

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 1, 2026

NEW ISSUE

Not Rated

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

**BOROUGH OF ROSELLE
IN THE COUNTY OF UNION, NEW JERSEY**

**\$5,250,000 BOND ANTICIPATION NOTES, SERIES 2026
(NON-CALLABLE) (BOOK-ENTRY OPTIONAL) (BANK-QUALIFIED)**

Dated: Date of Delivery

Maturity Date: October 14, 2027

Interest Rate: ___%

Yield: ___%

CUSIP No.: _____

The Borough of Roselle, in the County of Union, New Jersey (the “Borough”) is offering \$5,250,000 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the “Notes”). If the purchaser of the Notes elects to register the Notes in the name of Cede & Co. (“Cede”), as nominee for The Depository Trust Company, New York, New York (“DTC”), an automated depository for securities and clearing house transactions, which will act as securities depository for the Notes, the Notes may be purchased in book-entry form without certificates. Provided DTC or its nominee Cede is the registered owner of the Notes, 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 Notes on behalf of the individual purchasers. Individual purchases of the Notes may be made in the principal amount of \$5,000 each or any integral multiple thereof. See “DESCRIPTION OF THE NOTES – Book-Entry Only System” herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on the date shown above, and shall bear interest at the rate of interest set forth above, payable at maturity, calculated on the basis of a 360-day year of twelve 30-day calendar months. So long as DTC or its nominee is the registered owner of the Notes, principal of and interest on the Notes will be paid to DTC by the Borough at maturity. Principal of and interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of October 7, 2027.

The Notes are not subject to redemption prior to maturity.

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

The Notes will constitute general obligations of the Borough, the payment of the principal of and interest on which the full faith, credit and taxing power of the Borough is available, and all the taxable property within the Borough 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 THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if received by the Underwriter (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., Mt. Laurel, New Jersey has served as municipal advisor in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about October 15, 2026 through the facilities of DTC in New York, New York.

**BOROUGH OF ROSELLE
IN THE COUNTY OF UNION, NEW
JERSEY**

MAYOR

Donald A. Shaw

BOROUGH COUNCIL

Cindy Thomas, Council President

Brandon Bernier

Ethelyne Grimsley

Cynthia Johnson

Rosetta Mendoza McCamery

Isabel Sousa

BOROUGH ADMINISTRATOR

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East Orange, New Jersey

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Suplee, Clooney & Company

Westfield, New Jersey

MUNICIPAL ADVISOR

Acacia Financial Group, Inc.

Mt. Laurel, New Jersey

BOND COUNSEL

FBT Gibbons LLP

Newark, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Borough.

Any statements contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Notes. This Official Statement is submitted in connection with the sale of the Notes and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

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

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

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

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OFFICIAL STATEMENT

Relating to

BOROUGH OF ROSELLE IN THE COUNTY OF UNION, NEW JERSEY

\$5,250,000 BOND ANTICIPATION NOTES, SERIES 2026 (NON-CALLABLE) (BOOK-ENTRY OPTIONAL) (BANK-QUALIFIED)

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the Borough of Roselle (the "Borough"), in the County of Union (the "County"), in the State of New Jersey (the "State"), in connection with the sale and the issuance of \$5,250,000 Bond Anticipation Notes, Series 2026 (the "Notes"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

DESCRIPTION OF THE NOTES

General Description

The Notes are dated their date of delivery, will mature on October 14, 2027 and shall bear interest at the rate as set forth on the front cover page hereof, payable at maturity, calculated on the basis of a 30-day month, 360-day year. If the purchaser of the Notes elects to register the Notes with The Depository Trust Company, New York, New York ("DTC"), principal of and interest due on the Notes will be credited to the participants of DTC as listed on the records of DTC as of October 7, 2027. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Borough 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 are issuable in the form of one certificate in the aggregate principal amount of the Notes. If the purchaser of the Notes elects to register the Notes with DTC, the Notes may be purchased in book-entry only form through book-entries made on the books and records of DTC, acting as securities depository, and its participants. The Notes shall be purchased in denominations of \$5,000 each or any integral multiple thereof. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Notes, payments of the principal of and interest on the Notes will be made by the Paying Agent, directly to Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See "THE NOTES – Book-Entry Only System" below.

Redemption Provisions

The Notes are not subject to redemption prior to maturity.

Book-Entry Only System

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

The description which follows of the procedures and record keeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to DTC Participants or Beneficial Owners (as defined herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain

information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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 Notes 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 Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participant acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough, 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 Notes 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 Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Borough may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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 Borough believes to be reliable, but Borough takes no responsibility for the accuracy thereof.

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

Discontinuance of Book-Entry-Only System

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

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

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Borough is required by law

to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of and the interest due on the Notes without limitation as to rate or amount.

NO DEFAULT

The Borough has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Borough's indebtedness past due.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized pursuant to the Local Bond Law of the State of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and certain bond ordinances finally adopted by the Borough Council of the Borough and published in accordance with the requirements of the Local Bond Law.

The Notes are being issued to provide funds to (i) finance certain previously unfunded capital improvements and (ii) pay certain costs incurred in connection with the authorization, sale and issuance of the Notes, as authorized by and described in the bond ordinances set forth below:

<u>Ordinance No.</u>	<u>Project Name</u>	<u>Amount of Notes</u>
2627-20	Various Capital Improvements	\$1,400,000
2643-21	Various Capital Improvements	1,000,000
2708-23	Various Capital Improvements	1,600,000
2729-24	Acquisition of Street Sweeper	250,000
2736-24	Various Capital Improvements	1,000,000
TOTAL:		<u>\$5,250,000</u>

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to $3\frac{1}{2}\%$ of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is included in Appendix A hereto.

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

The Borough has not exceeded its statutory debt limit. As of December 31, 2025 (unaudited), the statutory net debt as a percentage of average equalized valuation was 1.708%. As noted above, the statutory limit is $3\frac{1}{2}\%$.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed

its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

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

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

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

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount

that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations. A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was last completed in 1992.

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

Tax bills are mailed annually in June by the Borough. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. In connection with any delinquency of taxes, assessments or municipal charges exceeding \$10,000 which has not been paid prior to the end of a calendar year, there may also be imposed a penalty in the sum not in excess of 6% of the delinquency.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published on the Borough's website within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the Borough is on file with the Clerk and is available for review during business hours.

LITIGATION

In the opinion of Charles Simmons, Esq., the Borough Attorney, there is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Notes offered for sale or the levy or collection of any taxes to pay interest on or principal of the Notes, or in any manner questioning the authority of proceedings for the issuance of the Notes or for the levy or collection of said taxes. Moreover, to the best of the knowledge of the

Borough Attorney, there is no litigation presently pending or threatened that, in the opinion of the Borough Attorney, would currently have a material adverse impact on the financial condition of the Borough if adversely decided.

