After Age 65</u>
2025	6.00%	6.60%
2026	5.50%	6.00%
2027	5.10%	5.30%
2028	4.90%	5.10%
2029	4.80%	4.90%
2030	4.70%	4.80%
2031	4.50%	4.60%
2032	4.40%	4.40%
2033	4.30%	4.30%
2034	4.10%	4.10%
2035	4.10%	4.10%
2036	4.10%	4.10%
2037	4.10%	4.10%
2038	4.10%	4.10%
2039	4.10%	4.10%
2040	4.10%	4.10%
2041	4.10%	4.10%
2042	4.10%	4.10%
2043	4.10%	4.10%
2044	4.10%	4.10%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

<u>Age</u>	<u>Medical Claims</u>			
	<u>Retirees</u>		<u>Spouses</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
50	2,664	3,347	3,444	3,967
55	3,136	3,308	3,925	4,283
60	3,636	3,651	4,443	4,565
64	4,322	4,014	5,076	4,882
65	1,163	1,031	1,163	1,031
70	1,280	1,110	1,280	1,110
75	1,413	1,176	1,413	1,176

2024 Annual Premiums - Medical

<u>Coverage</u>	<u>Younger than 65</u>	<u>Older than 65</u>
Single	\$13,991	\$9,355
2 Adults	\$29,422	\$19,632
Family	\$39,720	\$30,640
Parent & Child	\$21,973	\$17,705

2024 Annual Premiums - Prescription

<u>Coverage</u>	
Single	\$8,728
2 Adults	\$15,661
Family	\$21,143
Parent & Child	\$11,466

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Rates of Mortality Pub-2010 General Employees/Retirees Headcount -
Weighted Mortality with Improvement Scale MP-2021

Rates of Turnover Sample Rates for employees who are covered under the New Jersey Police
and Firemen's Retirement System ("NJPFPS"):

Age	Years of Service		
	2	4	10+
30	2.20%	1.31%	2.40%
35	2.25%	1.31%	2.40%
40	2.25%	1.74%	2.70%
45	2.25%	2.32%	2.80%
50	2.25%	2.00%	3.00%
55	3.20%	3.20%	3.20%
60	3.20%	3.20%	3.20%
65	0.00%	0.00%	0.00%

Sample Rates for employees who are covered under the New Jersey Public
Employees' Retirement System ("NJPERS"):

Age	Years of Service		
	<1	2	3+
30	14.67%	11.10%	6.11%
35	11.74%	8.28%	3.80%
40	10.52%	7.62%	2.77%
45	10.08%	7.14%	2.46%
50	9.58%	6.60%	1.85%
55	9.40%	6.26%	1.52%
60	9.40%	6.84%	1.52%
65	16.54%	16.54%	16.54%
70	0.00%	0.00%	0.00%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Rates of Retirement	NJPFERS		NJPERS
	Age	<25 YOS	Rate
	45	52.98%	15.40%
	46	52.98%	15.40%
	47	52.98%	15.40%
	48	56.77%	15.40%
	49	56.77%	15.40%
	50	56.77%	15.40%
	51	56.77%	15.40%
	52	56.77%	15.40%
	53	59.04%	17.48%
	54	59.04%	17.48%
	55	59.04%	11.70%
	56	66.42%	11.70%
	57	77.49%	11.70%
	58	77.49%	11.70%
	59	77.49%	21.00%
	60	77.49%	7.80%
	61	77.49%	8.40%
	62	77.49%	13.44%
	63	77.49%	10.50%
	64	77.49%	10.50%
	65	100.00%	16.54%
	66		15.75%
	67		13.65%
	68		11.55%
	69		11.55%
	70		100.00%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Spouse Assumption	Marital status is assumed not to change prior to or after retirement. 45% of active participants retiring after the valuation date are assumed to be married and elect coverage for their spouse.
Retiree Participation	80% of eligible retirees are assumed to elect to participate in the plan
Funding Policy	Pay as you go basis
Investment Rate of Return	Not applicable
Asset Valuation Method	Not applicable

