

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2026

NEW ISSUES

**RATINGS: Bonds – Moody's: "Aa1"
Notes – Moody's: "MIG 1"**

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

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

**\$11,942,000* GENERAL OBLIGATION BONDS, SERIES 2026
(CALLABLE) (BOOK-ENTRY ONLY)**

**\$10,500,000 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF
\$8,400,000 GENERAL IMPROVEMENT NOTES, SERIES 2026
AND
\$2,100,000 SWIMMING POOL UTILITY NOTES, SERIES 2026
(NON-CALLABLE) (BOOK-ENTRY ONLY)**

Dated: Date of Delivery

**Bonds: Due: October 15, as set forth on the inside front cover
Notes: Due: October 14, 2027**

The Township of Hazlet, in the County of Monmouth, New Jersey (the "Township") is offering \$11,942,000* aggregate principal amount of General Obligation Bonds, Series 2026 (the "Bonds") and \$10,500,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of \$8,400,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and \$2,100,000 Swimming Pool Utility Notes, Series 2026 (the "Swimming Pool Utility Notes," and together with the General Improvement Notes, the "Notes," and together with the Bonds, the "Obligations").

The Obligations will be issued as fully registered Obligations in the form of one certificate for the aggregate principal amount of each maturity of each series of the Obligations and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Obligations on behalf of the individual purchasers. Individual purchases of the Obligations may be made in the principal amount of \$5,000 each or any integral multiple thereof (except for two odd pieces) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Obligations will not receive certificates representing their beneficial ownership interests in the Obligations. See "DESCRIPTION OF THE OBLIGATIONS – Book-Entry Only System" herein.

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

The Notes shall be dated and bear interest from their date of delivery, shall mature on October 14, 2027, and shall bear interest at the rate of interest set forth on the inside front cover, payable at maturity, calculated on the basis of a 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 Township 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 Bonds 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 (the "Local Bond Law"), various bond ordinances and a resolution in order to provide funds to (i) permanently finance, on a current basis, \$11,942,000 aggregate principal amount of the Township's outstanding \$17,163,000 Bond Anticipation Notes, Series 2025A, consisting of \$15,063,000 General Improvement Notes, Series 2025A, and \$2,100,000 Swimming Pool Utility Notes, Series 2025A, issued by the Township on November 5, 2025 and maturing on November 4, 2026 (the "Series 2025A Notes") and (ii) pay certain costs incurred in connection with the issuance of the Bonds. The Notes are being issued pursuant to the Local Bond Law and various bond ordinances in order to provide funds to (i) temporarily refinance, on a current basis, \$5,221,000 aggregate principal amount of the Township's outstanding Series 2025A Notes, (ii) temporarily finance various previously unfunded capital projects of the Township in the aggregate principal amount of \$5,279,000 and (iii) pay certain costs incurred in connection with the issuance of the Notes.

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

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

The Obligations are offered when, as and if received by the Underwriters (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by FBT Gibbons LLP, Newark, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Obligations. It is expected that the Obligations, in definitive form, will be available for delivery on or about October 15, 2026 through the facilities of DTC in New York, New York.

*Preliminary, subject to change.

TOWNSHIP OF HAZLET
County of Monmouth, New Jersey

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

\$11,942,000* GENERAL OBLIGATION BONDS, SERIES 2026

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$ 602,000			
2028	605,000			
2029	1,165,000			
2030	1,180,000			
2031	1,190,000			
2032	1,200,000			
2033	1,200,000			
2034	1,200,000			
2035	1,200,000			
2036	1,200,000			
2037	1,200,000			

\$10,500,000 BOND ANTICIPATION NOTES, SERIES 2026

<u>Maturity Date</u>	<u>General Improvement Notes</u>	<u>Swimming Pool Utility Notes</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
October 14, 2027	\$8,400,000	\$2,100,000			

* Preliminary, subject to change.

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

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

MAYOR

Michael C. Sachs

TOWNSHIP COMMITTEE

Robert Preston, Deputy Mayor
James Cavuto
Peter Terranova
Ali Zanghi

TOWNSHIP ADMINISTRATOR

Robert A. Bengivenga, Jr.