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Notes. The Borough will make certain representations in its tax certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause the interest on the Notes to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. FBT Gibbons LLP, Bond Counsel to the Borough, has relied upon the representations of the Borough made in its tax certificate and has assumed continuing compliance by the Borough with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

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

Tax Treatment of Original Issue Premium

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

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

Additional Federal Income Tax Consequences

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

The Notes have been designated by the Borough as “Qualified Tax-Exempt Obligations” for purposes of Section 265(b)(3) of the Code. The Borough intends that, by such designation of the Notes, the Notes will not be subject to Section 265(b)(1) of the Code, which relates to the complete disallowance of deduction for interest expense of certain financial institutions that is allocable to interest on certain tax-exempt obligations acquired by a financial institution after August 7, 1986. The interest expense of certain financial institutions allocable to Qualified Tax-Exempt Obligations is subject to Sections 291(a)(3) and 291(e)(1)(B) of the Code, relating to the non-deductibility of twenty (20) percent of the interest expense allocable to such tax-exempt obligations.

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

State Taxation

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

Miscellaneous

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

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

SECONDARY MARKET DISCLOSURE

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

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

The Borough has previously entered into continuing disclosure undertakings under Rule 15c2-12. The Borough appointed Digital Assurance Certification, LLC to serve as continuing disclosure agent to assist in the filing of certain information with the MSRB.

MUNICIPAL BANKRUPTCY

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Notes are subject to the approval of FBT Gibbons LLP, Newark, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix D. Certain legal matters will be passed on for the Borough by its counsel, Charles Simmons, Esq.

UNDERWRITING

The Notes are being purchased from the Borough by _____ (the "Underwriter") at a purchase price of \$ _____ (representing the par amount of the Notes plus a bid premium in the amount of \$ _____). The Underwriter is obligated to purchase all of the Notes if any Notes are purchased. The Underwriter has purchased the Notes in accordance with the Notice of Sale.

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

RATING

The Notes have not been rated.

COVID-19 OUTBREAK AND ONGOING CONCERNS

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 Borough 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 Borough 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 Borough, 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 Borough has received \$2,282,925.84 from the Plan. The Borough received its first installment under the Plan in the amount of \$1,141,462.92 on September 8, 2021, and its second installment under the Plan in the amount of \$1,141,462.92 on July 6, 2022. The deadline to commit the funds was December 31, 2024 which was satisfied and to spend the funds is December 31, 2026 which was satisfied.

To date, the overall finances and operations of the Borough 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 Borough. The Borough cannot quantify any such potential impacts at this time.

CYBER SECURITY

The Borough relies on a complex technology environment to conduct its various operations. As a result, the Borough 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 Borough has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Borough 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 Borough could cause material disruption of the Borough's finances and operations.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mt. Laurel, New Jersey (the "Municipal Advisor"), has served as Municipal Advisor to the Borough in connection with the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto.

INDEPENDENT AUDITORS

The compiled financial statements of the Borough as of December 31, 2025, as included in Appendix B to this Official Statement, have been compiled by Suplee, Clooney & Company, Westfield, New Jersey, independent auditor to the Borough, as stated in its Compilation Report appearing in Appendix B hereto. The audited financial statements of the Borough for the years ended December 31, 2024 and 2023, as included in Appendix B to this Official Statement, have been audited by Suplee, Clooney & Company, Westfield, New Jersey, independent auditor to the Borough, as stated in its Independent Auditor's Report appearing in Appendix B hereto.

PREPARATION OF OFFICIAL STATEMENT

The Borough 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 Notes, by certificates signed by the Chief Financial Officer of the Borough, that to her knowledge such descriptions and statements, as of the date of this Official Statement and on the date of issuance of the Notes, 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 Borough considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Suplee, Clooney & Company has not participated in the review or preparation of this Official Statement and has not verified the accuracy or completeness thereof, except for the compiled and audited financial statements appearing in Appendix B hereto, and accordingly, expresses no opinion or other assurance or assumes any responsibility with respect thereto.

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 Margaret Gorman, Chief Financial Officer, Borough of Roselle, Borough Hall, 210 Chestnut Street, Roselle, New Jersey 07203, telephone (908) 634-4506, or to the Municipal Advisor, Acacia Financial Group, Inc., 6000 Midlantic Drive, Suite 410 North, Mt. Laurel, New Jersey 08054, telephone (856) 234-2266.

MISCELLANEOUS

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

BOROUGH OF ROSELLE

By: _____
Margaret Gorman
Chief Financial Officer

Dated: October __, 2026

APPENDIX A

GENERAL INFORMATION OF THE BOROUGH OF ROSELLE

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GENERAL INFORMATION

LOCATION AND AREA

The Borough is located approximately fifteen miles from New York City in eastern Union County. The Borough, which is approximately 2.5 square miles in area, lies adjacent to Elizabeth, Roselle Park, Cranford, and Linden.

Route 27 runs through the Borough. The Garden State Parkway and the New Jersey Turnpike pass within three miles of the Borough. These roadways connect the Borough with the metropolitan area of New York and provide convenient access to other commercial centers on the east coast. The Newark Liberty International Airport lies within five miles of the Borough as does the major Marine Terminal of Port Elizabeth. Both easily accessible facilities provide the Borough with direct access to the world's marketplaces. In addition, passenger rail service to Newark and New York is furnished by Conrail.

FORM OF GOVERNMENT

The form of government found in the Borough is that of a mayor and council composed of seven members. The mayor is elected for a four-year term, while members are elected to three-year terms. A full-time municipal administrator handles day-to-day operations.

POPULATION

<u>Census Year</u>	<u>Population</u>
1980	20,642
1990	20,137
2000	21,274
2010	21,085
2020	22,695

MUNICIPAL SERVICES

Public Works

The Borough has thirty-four full-time public works employees. Gas, electric and water services are provided by privately owned utility corporations.

The Borough is a member of the Linden Roselle Sewerage Authority (the "Authority"). In return for taking care of all member's sewage disposal, the Authority levies a prorata assessment upon all its members for annual costs based on their respective usage. The members of the Authority share in any indebtedness incurred.

Protection

The Borough has a full-time Fire Department consisting of thirty-two salaried men. The Department has nine pieces of modern fire- fighting equipment and provides emergency medical services and ambulance service.

The Police Department employs sixty-five full-time uniformed personnel.

Recreation

The Borough maintains facilities consisting of seven playgrounds. Warinanco Park (a county park) is located, in great part, in the Borough.

The Borough maintains free public library facilities consisting of a main library. The facilities contain approximately 47,000 volumes.

A community center is maintained in the Borough.

Health

Health services are provided by a part-time health officer and a shared service agreement, sanitary inspector, and an ongoing visiting nurse program. Hospital facilities are provided by the St. Barnabas Medical Center located in Union.

Streets

There are approximately 62 miles of permanently paved streets in the Borough including state and county roads.

Ash, Rubbish and Garbage

The Borough provides collection service to the residents of the Borough on a twice-weekly basis.