Discount Rate - The discount rate is the single rate that reflects (1) the actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return and (2) the actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. For the total OPEB liability calculation as of December 31, 2025, the discount rate utilized was 4.28%.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Total OPEB Liability - The changes to the total OPEB Liability during the year ending December 31, 2025 were as follows:

Balance, January 1, 2025	\$ <u>111,202,070</u>
Changes for the Year	
Service Cost	1,608,774
Interest Cost	3,592,382
Changes of Assumptions	(12,640,377)
Benefits Paid (implicit)	<u>(5,230,171)</u>
Net Changes	<u>(12,669,392)</u>
Balance, December 31, 2025	\$ <u>98,532,678</u>

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

	At 1% Decrease (3.28%)	At Discount Rate (4.28%)	At 1% Increase (5.28%)
Total OPEB Liability	\$ <u>111,716,241</u>	\$ <u>98,532,678</u>	\$ <u>87,553,343</u>

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 healthcare cost trend rate that is 1-percentage-point lower or 1-percentage pointer higher that the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ <u>87,773,661</u>	\$ <u>98,532,678</u>	\$ <u>111,716,241</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

For the year ended December 31, 2025, the Township's OPEB expense was estimated to be \$7,882,076. At December 31, 2025, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,452,876	\$ -0-
Changes of Assumptions	<u>9,996,334</u>	<u>29,073,396</u>
	<u>\$ 29,449,210</u>	<u>\$ 29,073,396</u>

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

2026	\$ 2,822,143
2027	3,366,603
2028	1,282,553
2029	(3,888,602)
2030	(1,401,114)
Thereafter	<u>(1,805,769)</u>
	<u>\$ 375,814</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Other Supplementary Information

Schedule of Changes in the Township's Total OPEB Liability and Related Ratios

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service Cost	\$ 1,608,774	\$ 1,377,633	\$ 2,267,424	\$ 2,183,286	\$ 2,004,797
Interest Cost	3,592,382	3,813,525	2,669,093	2,247,325	2,391,949
Economic/demographic losses	-0-	1,639,052	-0-	22,761,063	27,178,330
Changes of Assumptions	(12,640,377)	5,996,287	(25,983,471)	1,110,907	(8,679,194)
Benefits Paid (implicit)	(5,230,171)	(5,471,817)	(4,787,292)	(4,861,571)	(3,869,583)
Net Change in Total OPEB Liability	<u>(12,669,392)</u>	<u>7,354,680</u>	<u>(25,834,246)</u>	<u>23,441,010</u>	<u>19,026,299</u>
Total OPEB Liability, Beginning	\$ 111,202,070	\$ 103,847,390	\$ 129,681,636	\$ 106,240,626	\$ 87,214,327
Total OPEB Liability, Ending	\$ 98,532,678	\$ 111,202,070	\$ 103,847,390	\$ 129,681,636	\$ 106,240,626
Covered Payroll	\$ 15,949,803	\$ 16,530,726	\$ 16,321,341	\$ 15,606,899	\$ 15,327,541
Total OPEB Liability as a % of Covered Payroll	617.77%	672.70%	636.27%	830.93%	693.14%

Schedule of Funding Progress

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability	\$ 98,532,678	\$ 111,202,070	\$ 103,847,390	\$ 129,681,636	\$ 106,240,626
Fiduciary Net Position	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net OPEB Liability	<u>\$ 98,532,678</u>	<u>\$ 111,202,070</u>	<u>\$ 103,847,390</u>	<u>\$ 129,681,636</u>	<u>\$ 106,240,626</u>
Funded Ratio	-0-	-0-	-0-	-0-	-0-
Covered Payroll	\$ 15,949,803	\$ 16,530,726	\$ 16,321,341	\$ 15,606,899	\$ 15,327,541
Net OPEB Liability as a % of Covered Payroll	617.77%	672.70%	636.27%	830.93%	693.14%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2025 and 2024 the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2013 and will be adjusted by the rate of return on the actuarial value of assts. Township contributions to PERS amounted to \$1,529,768 for 2025.