UNEMPLOYMENT RATES

According to the State of New Jersey, Department of Labor and Industry, the annual average unemployment rates for 2025 were as follows:

Borough of Roselle	6.6%
County of Union	5.5
State of New Jersey	5.2

VALUE AND NUMBER OF BUILDING PERMITS ISSUED

<u>Year</u>	<u>Total Value</u>	<u>Total Number</u>
2025	\$22,880,042	797
2024	22,558,299	801
2023	37,460,615	799
2022	15,556,705	913
2021	49,470,202	738

LARGEST TAXPAYERS OF THE BOROUGH

<u>Taxpayer</u>	<u>2025 Assessed Type of Business</u>	<u>Valuation</u>
Warren J. Lockwood VL%MFG & Traders	Apartments	\$8,250,000
ICCL Urban Renewal LLC	Land	5,612,200
Roselle Senior Citizens Housing	Apartments	4,104,000
WEC 2000A-23, LLC	Commercial	3,083,000
O.T. Group	Apartment	3,000,000
Roselle Shopping Center, Inc.	Shopping Center	2,784,300
Rainbow Gardens Associates	Apartment	2,350,000
Roselle Equities, LLC % Rite Aid	Commercial	2,179,600
Woodlake Liquors, Inc.	Commercial	2,066,000
Roselle Industrial Owner LLC	Commercial	1,847,700

Source: Borough of Roselle Tax Assessor

DEBT INCURRING CAPACITY AS OF DECEMBER 31, 2025 (Unaudited)

Municipal:

1. Equalized Valuations (last three years average)	\$2,564,969,615
2. 3-1/2% Borrowing Margin	89,773,936
3. Net Debt	43,810,097
4. Excess School Borrowing	0.00
5. Total Charges to Borrowing Margin	43,810,097
6. Remaining Municipal Borrowing (line 2 minus line 5) Capacity	45,963,839

Source: Borough of Roselle 2025 Annual Debt Statement

STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2025

(Unaudited)

Gross Debt:		\$0.00
School District Debt:		
Authorized But Not Issued		
Municipal Debt:		
Issued and Outstanding:		
Serial Bonds	\$37,339,000	
Green Trust Loan	16,667	
Infrastructure Loan	530,216	
Bond Anticipation Notes	0	
Authorized But Not Issued	<u>5,924,215</u>	
Total Gross Debt		<u>\$43,810,097</u>
Less:		
Statutory Deductions		\$0.00
Statutory Net Debt		\$43,810,097
Average Equalized Valuation of Real Property (Years 2023, 2024, 2025)		\$2,564,969,615
Statutory Net Debt Percentage		1.708%

Source: Borough of Roselle 2025 Annual Debt Statement

STATISTICS ON DEBT AS OF DECEMBER 31, 2025

Gross Debt (Municipal and School)	\$43,810,097
Overlapping Debt:	
County of Union	\$9,858,387
Gross Debt	\$53,668,484
Statutory Net Debt	\$43,810,097
Net Debt and Overlapping Debt	\$53,668,484
Gross Debt per Capita (Based on 2020 Population)	\$1,930
Net Debt and Overlapping Debt Per Capita	\$1,930
(Also Based on 2020 Population)	
Average Equalized Valuation	\$2,564,969,615
Gross Debt:	
As a Percentage of Net Valuations Taxable for 2025	5.502%
\$796,178,405	
Net Debt Statutory Percentage of Average Equalized Valuation	1.708%

**OVERLAPPING DEBT
AS DECEMBER 31, 2025
(Unaudited)**

The Overlapping Debt of the Borough was as follows:

	<u>Gross Debt</u>	<u>Borough's Share</u>	<u>Amount</u>
County of Union	\$684,610,277	1.441%	\$9,865,234

**GROSS AND STATUTORY NET DEBT
AS OF DECEMBER 31 (EXCLUSIVE OF OVERLAPPING DEBT)**

GROSS DEBT			STATUTORY NET DEBT	
<u>Year</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2025*	\$43,810,097	1.708%	\$43,810,097	1.708%
2024	46,446,143	2.053	46,445,793	2.053
2023	47,414,621	2.330	47,414,272	2.330
2022	43,963,053	2.393	43,882,703	2.388
2021	42,061,937	2.453	41,391,587	2.414

*Source: Borough of Roselle 2025 Annual Debt Statement
Source: Borough of Roselle Audited Financials

ASSESSED VALUATIONS - LAND AND IMPROVEMENTS BY CLASS

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$11,998,600	\$638,735,537	\$75,080,900	\$32,349,850	\$36,293,000	\$794,457,887
2024	11,370,300	639,431,438	80,331,300	32,349,850	36,550,500	800,033,388
2023	11,878,800	636,363,602	80,331,300	31,782,700	35,460,000	795,816,402
2022	7,178,400	635,787,460	80,080,800	32,040,200	44,808,700	799,895,560
2021	7,285,100	631,539,955	74,089,700	32,040,200	44,808,700	789,763,655

Source: State of New Jersey Department of Community Affairs Property Tax Information

ASSESSED VALUATIONS - NET VALUATIONS TAXABLE

	<u>Real Estate Land And Improvements</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio To True Value</u>	<u>Aggregate True Value</u>
2025	\$794,457,887	\$1,720,518	\$796,178,405	30.86%	\$2,574,393,671
2024	800,033,388	0	800,033,388	35.04	2,283,200,308
2023	795,816,402	2,320,413	798,136,815	41.62	1,912,100,918
2022	799,895,560	2,303,688	802,199,248	41.32	1,935,855,663
2021	789,763,655	2,575,191	792,338,846	46.54	1,696,956,715

Source: State of New Jersey Division of Taxation Table of Equalized Valuations

CURRENT TAX COLLECTIONS

<u>Year</u>	<u>Total Levy</u>	<u>COLLECTION DURING YEAR OF LEVY</u>	
		<u>Amount</u>	<u>Percentage</u>
2025*	\$72,864,772	\$70,585,404	96.87%
2024	69,562,916	67,126,973	96.49
2023	67,853,442	65,457,891	96.46
2022	68,621,485	65,990,990	96.16
2021	67,638,762	65,647,586	95.05

Source: Borough of Roselle Audited Financials

*2025 Borough of Roselle Financial Statement

TOTAL TAX REQUIREMENTS INCLUDING SCHOOL AND COUNTY PURPOSES

<u>Year</u>	<u>Total Tax Requirements</u>	<u>Local Purposes</u>	<u>Local School</u>	<u>County</u>
2025*	\$72,864,772	\$37,204,332	\$27,785,385	\$9,373,569
2024	69,562,916	35,809,757	25,008,072	8,745,086
2023	67,853,442	34,117,912	25,773,558	7,961,972
2022	68,621,485	34,237,112	25,581,696	8,802,676
2021	67,638,762	33,983,390	25,265,871	8,389,501

Source: Borough of Roselle Audited Financials

*2025 Borough of Roselle Financial Statement

DELINQUENT TAXES AND TAX TITLE LIENS

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percentage Of Levy</u>
2025*	\$71,095	\$2,338,746	\$2,409,841	3.31%
2024	66,979	2,201,515	2,268,494	3.26
2023	63,066	1,455,791	1,518,857	2.24
2022	409,394	1,370,299	1,779,693	2.59
2021	377,624	1,777,856	2,155,480	3.19

Source: Borough of Roselle Audited Financials

*2025 Borough of Roselle Financial Statement

**ASSESSED VALUATIONS OF PROPERTY
OWNED
BY THE BOROUGH - ACQUIRED FOR TAXES**

<u>Year</u>	<u>Valuation</u>
2025*	\$567,600
2024	567,600
2023	567,600
2022	567,600
2021	567,600

Source: Borough of Roselle Audited Financials

*2025 Borough of Roselle Financial Statement

**COMPONENTS OF REAL ESTATE TAX RATE
(PER \$100. OF ASSESSMENT)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>
2025*	\$9.147	\$4.674	\$3.297	\$1.176
2024	8.659	4.476	3.126	1.093
2023	8.477	4.253	3.229	0.995
2022	8.536	4.252	3.189	1.095
2021	8.485	4.243	3.189	1.053

Source: Borough of Roselle Audited Financials

*Union County Abstract of Ratables

**COMPARATIVE SCHEDULE OF FUND
BALANCES**

CURRENT FUND

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized In Budget Of Succeeding Year</u>
2025*	\$4,017,511	\$4,764,000
2024	7,439,803	4,764,000
2023	8,134,368	4,764,000
2022	10,675,819	4,765,000
2021	8,579,348	3,500,000

Source: Borough of Roselle Audited Financials

*2025 Borough of Roselle Financial Statement

2026 INTRODUCED MUNICIPAL BUDGET

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$4,764,000
Miscellaneous Revenues:	
State Aid	2,471,100
Other	13,363,878
Receipts from Delinquent Taxes	1,775,000
Amount to be Raised by Taxation for Municipal Purposes	38,630,799
<u>Total Anticipated Revenues</u>	\$61,004,777

Appropriations:	
Within "Caps":	
Operations	\$43,155,990
Deferred Charges, Pensions, Social Security, Unemployment Contributions	0
Excluded From "CAPS":	
Operations	10,719,157
Capital Improvements	112,500
Municipal Debt Service	4,505,513
Judgements	0
Reserve for Uncollected Taxes	2,511,617
<u>Total Appropriations</u>	\$61,004,777

APPENDIX B

FINANCIAL STATEMENTS OF THE
BOROUGH OF ROSELLE

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SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Roselle
County of Union
Roselle, New Jersey 07203

Report on the Audit of the Financial Statements

Opinions

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

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, 2024 and 2023, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

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 Borough as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2024.

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 State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" 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 Borough 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 Borough 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 Borough'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 State of New Jersey OMB Circular 15-08 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 State of New Jersey OMB Circular 15-08 and audit requirements prescribed by the Division, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2026 on our consideration of the Borough'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 Borough'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 Borough's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Warren M. Korecky
Warren M. Korecky, C.P.A., R.M.A.

March 22, 2026



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Roselle
County of Union
Roselle, New Jersey 07203

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2025 Annual Financial Statement (AFS) of the Borough of Roselle, County of Union, New Jersey as of December 31, 2025 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Borough of Roselle. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the Borough of Roselle has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough of Roselle's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Warren M. Korecky
Warren M. Korecky, C.P.A., R.M.A.

September 4, 2026

BOROUGH OF ROSELLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2025</u> (Unaudited)	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>ASSETS</u>			
Cash	\$ 7,371,256.91	\$ 13,710,338.90	\$ 14,328,203.78
Change Fund	300.00	300.00	300.00
Due From State of New Jersey-Senior Citizens and Veterans Deductions	23,700.82	21,041.92	19,570.00
	<u>\$ 7,395,257.73</u>	<u>\$ 13,731,680.82</u>	<u>\$ 14,348,073.78</u>
Receivable and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	\$ 2,267,651.49	\$ 2,201,515.29	\$ 1,455,791.16
Tax Title Liens Receivable	71,094.82	66,978.67	63,065.92
Property Acquired for Taxes-Assessed Valuation	567,600.00	567,600.00	567,600.00
Revenue Accounts Receivable	48,935.90	54,452.83	28,666.42
Roselle Public Library		11,989.87	
Prepaid Local School Taxes	553,051.95		
Interfunds Receivable	639,725.08	831,598.61	823,554.94
Miscellaneous Receivable	47,307.21	47,307.21	47,307.21
	<u>\$ 4,195,366.45</u>	<u>\$ 3,781,442.48</u>	<u>\$ 2,985,985.65</u>
Deferred Charges:			
Overexpenditure of Appropriations	\$ 530,855.42	\$ 244,287.56	\$
	<u>\$ 530,855.42</u>	<u>\$ 244,287.56</u>	<u>\$</u>
	<u>\$ 12,121,479.60</u>	<u>\$ 17,757,410.86</u>	<u>\$ 17,334,059.43</u>
Grant Fund:			
Cash	\$ 140,863.94	\$ 1,127,327.76	\$
Federal and State Grants Receivable	9,861,414.75	13,053,455.49	12,215,899.55
Interfunds Receivable	712,118.75		
Deferred Charge - Overexpenditure of Grant Appropriation			13,370.00
	<u>\$ 10,714,397.44</u>	<u>\$ 14,180,783.25</u>	<u>\$ 12,229,269.55</u>
	<u>\$ 22,835,877.04</u>	<u>\$ 31,938,194.11</u>	<u>\$ 29,563,328.98</u>

See Accountant's Report

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

BOROUGH OF ROSELLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2025</u> (Unaudited)	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	\$ 1,427,318.65	\$ 2,563,329.26	\$ 3,425,568.11
Encumbrances Payable	814,737.31	1,159,570.75	1,288,254.53
Accounts Payable	127,190.57	689,011.10	549,121.01
Prepaid Taxes	548,085.34	302,104.98	292,588.41
Tax Overpayments	134,682.13	65,607.95	80,436.65
Roselle Public Library Payable			4,492.33
Reserve for Tax Map and Revision and Recodification of Ordinances	66,277.56	141,277.56	149,833.75
Due State of New Jersey - Marriage Licenses	525.00	2,310.00	900.00
Due State of New Jersey - DCA Fees	39,434.00	34,194.00	22,215.00
Reserve for Sale of Municipal Assets	33,305.00	40,000.00	40,000.00
School Taxes Payable		1,536,466.35	334,875.10
Interfunds Payable	712,118.75	2,293.75	2,293.75
County Taxes Payable	4,927.62		23,126.85
	\$ 3,908,601.93	\$ 6,536,165.70	\$ 6,213,705.49
Reserve for Receivables and Other Assets	4,195,366.45	3,781,442.48	2,985,985.65
Fund Balance	4,017,511.22	7,439,802.68	8,134,368.29
	\$ 12,121,479.60	\$ 17,757,410.86	\$ 17,334,059.43
Grant Fund:			
Due Current Fund	\$	\$ 422,672.14	\$ 55,607.56
Due Trust Fund	2,613,000.00	2,613,000.00	2,613,000.00
Encumbrances Payable	1,515,840.23	1,515,840.23	239,652.91
Federal and State Grants Appropriated	6,548,092.76	9,591,806.43	9,315,259.08
Federal and State Grants Unappropriated	37,464.45	37,464.45	5,750.00
	\$ 10,714,397.44	\$ 14,180,783.25	\$ 12,229,269.55
	<u>\$ 22,835,877.04</u>	<u>\$ 31,938,194.11</u>	<u>\$ 29,563,328.98</u>