Net Pension Liability and Pension Expense - At December 31, 2025, the Township's proportionate share of the PERS net pension liability is valued to be \$14,029,842. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2024, to the measurement date of June 30, 2025. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2025. The Township's proportion measured as of June 30, 2025, was 0.11408%, which was an increase of 0.00166% from its proportion measured as of June 30, 2024.

Collective Balances at December 31, 2025 and December 31, 2024

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Actuarial Valuation Date (including roll forward)	July 1, 2025	July 1, 2024
Deferred Outflows of Resources	\$ 1,373,897	\$ 1,464,784
Deferred Inflows of Resources	1,409,984	1,047,251
Net Pension Liability	14,029,842	15,276,141
Township's Portion of the Plan's Total		
Net Pension Liability	0.11408%	0.11242%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2025, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2025 measurement date was \$766,437. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,529,768 to the plan in 2025.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 400,017	\$ 14,993
Changes of assumptions	2,215	161,636
Net difference between projected and actual earnings on pension plan investments		1,169,904
Changes in proportion	<u>971,665</u>	<u>63,451</u>
	\$ <u><u>1,373,897</u></u>	\$ <u><u>1,409,984</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

<u>Year Ending December 31</u>	<u>PERS</u>
2026	\$ 441,491
2027	(360,719)
2028	(236,877)
2029	(63,343)
2030	<u>183,361</u>
	\$ <u><u>(36,087)</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
June 30, 2024	5.08	-
June 30, 2025	5.15	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2025	-	5.15
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2021	-	5.00
June 30, 2022	-	5.00
June 30, 2023	-	5.00
June 30, 2024	-	5.00
June 30, 2025	-	5.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04
June 30, 2023	5.08	5.08
June 30, 2024	5.08	5.08
June 30, 2025	5.15	5.15

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, 2025, 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.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of June 30, 2025 was 0.11470% which was an increase of 0.00176 percent from its proportion measured as of June 30, 2024. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2025 and June 30, 2024 was \$48,205 and \$49,250, respectively.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	3.25 - 7.75%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2016
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2021 - June 30, 2024

Pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2025 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	28.00%	8.55%
Non-U.S. developed markets equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging markets equity	5.50%	10.30%
Private equity	13.00%	12.00%
Real estate	8.00%	10.78%
Real assets	3.00%	7.90%
High yield	4.50%	6.63%
Private credit	8.00%	9.00%
Investment grade credit	7.00%	5.47%
Cash equivalents	2.00%	3.61%
U.S. treasuries	4.00%	3.61%
Risk mitigation strategies	3.00%	7.26%
	<u>100.00%</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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 these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the 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 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 were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>(7.00%)</u>	<u>Increase</u> <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 19,206,019	\$ 14,029,842	\$ 9,618,365

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

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

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

The following represents the membership tiers for PFRS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal years 2025 and 2024 the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assts. Township contributions to PFRS amounted to \$2,799,244 for 2025.

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Net Pension Liability and Pension Expense - At December 31, 2025, the Township's proportionate share of the PFRS net pension liability is valued to be \$21,318,427. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2024, to the measurement date of June 30, 2025. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2025. The Township's proportion measured as of June 30, 2025, was 0.21257%, which was an increase of 0.01020% from its proportion measured as of June 30, 2024.

Collective Balances at December 31, 2025 and December 31, 2024

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Actuarial Valuation Date (including roll forward)	July 1, 2024	July 1, 2023
Deferred Outflows of Resources	\$ 4,880,918	\$ 2,963,804
Deferred Inflows of Resources	3,380,767	3,786,333
Net Pension Liability	21,318,427	20,897,808
Township's Portion of the Plan's Total		
Net Pension Liability	0.21257%	0.20237%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2025, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2025 measurement date was \$1,135,158. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$2,799,244 to the plan in 2025.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,746,546	\$ 405,175
Changes of assumptions	1,066,343	269,507
Net difference between projected and actual earnings on pension		
Plan investments		1,044,336
Changes in proportion	2,068,029	1,661,749
	<u>\$ 4,880,918</u>	<u>\$ 3,380,767</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