See Accountant's Report

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

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025 (Unaudited)	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	\$ 4,764,000.00	\$ 4,764,000.00	\$ 4,764,000.00
Miscellaneous Revenue Anticipated	11,106,929.62	15,034,715.63	16,652,926.98
Receipts from Delinquent Taxes	1,398,557.61	1,494,876.12	1,386,434.49
Receipts from Current Taxes	70,585,403.93	67,126,973.23	65,457,891.21
Non-Budget Revenue	100,132.73	92,747.60	299,154.66
Other Credits to Income:			
Reserves Cancelled	75,000.00		
Unexpended Balance of Appropriation Reserves	1,783,640.92	3,030,322.35	2,046,621.25
Excess Animal Control Fees		1,454.80	555.80
Accounts Payable Canceled	329,209.45	8.87	1,271.11
<u>TOTAL INCOME</u>	<u>\$ 90,142,874.26</u>	<u>\$ 91,545,098.60</u>	<u>\$ 90,608,855.50</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:	\$ 35,746,758.66	\$ 35,375,668.31	\$ 33,304,078.58
Deferred Charges and Statutory Expenditures	5,084,987.00	5,115,479.53	5,214,262.86
Excluded From "CAPS"			
Other Operations	5,600,570.67	8,323,475.19	11,444,734.47
Capital Improvement Fund	320,000.00	225,000.00	548,000.00
Municipal Debt Service	4,496,788.77	4,427,137.12	3,385,894.94
Judgments	432,500.00	480,000.00	400,000.00
County Taxes	9,368,640.94	8,745,086.08	7,938,845.13
Due County for Added and Omitted Taxes	4,927.62		23,126.85
Due County for Added and Omitted Taxes - Adjustment			10,681.49
Local District School Tax	26,248,919.00	25,008,072.00	25,773,558.00
Prepaid Local District School Tax	553,051.95		
Refund of Prior Year Revenue	39,633.32		
Reserve for Miscellaneous Receivable			47,307.21
Roselle Public Library Payable, net		11,989.87	
Interfunds Advanced	1,190,955.65	8,043.67	295,816.27
<u>TOTAL EXPENDITURES</u>	<u>\$ 89,087,733.58</u>	<u>\$ 87,719,951.77</u>	<u>\$ 88,386,305.80</u>
Excess in Revenue	\$ 1,055,140.68	\$ 3,825,146.83	\$ 2,222,549.70
Adjustments to Income Before Surplus:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	286,567.86	244,287.56	
Regulatory Excess to Fund Balance	\$ 1,341,708.54	\$ 4,069,434.39	\$ 2,222,549.70
<u>Fund Balance</u>			
Balance, January 1	7,439,802.68	8,134,368.29	10,675,818.59
	\$ 8,781,511.22	\$ 12,203,802.68	\$ 12,898,368.29
Decreased by:			
Utilized as Anticipated Revenue	4,764,000.00	4,764,000.00	4,764,000.00
Balance, December 31	<u>\$ 4,017,511.22</u>	<u>\$ 7,439,802.68</u>	<u>\$ 8,134,368.29</u>

See Accountant's Report

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

BOROUGH OF ROSELLE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>			
Animal Control Fund:			
Cash	\$ 6,435.00	\$ 10,293.80	\$ 8,993.80
	<u>\$ 6,435.00</u>	<u>\$ 10,293.80</u>	<u>\$ 8,993.80</u>
Other Trust Funds:			
Cash	\$ 3,965,485.56	\$ 4,828,884.85	\$ 2,572,818.50
Due General Capital Fund	1,049,683.57		
Due Grants Fund	2,613,000.00	2,613,000.00	2,613,000.00
	<u>\$ 7,628,169.13</u>	<u>\$ 7,441,884.85</u>	<u>\$ 5,185,818.50</u>
	<u>\$ 7,634,604.13</u>	<u>\$ 7,452,178.65</u>	<u>\$ 5,194,812.30</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due Current Fund	\$ 3,524.00	\$ 6,943.40	\$ 5,488.60
Due State of New Jersey	225.60	249.60	234.00
Reserve for Expenditures	2,685.40	3,100.80	3,271.20
	<u>\$ 6,435.00</u>	<u>\$ 10,293.80</u>	<u>\$ 8,993.80</u>
Other Trust Funds:			
Public Defender	\$ 24,694.54	\$ 29,585.62	\$ 43,280.34
Tax Sale Redemptions and Premiums	1,405,149.41	1,886,830.25	1,629,254.07
Parking Offense Adjudication Act Fund	1,908.02	1,531.50	6,505.51
State Unemployment Insurance	129,785.25	214,742.01	369,697.49
Payroll Deductions Payable	1,499,864.13	1,299,005.58	439,784.43
Special Law Enforcement	82,634.23	78,558.94	77,409.60
Due Current Fund	451,278.99	401,983.07	762,458.78
Miscellaneous Reserves	3,832,854.56	3,529,647.88	1,857,428.28
	<u>\$ 7,428,169.13</u>	<u>\$ 7,441,884.85</u>	<u>\$ 5,185,818.50</u>
	<u>\$ 7,434,604.13</u>	<u>\$ 7,452,178.65</u>	<u>\$ 5,194,812.30</u>

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

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025 (Unaudited)	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>ASSETS</u>			
Cash	\$ 105,610.45	\$ 226,556.30	\$ 1,783,564.36
Grants Account Receivable	2,381,008.43	2,274,003.43	2,274,003.43
Due Current Fund		2,293.75	2,293.75
Deferred Charges to Future Taxation:			
Funded	37,868,712.24	40,521,926.88	42,984,505.52
Unfunded	<u>5,924,215.65</u>	<u>5,924,215.65</u>	<u>4,430,115.65</u>
	<u>\$ 46,279,546.77</u>	<u>\$ 48,948,996.01</u>	<u>\$ 51,474,482.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Green Acres Loan Payable	\$ 17,948.75	\$ 20,512.85	\$ 23,076.95
General Serial Bonds	37,339,000.00	39,904,000.00	42,256,000.00
Environmental Infrastructure Loan Payable	511,763.49	597,414.03	705,428.57
Capital Improvement Fund	642,726.49	417,726.49	268,626.49
Reserve for Grants Receivable	458,008.05	351,003.05	351,003.05
Contracts Payable	3,987,729.98	4,154,492.24	3,682,207.44
Reserve for the Payment of Debt	349.60	349.60	349.60
Due Current Fund	176,013.57		
Due Trust Fund	1,049,683.57		
Improvement Authorizations:			
Funded	499,332.93	709,212.26	1,884,933.42
Unfunded	1,505,158.17	2,787,598.06	2,296,169.76
Fund Balance	<u>91,832.17</u>	<u>6,687.43</u>	<u>6,687.43</u>
	<u>\$ 46,279,546.77</u>	<u>\$ 48,948,996.01</u>	<u>\$ 51,474,482.71</u>

See Accountant's Report

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

BOROUGH OF ROSELLE

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Except as noted below, the financial statements of the Borough of Roselle include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Roselle, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Roselle do not include the operations of the municipal library or the board of education, inasmuch as their activities are administered by separate boards.

B. Description of Funds

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

The accounting policies of the Borough of Roselle conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Under this method of accounting, the financial transactions and accounts of the Borough of Roselle are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

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

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal. The detail amount of the general fixed assets are currently unavailable.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - Under GAAP, municipalities required to record their distributive shares of OPEB liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total OPEB related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 75.

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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Leases (Continued)

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.

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation.

The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Borough of Roselle had the following cash and cash equivalents at December 31, 2024:

<u>Fund</u>	<u>Cash on Deposit</u>	<u>Reconciling Items</u>	<u>Reconciled Total</u>
Current Fund	\$ 13,637,369.95	\$ (206,175.12)	\$ 13,431,194.83
Grant Fund	1,548,776.91	(421,449.15)	1,127,327.76
Trust - Animal Control Fund	10,335.20	(41.40)	10,293.80
Trust Fund	5,141,477.95	(33,449.03)	5,108,028.92
General Capital Fund	<u>319,888.18</u>	<u>(93,331.88)</u>	<u>226,556.30</u>
<u>Total December 31, 2024</u>	<u>\$ 20,657,848.19</u>	<u>\$ (754,446.58)</u>	<u>\$ 19,903,401.61</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2024, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$20,157,848.19 was covered by Federal Depository Insurance and \$500,000.00 was covered by NJ GUDPA.

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 (C.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Roselle's investment activities during the year were in accordance with the above New Jersey Statute.

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

NOTE 3: MUNICIPAL DEBT

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

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

	<u>YEAR 2024</u>	<u>YEAR 2023</u>	<u>YEAR 2022</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ <u>40,521,926.88</u>	\$ <u>42,984,505.52</u>	\$ <u>41,457,677.16</u>
	40,521,926.88	42,984,505.52	41,457,677.16
Less Funds Temporarily Held to Reserve for Payment of Debt Service	<u>349.60</u>	<u>349.60</u>	<u>80,349.60</u>
	<u>40,521,577.28</u>	<u>42,984,155.92</u>	<u>41,377,327.56</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Notes and Loans	<u>5,924,215.65</u>	<u>4,430,115.65</u>	<u>2,505,375.65</u>
Total Authorized but not Issued	<u>5,924,215.65</u>	<u>4,430,115.65</u>	<u>2,505,375.65</u>
Net Bonds and Notes Issued and and Authorized but not issued	\$ <u><u>46,445,792.93</u></u>	\$ <u><u>47,414,271.57</u></u>	\$ <u><u>43,882,703.21</u></u>

SUMMARY OF STATUTORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2024)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.053%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
General Debt	\$ <u>46,446,142.53</u>	\$ <u>349.60</u>	\$ <u>46,445,792.93</u>
	<u>\$ 46,446,142.53</u>	<u>\$ 349.60</u>	<u>\$ 46,445,792.93</u>

NET DEBT \$46,466,199.93 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$2,261,842,719.00 EQUALS 2.053%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

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

Equalized Valuation Basis* - December 31, 2024	\$2,261,842,719.00
3-1/2 of Equalized Valuation Basis	79,164,495.17
Net Debt	<u>46,445,792.93</u>
Remaining Borrowing Power	<u><u>\$32,718,702.24</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

OUTSTANDING
BALANCE DECEMBER
31, 2024

General Serial Bonds:

\$8,499,000 in General Obligation Bonds dated May 3, 2016 due in annual remaining installments ranging between of \$480,000.00 and \$549,000 due on May 1 of each year with interest rates from 2.000% to 3.000%	\$ 5,264,000.00
\$4,676,000 in General Obligation Bonds dated March 2, 2017, due in annual remaining installments ranging between \$330,000.00 and \$350,000.00 due on March 1 of each year with an interest rate of 3.000%.	2,770,000.00
\$9,695,000 in General Obligation Refunding Bonds dated November 19, 2019, due in annual remaining installments ranging between \$540,000.00 and \$680,000.00 due on November 15 of each year with interest rates from 2.125% to 4.000%.	7,465,000.00
\$9,320,000 in General Obligation Bonds dated November 17, 2020, due in annual remaining installments ranging between \$325,000.00 and \$510,000.00 due on June 1 of each year with interest rates from 2.000% to 4.000%.	8,065,000.00
\$9,155,000 in General Obligation Bonds dated July 19, 2022, due in annual remaining installments ranging between \$490,000.00 and \$720,000.00 due on July 15 of each year with interest rates from 4.000% to 5.000%.	8,430,000.00
\$8,252,000 in General Obligation Bonds dated July 17, 2023, due in annual remaining installments ranging between \$400,000.00 and \$670,000.00 due on March 1 of each year with interest rates at 4.000%.	<u>7,910,000.00</u>
	<u>\$ 39,904,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

Environmental Infrastructure Loans:

	OUTSTANDING BALANCE DECEMBER 31, 2024
<u>ISSUE</u>	
Infrastructure Loan due in annual remaining installments of \$40,000.00 to \$55,000.00 through 2031 at various interest rates	\$329,593.00
\$795,341.00 Infrastructure Loan due in annual remaining installments of \$12,175.79 to \$42,607.54 through 2031 at 0% interest rate	267,821.03
	<u>\$597,414.03</u>

New Jersey Green Acres Loans:

	OUTSTANDING BALANCE DECEMBER 31, 2024
<u>ISSUE</u>	
\$50,000.00 Green Acres Loan due in annual remaining installments of \$2,564.10 through 2032 at 0% interest rate	\$20,512.85
	<u>\$20,512.85</u>

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

	<u>GENERAL CAPITAL</u>		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$ 2,565,000.00	\$ 1,350,026.26	\$ 3,915,026.26
2026	2,645,000.00	1,254,776.26	3,899,776.26
2027	2,730,000.00	1,156,326.26	3,886,326.26
2028	2,820,000.00	1,052,151.27	3,872,151.27
2029	2,925,000.00	941,476.26	3,866,476.26
2030-2034	15,034,000.00	3,199,980.68	18,233,980.68
2035-2039	8,775,000.00	1,054,431.17	9,829,431.17
2040-2044	2,410,000.00	184,515.63	2,594,515.63
	<u>\$ 39,904,000.00</u>	<u>\$ 10,193,683.79</u>	<u>\$ 50,097,683.79</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN ISSUED AND
OUTSTANDING AS OF DECEMBER 31, 2024