	<u>Year Ending December 31</u>	<u>PFRS</u>		
	2026	\$ 1,272,961		
	2027	(259,647)		
	2028	(94,947)		
	2029	174,871		
	2030	406,913		
		<u>\$ 1,500,151</u>		
		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	
Difference between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2020		5.90	-	
June 30, 2021		-	6.17	
June 30, 2022		6.22	-	
June 30, 2023		6.16	-	
June 30, 2024		6.09	-	
June 30, 2025		5.86	-	
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2020		-	5.90	
June 30, 2021		6.17	-	
June 30, 2022		-	6.22	
June 30, 2025		5.86	-	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2021	-	5.00
June 30, 2022	-	5.00
June 30, 2023	-	5.00
June 30, 2024	-	5.00
June 30, 2025	-	5.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2020	5.90	5.90
June 30, 2021	6.17	6.17
June 30, 2022	6.22	6.22
June 30, 2023	6.16	6.16
June 30, 2024	6.09	6.09
June 30, 2025	5.86	5.86

Special Funding Situation - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Special Funding Situation (Continued)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$4,327,583 as of December 31, 2025. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2024, to the measurement date of June 30, 2025. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2025 was 0.21257%, which was an increase of 0.01020% from its proportion measured as of June 30, 2024, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 21,318,427
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>4,327,583</u>
Total Net Pension Liability	\$ <u>25,646,010</u>

At December 31, 2024, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2024 measurement date was \$473,968.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PFRS</u>
Inflation rate:	
Price	2.50%
Wage	3.00%
Salary Increases:	
Through all future years	4.00 - 17.50%
	Based on years of service
Investment Rate of Return	7.00%
Mortality Rate Table	PubS-2016
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2021 - June 30, 2024

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

Employee mortality rates were based on the Pub-2016 Safety Employee mortality tables projected generationally from 2016 with Scale MP-2021. 5% of deaths are assumed to be accidental. Healthy annuitants, mortality rates were 100% of the Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for males and 98% of the Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for females, projected generationally from 2016 with Scale MP-2021 mortality projection. For contingent annuitants, mortality rates were 100% of the Pub-2016 Contingent Survivor Below Median amount-weighted mortality tables for males and 102% Pub-2016 Contingent Survivor Below Median amount-weighted tables for females, projected generationally from 2016 with Scale MP-2021. Disability mortality rates were 134% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2016 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2025 are summarized in the following table:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private equity	10.00%	10.10%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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 these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

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

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 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 were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>(7.00%)</u>	<u>Increase</u> <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 31,012,886	\$ 21,318,427	\$ 13,230,193

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A. 43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

NOTE 18. LEASES

The Township, as lessor, has entered into the following lease:

Cell Tower - Crown Castle. The current lease term, which includes six sub-leases, expires March 29, 2030 with no available extensions. The subleases have escalations between 2.75% and 6.50%. Payments in 2025 totaled \$55,365.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025 AND 2024

NOTE 19. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through July 28, 2026 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 need to be disclosed:

On February 25, 2026, the Township adopted ordinance O-26-3 authorizing the acquisition of open space appropriating \$2,875,000 and authorizing the issuance of \$2,731,250 of bonds or notes to finance part of the cost thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C
FORMS OF
CONTINUING DISCLOSURE CERTIFICATES

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of October 1, 2026 by the Township of Freehold, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

W I T N E S S E T H:

WHEREAS, the Issuer is issuing its Open Space Bonds, Series 2026, dated October 16, 2026 in the aggregate principal amount of \$9,855,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances and a resolution adopted by the Issuer and a certificate signed by the Issuer on October __, 2026; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer 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, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

WHEREAS, the Issuer represented in its Notice of Sale dated September 25, 2026 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on October __, 2026, the Issuer accepted the bid of _____, on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Issuer	Rule 15c2-12
Notice of Sale	SEC
	Securities and Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Newark, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated October __, 2026 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“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>.