<u>YEAR</u>	<u>TRUST LOAN</u>		<u>NJEIT</u>	<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>FUND LOAN</u>	
2025	\$43,043.00	\$10,744.86	\$42,607.54	\$96,395.40
2026	42,664.00	9,023.14	42,607.54	94,294.68
2027	46,938.00	7,316.58	42,607.54	96,862.12
2028	46,946.00	5,908.44	42,607.54	95,461.98
2029	46,954.00	4,500.06	42,607.54	94,061.60
2030-2031	103,048.00	4,635.72	54,783.33	162,467.05
	<u>\$329,593.00</u>	<u>\$42,128.80</u>	<u>\$267,821.03</u>	<u>\$639,542.83</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR GREEN TRUST LOAN ISSUED AND OUTSTANDING
AS OF DECEMBER 31, 2024

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2025	\$2,564.10	\$2,564.10
2026	2,564.10	2,564.10
2027	2,564.10	2,564.10
2028	2,564.10	2,564.10
2029	2,564.10	2,564.10
2030-2032	7,692.35	7,692.35
	<u>\$20,512.85</u>	<u>\$20,512.85</u>

SHORT TERM DEBT

There were no Bond Anticipation Notes outstanding at December 31, 2024.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance, at December 31, 2024, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2025 was as follows:

Current Fund	\$4,764,000.00
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NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, <u>2024</u>	BALANCE DECEMBER 31, <u>2023</u>
Prepaid Taxes	\$ <u>302,104.98</u>	\$ <u>292,588.41</u>

NOTE 6: PENSION PLANS

Plan Descriptions

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

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

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

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

Vesting and Benefit Provisions

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

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

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

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

Funding Policy

The contribution policy is set by PERS is set by N.J.S.A. 43:15A and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.50% of base salary. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

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

The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$4,307,120.00 for 2024, \$4,320,923.00 for 2023 and \$3,691,539.00 for 2022.

All contributions were equal to the required contributions for each of the three years, respectively. Certain Borough employees are also covered by Federal Insurance Contribution Act.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2023. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2023.

Public Employees Retirement System (PERS)

At June 30, 2024, the State reported a net pension liability of \$6,115,777.00 for the Borough’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Borough’s proportion was 0.0450085093 percent, which was a decrease of 0.0128249539 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State recognized an actuarially determined pension benefit of \$246,130.00 for the Borough’s proportionate share of the total pension expense. The pension expense recognized in the Borough’s financial statements based on the April 1, 2024 billing was \$772,960.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 122,510.00	\$ 16,282.00
Changes of assumptions	7,598.00	69,583.00
Net difference between projected and actual earnings on pension plan investments		283,572.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>223,551.00</u>	<u>1,638,982.00</u>
	\$ <u>353,659.00</u>	\$ <u>2,008,419.00</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	(\$542,747.20)
2026	(82,168.20)
2027	(398,678.20)
2028	(349,817.20)
2029	<u>(281,349.20)</u>
	<u>(\$1,654,760.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. These actuarial valuations used the following assumptions:

	<u>June 30, 2024</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2024 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.55%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

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

	June 30, 2024		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$8,126,364.00	\$6,115,777.00	\$4,404,778.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, 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 Borough 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 Borough 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 Borough related to this legislation.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Borough as of June 30, 2024 was 0.0452164517%. The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2024 was \$19,717.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2024, the State reported a net pension liability of \$26,381,597.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the Borough's proportion was 0.2554722600 percent, which was an increase of 0.0020523200 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of \$1,163,899.00. The pension expense recognized in the Borough's financial statements based on the April 1, 2024 billing was \$3,373,529.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 1,662,020.00	\$ 903,158.00
Changes of assumptions	41,704.00	774,784.00
Net difference between projected and actual earnings on pension plan investments		206,484.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>1,694,464.00</u>	<u>1,501,680.00</u>
	\$ <u>3,398,188.00</u>	\$ <u>3,386,106.00</u>

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

Year Ended	
<u>June 30</u>	<u>Amount</u>
2025	\$ (1,239,307.20)
2026	1,510,955.80
2027	(330,998.20)
2028	(133,055.20)
2029	191,225.80
Thereafter	<u>13,261.00</u>
	\$ <u>12,082.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
	All Future Years
	3.25-16.25%
	Based on Years of Service
Investment Rate of Return	7.00%

Employee mortality rates were based on the Pubs-2010 Safety Employee amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pubs-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount weighted mortality table for males and 100% for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Assets Class</u>	<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%

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

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

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

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

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the PFRS pension liability	\$37,693,433.00	\$26,381,597.00	\$16,961,317.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 Borough 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 Borough related to this legislation.

The non-employer contributing entities’ total proportionate share of the collective net pension liability that is associated with the Borough as of December 31, 2024 and 2023 is 0.25547244% and 0.25341981% respectively, the non-employer contributing entities’ contribution for the year ended June 30, 2024 and 2023 was \$598,342.00 and \$590,024.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2024 and 2023 was \$598,342.00 and \$586,859.00, respectively.

At June 30, 2024 and 2023, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$5,201,075.00 and \$5,159,292.00, respectively.

At June 30, 2024, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$26,381,597.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>5,201,075.00</u>
	<u>\$31,582,672.00</u>

Pension plan fiduciary net position

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

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers, which may be taken as time off, or paid at a later date, at an agreed upon rate. A reasonable estimate of such unpaid compensation is not readily available from the Borough but is probably material. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, accumulated cost of such paid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2024.

NOTE 8: LITIGATION

The Borough is involved in a number of legal proceedings, the resolution of which, could result in damages against the Borough. These potential liabilities under New Jersey reporting requirements will be reflected in the financial statements when paid. The Borough entered into a settlement agreement and mutual release agreement with AST Roselle, LLC in regards to a redevelopment project the Borough was a party to. Based on this agreement the Borough will pay a total of four hundred thousand dollars (\$400,000) per year for the years 2022 through 2025. In addition, there are other pending lawsuits in which the Borough is involved. Many of these lawsuits are presently in the preliminary or discovery stages, with the probability of a successful defense unknown at this time and the amounts of eventual settlements cannot be accurately determined.

NOTE 9: CONTINGENT LIABILITIES

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

NOTE 10: RISK MANAGEMENT

The Borough 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 Borough participates in a self insurance program through the Public Entity Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Interest/Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 50,000.00	\$ 129,294.42	\$ 334,249.90	\$ 214,742.01
2023			114,019.11	369,697.49
2022	200,000.00	57,294.57	26,827.55	483,716.60

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardship.

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

All assets of the plan are held by an independent administrator.

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

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 831,598.61	\$ 2,293.75
Grant Fund		3,035,672.14
Animal Control Fund		6,943.40
Trust Other Fund	2,613,000.00	401,983.07
General Capital Fund	<u>2,293.75</u>	<u></u>
	<u>\$ 3,446,892.36</u>	<u>\$ 3,446,892.36</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions; therefore, assets are accumulated to pay associated benefits.

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Plan Description and Benefits Provided (Continued)

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

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Total Net OPEB Liability

At June 30, 2024, the Plan reported a Liability of \$57,848,018.00 for the Borough's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024.