“Operating Data” means the financial and statistical information of the Issuer of the type included in Appendix A to the Final Official Statement under the headings: “Ten Largest Non-Governmental Employers”, “Per Capita Income (Freehold Township)”, “Financial Information Regarding the Township - Summary of Statutory Debt Condition,” “General Tax Rate and Total Net Debt,” “Tax Levies and Collections,” “Water-Sewer Utility Rents History,” “Schedule of Bond Maturities”, “Ten Largest Assessments” and “Assessed Valuation of Real Property.”

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than October 1 of each year, commencing October 1, 2027 for the fiscal year ending December 31, 2026, an Annual Report to the MSRB; Notwithstanding the foregoing, if the fiscal year is not a calendar year then the Issuer shall provide the Annual Report by not later than the first day of the tenth month of each fiscal year;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a “Disclosure Event”);

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

- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (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 Rule 15c2-12) 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.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to Chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the

document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate and stating the date it was provided.

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, One Municipal Plaza, Finance Department, Freehold, New Jersey 07728, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other

provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or
- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that

such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE TOWNSHIP OF FREEHOLD, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed, all as of the date first above written.

[SEAL]

TOWNSHIP OF FREEHOLD, NEW JERSEY

By: _____
Jeffrey Elsasser, Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of October 1, 2026 by the Township of Freehold, 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 \$37,616,000 principal amount of Bond Anticipation Notes, Series 2026, consisting of \$26,200,000 General Improvement Notes, Series 2026 and \$11,416,000 Water/Sewer Utility Notes, Series 2026 (collectively, the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

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

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

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

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

ARTICLE II

OPERATING RULES

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

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

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

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

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

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

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

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

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

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

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

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

ARTICLE IV

DEFINITIONS

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

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

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

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the 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 FREEHOLD, NEW JERSEY

By: _____
Name: Jeffrey Elsasser
Title: Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D
PROPOSED FORMS OF OPINIONS OF
BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]



October __, 2026

Mayor and Township Committee
Township of Freehold
One Municipal Plaza
Freehold, New Jersey 07728

Dear Mayor and Committee Members:

We have examined certified copies of the proceedings of the Committee of the Township of Freehold, 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 by the Township of its \$9,855,000 Open Space Bonds, Series 2026 (the "Bonds"), dated the date of delivery.

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), a resolution of the Township adopted September 8, 2026 (the "Resolution") and various bond ordinances of the Township, in all respects duly adopted by the Committee of the Township.

Each of the Bonds is dated the date of delivery, bears interest at the interest rates set forth on the inside front cover page of the Official Statement relating to the Bonds and matures on October 15 on the dates and in the principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>
2027	\$525,000
2028	540,000
2029	555,000
2030	570,000
2031	585,000
2032	605,000
2033	625,000
2034	645,000
2035	665,000
2036	685,000
2037	710,000
2038	740,000

<u>Year</u>	<u>Principal Amount</u>
2039	770,000
2040	800,000
2041	835,000

The Bonds are subject to redemption prior to maturity.

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 Bonds pursuant to the Local Bond Law, and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Township.

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

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Bonds 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 Bonds.

4. Under existing law, interest on the Bonds and net gains from the sale of the Bonds 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 Bonds in order for interest on the Bonds 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 Bonds, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to

take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds 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 Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds 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 Bonds.

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

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

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

Very truly yours,

FBT GIBBONS LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]



October __, 2026

Mayor and Township Committee
Township of Freehold
One Municipal Plaza
Freehold, New Jersey 07728

Dear Mayor and Committee Members:

We have examined certified copies of the proceedings of the Mayor and Committee of the Township of Freehold, 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 \$37,616,00 aggregate principal amount of the Township's Bond Anticipation Notes, Series 2026, consisting of \$26,200,000 General Improvement Notes, Series 2026 and \$11,416,000 Water/Sewer Utility Notes, Series 2026, dated October 16, 2026 (collectively, the "Notes"). The Notes are issued in registered form, are dated October 16, 2026, and bear interest at the rate of _____ and _____ Hundredths per centum (____%) per annum and are payable at maturity on October 15, 2027. 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 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 a valid and legally binding obligation of the Township.

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

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

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

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

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

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

under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

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

Very truly yours,

FBT Gibbons LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]