The Borough's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024.

At June 30, 2024, the Borough's proportion was 0.323075 percent, which was a decrease of 0.001406 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State reported OPEB expense of \$8,431,288.00. This OPEB benefit was based on the OPEB plans June 30, 2023 measurement date.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$2,929,593.00	\$9,801,444.00
Changes of assumptions	9,671,093.00	9,602,406.00
Net difference between projected and actual earnings on OPEB plan investments		26,186.00
Changes in proportion	<u>37,944,283.00</u>	<u>1,111,207.00</u>
	<u>\$50,544,969.00</u>	<u>\$20,541,243.00</u>

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension (benefit)/expense as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2025	\$3,735,330.20
2026	5,803,244.20
2027	7,097,958.20
2028	5,934,311.20
2029	6,454,096.20
Thereafter	<u>978,786.00</u>
	<u>\$30,003,726.00</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases*:

Public Employees Retirement System (PERS):

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

Police and Firemen's Retirement System (PFRS):

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

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

Pre-retirement health mortality

Pre-retirement mortality rate for PERS were based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Preretirement mortality rates for PFRS were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Post-retirement health mortality

Post-retirement mortality rates for Chapter 330 retirees were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates for other retirees is based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality

Disabled retiree mortality rate for PERS future disabled retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for PFRS future disabled retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality rates for Chapter 330 current retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for other current retirees were based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.5% and decrease to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the Net OPEB Liability associated with the Borough as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2024		
	1.00% Decrease (2.93%)	At Discount Rate (3.93%)	1.00% Increase (4.93%)
Borough's proportionate share of the Net OPEB Liability	\$67,386,707	\$57,848,018	\$50,208,376

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

	June 30, 2024		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Borough's proportionate share of the Net OPEB Liability	\$48,927,616	\$57,848,018	\$69,317,149

OPEB Plan Fiduciary Net Position

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

NOTE 14: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 15: FIXED ASSETS

The Borough's governmental fixed assets are reported as follows:

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2024</u>
Land	\$ 12,656,300.00	\$	\$ 321,737.00	\$ 12,334,563.00
Building and Improvements	8,728,900.00			8,728,900.00
Machinery and Equipment	<u>10,505,274.00</u>	<u>1,440,732.00</u>		<u>11,946,006.00</u>
	<u>\$ 31,890,474.00</u>	<u>\$ 1,440,732.00</u>	<u>\$ 321,737.00</u>	<u>\$ 33,009,469.00</u>

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditure are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the balance sheet of the grant fund:

	Balance December 31, <u>2024</u>	Amount to be Raised <u>in 2026</u>
Current Fund:		
Overexpenditures of Appropriations	\$ <u>244,287.56</u>	\$ <u>244,287.56</u>
Total	\$ <u>244,287.56</u>	\$ <u>244,287.56</u>

NOTE 17: UNION COUNTY IMPROVEMENT AUTHORITY GUARANTEED LEASE REVENUE BOND

The Borough of Roselle and the Union County Improvement Authority entered into a lease agreement for \$5,975,000.00 with an interest rate of 5.000% with principal payments due from May 1, 2024 through May 1, 2043 ranging from \$55,000.00 to \$315,000.00 which:

The Borough is undertaking the planning, design, construction and equipping of the renovation and expansion of the Borough's existing public library. The proposed renovations and expansions update the building, increase accessibility with ADA and barrier free improvements and enlarge current space with a two-story addition. The planned addition includes a new Youth Services section encompassing both teen and children's zones, with a program room and mall study rooms on the newly built second floor.

NOTE 17: UNION COUNTY IMPROVEMENT AUTHORITY LEASES (CONTINUED)

The addition on the first floor contains an accessible main entrance, expanded technology, adult collections, and flexible meeting areas and multi-purpose rooms. There is also a separate wing with program rooms. These areas provide more latitude to expand the library's strong community programming, which ranges from early literacy to senior computer classes.

In March 2020, the Borough applied to the State for the Library Project in the amount of \$11,000,000.00. On December 1, 2020, the Borough received formal notification from the State Librarian that its application was approved by the New Jersey Legislature for a grant in the amount of \$5,500,000.00. In addition to the State grant referenced in the preceding sentence pursuant to the Act, the Library Project received an additional sub-grant from the County in the amount of \$4,000,000.00

Below is a schedule of future minimum lease payments under the Union County Improvement Authority lease.

YEAR	AUTHORITY		TOTAL
	PRINCIPAL	INTEREST	
2025	\$ 190,000.00	\$ 291,250.00	\$ 481,250.00
2026	200,000.00	281,500.00	481,500.00
2027	210,000.00	271,250.00	481,250.00
2028	225,000.00	260,375.00	485,375.00
2029	235,000.00	248,875.00	483,875.00
2030-2034	1,365,000.00	1,051,125.00	2,416,125.00
2035-2039	1,745,000.00	664,375.00	2,409,375.00
2040-2043	1,750,000.00	180,500.00	1,930,500.00
	<u>\$ 5,920,000.00</u>	<u>\$ 3,249,250.00</u>	<u>\$ 9,169,250.00</u>

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through March 22, 2026, which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that no subsequent events needed to be disclosed.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of October 1, 2026 by the Borough of Roselle, in the County of Union, 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 \$5,250,000 principal amount of its Bond Anticipation Note, Series 2026 (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.

BOROUGH OF ROSELLE, NEW JERSEY

By: _____

Name: Margaret Gorman

Title: Chief Financial Officer

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APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

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October __, 2026

Mayor and Borough Council
Borough of Roselle
Municipal Building
210 Chestnut Street
Roselle, New Jersey 07203

Dear Mayor and Council Members:

We have examined certified copies of the proceedings of the Borough Council of the Borough of Roselle, in the County of Union, State of New Jersey (the "Borough"), including ordinances, affidavits and certificates delivered by officials of the Borough, and other proofs submitted to us relative to the issuance and sale of \$5,250,000 aggregate principal amount of the Borough's Bond Anticipation Note, Series 2026 (the "Note"). The Note is issued in registered form, is dated October 15, 2026, bears interest at the rate of _____ and _____ Hundredths Percent (____%) per annum and is payable at maturity on October 14, 2027.

The Note is 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 Borough, in all respects duly adopted by the Mayor and Council of the Borough. The Note is a temporary obligation 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 Note pursuant to the Local Bond Law, and other applicable provisions of law, and that the Note has been duly authorized, executed and delivered and are a valid and legally binding obligation of the Borough.

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

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

4. Under existing law, interest on the Note and net gains from the sale of the Note 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 Note in order for interest on the Note to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Borough has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Note, as to various tax requirements. In addition, the Borough has covenanted to comply with the provisions of the Code applicable to the Note and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Note to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Note 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 Borough with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Note from gross income for Federal income tax purposes and with respect to interest on the Note 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 Borough 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 Note.

Our opinion concerning the enforceability of the Note 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 Borough 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

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