TOWNSHIP CLERK

Mary L. Lynch

CHIEF FINANCIAL OFFICER

Alexis Caufield

TOWNSHIP ATTORNEY

Collins, Vella & Casello, LLC
Manasquan, New Jersey

TOWNSHIP AUDITOR

Suplee, Clooney & Company
Westfield, New Jersey

MUNICIPAL ADVISOR

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

BOND COUNSEL

FBT Gibbons LLP
Newark, New Jersey

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

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 Township and the purchasers or holders of any of the Obligations. This Official Statement is submitted in connection with the sale of the Obligations 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 Township 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 Obligations in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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OFFICIAL STATEMENT

Relating to

TOWNSHIP OF HAZLET IN THE COUNTY OF MONMOUTH, NEW JERSEY

**\$11,942,000* GENERAL OBLIGATION BONDS, SERIES 2026
(CALLABLE) (BOOK-ENTRY ONLY)**

**\$10,500,000 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF
\$8,400,000 GENERAL IMPROVEMENT NOTES, SERIES 2026
AND
\$2,100,000 SWIMMING POOL UTILITY NOTES, SERIES 2026
(NON-CALLABLE) (BOOK-ENTRY ONLY)**

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the Township of Hazlet (the "Township"), in the County of Monmouth (the "County"), in the State of New Jersey (the "State"), in connection with the sale and the issuance of \$11,942,000* aggregate principal amount of General Obligation Bonds, Series 2026 (the "Bonds") and \$10,500,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of \$8,400,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and \$2,100,000 Swimming Pool Utility Notes, Series 2026 (the "Swimming Pool Utility Notes," and together with the General Improvement Notes, the "Notes," and together with the Bonds, the "Obligations"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Obligations described herein.

DESCRIPTION OF THE OBLIGATIONS

Bonds

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

The Bonds will be issued in fully registered book-entry form only in the form of one certificate for each maturity of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "Book-Entry-Only System" herein.

* Preliminary, subject to change.

Redemption Provisions for the Bonds

Optional Redemption

The Bonds maturing on or prior to October 15, 2033 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after October 15, 2034 shall be subject to redemption prior to their respective maturity dates, on or after October 15, 2033 at the option of the Township, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the "Redemption Price"), plus in each case accrued interest thereon to the date fixed for redemption.

Notice of Redemption

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

Notes

The Notes are dated their date of delivery and will mature on October 14, 2027 and shall bear interest at the rate as set forth on the inside front cover page hereof, payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be credited to the 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 Township directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes.

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

Redemption Provisions for the Notes

The Notes are not subject to redemption prior to maturity.

Book-Entry Only System

The description which follows of the procedures and record keeping with respect to beneficial ownership interest in the Obligations, payment of principal and interest and other payments on the Obligations to DTC

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

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

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

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

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

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

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Township believes to be reliable, but Township takes no responsibility for the accuracy thereof.

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

Discontinuance of Book-Entry-Only System

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

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

SECURITY AND SOURCE OF PAYMENT

The Obligations are valid and legally binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Obligations. The Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and the interest due on the Obligations without limitation as to rate or amount.

NO DEFAULT

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

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

Bonds

The Bonds have been authorized pursuant to (i) the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances finally adopted by the Township Committee of the Township (the "Township Committee") and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Committee on September 8, 2026.

The Township shall apply the proceeds derived from the sale of the Bonds to permanently finance, on a current basis, \$11,942,000 aggregate principal amount of the Township's outstanding \$17,163,000 Bond Anticipation Notes, Series 2025A, consisting of \$15,063,000 General Improvement Notes, Series 2025A, and \$2,100,000 Swimming Pool Utility Notes, Series 2025A, issued by the Township on November 5, 2025 and maturing on November 4, 2026 (the "Series 2025A Notes"), all as authorized by and described in the bond ordinances set forth below:

<u>Ordinance #</u>	<u>Project Name</u>	<u>Amount of Proceeds</u>
1650-19	Various Capital Improvements	\$ 322,800
1660-20	Various Capital Improvements	1,308,150
1681-22	2022 Road Improvements	6,629,300
1682-22/ 1709-23	HVAC and Roof Replacement at Police Headquarters Building	2,106,750
1689-22	Improvements to 8th Street Park	400,000
1708-23	Various Capital Improvements	1,175,000
		\$11,942,000

Notes

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

General Improvement Notes

The General Improvement Notes are being issued to (i) temporarily refinance, on a current basis, \$3,121,000 aggregate principal amount of the Township's outstanding Series 2025A Notes, and (ii) temporarily finance various previously unfunded capital projects of the Township in the aggregate principal amount of \$5,279,000, as authorized by and described in the bond ordinances set forth below:

<u>Ordinance #</u>	<u>Project Name</u>	<u>Principal Amount</u>
1695-22/1715-23/ 1732-24	Various Capital Improvements	\$ 712,000
1730-24	Improvements to Cresci Boulevard	614,000
1731-24	2024 Road Improvements	1,045,000
1772-25	Bethany Road Improvements	380,000
1773-25	2025 Road Improvements	1,650,000
1776-25	Recreation Facility Improvements	3,999,000
		\$8,400,000

Swimming Pool Utility Notes

The Swimming Pool Utility Notes are being issued to temporarily refinance, on a current basis, \$2,100,000 aggregate principal amount of the Township's outstanding Series 2025A Notes, as authorized by and described in the bond ordinance set forth below:

<u>Ordinance #</u>	<u>Project Name</u>	<u>Principal Amount</u>
1743-24	Swimming Pool Utility Improvements	\$2,100,000
		\$2,100,000

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 Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% 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 Township, 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 Township has not exceeded its statutory debt limit. As of December 31, 2025, the statutory net debt as a percentage of average equalized valuation was 1.031%. As noted above, the statutory limit is 3¹/₂%.

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

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

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. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the 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, revaluation 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 Township to levy *ad valorem* taxes upon all taxable property within the Township 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. The Township participates in the Monmouth County Assessment Demonstration Program, which requires the annual reassessment of every property to 100% of market value.

Upon the filing of certified adopted budgets by the Township's Local School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, 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 Township. 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.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to June 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County 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 in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2025 for the Township is on file with the Clerk and is available for review during business hours.

TAX MATTERS

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

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

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

Tax Treatment of Original Issue Premium

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

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

Tax Treatment of Original Issue Discount

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

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

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

Additional Federal Income Tax Consequences

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

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

State Taxation

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

Miscellaneous

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

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

LITIGATION

There is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for

the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, no litigation is presently pending or threatened that would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

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

On the date of delivery of the Obligations, the Township will enter into Continuing Disclosure Certificates (the “Continuing Disclosure Certificates”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Obligations pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Township by no later than October 1 of each fiscal year, commencing October 1, 2027 for the fiscal year ending December 31, 2026 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events for the benefit of the holders and beneficial owners of the Obligations. The Annual Report will be filed by the Township with the MSRB. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in “Appendix C - Forms of Continuing Disclosure Certificates”. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12. Notwithstanding the foregoing, if the fiscal year is not a calendar year then the Township shall provide financial information and operating data relating to the Township by not later than the first day of the tenth month of each fiscal year.

The Township has previously entered into secondary market disclosure undertakings in accordance with Rule 15c2-12 with respect to its own obligations and obligations of The Monmouth County Improvement Authority for which the Township is an obligated person. The Township has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information with the MSRB as required under its prior secondary market disclosure undertakings

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes. Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that

Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Obligations are subject to the approval of FBT Gibbons LLP, Newark, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Obligations substantially in the forms set forth as Appendix D. Certain legal matters will be passed on for the Township by its counsel, Collins, Vella & Casello, LLC, Manasquan, New Jersey.

UNDERWRITING

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

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

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

RATINGS

Moody's Ratings (the "Rating Agency") has assigned a rating of "Aa1" to the Bonds and a rating of "MIG 1" to the Notes.

The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. There can be no assurance that the ratings will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of such ratings, may have an adverse effect on the marketability or market price of the Obligations.

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

Based on available information as of the date hereof, the Township received \$2,058,202.46 from the Plan. The Township received its first installment under the Plan in the amount of \$1,029,101.23 on July 2, 2021, and its second installment under the Plan in the amount of \$1,029,101.23 on July 8, 2022. The deadlines to commit the funds was December 31, 2024 and to spend the funds is December 31, 2026; the Township has met the deadlines.

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

CYBER SECURITY

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

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Obligations (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Obligations. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

INDEPENDENT AUDITORS

The audited financial statements of the Township for the years ended December 31, 2025 and 2024 are presented in Appendix B to this Official Statement. The independent auditors' report and financial statements were

extracted from the report prepared by Suplee, Clooney & Company, Westfield, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix B to this Official Statement.

PREPARATION OF OFFICIAL STATEMENT

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

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

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

The Auditor takes responsibility for the audited financial statements to the extent specified in its Independent Auditor’s Report.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Alexis Caufield, the Township’s Chief Financial Officer, at 1766 Union Avenue, Hazlet, New Jersey 07730, telephone (732) 217-8691 or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF HAZLET

By: _____
Alexis Caufield,
Chief Financial Officer

Dated: October __, 2026

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
ABOUT THE TOWNSHIP OF HAZLET

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INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Hazlet (the “Township”), in the County of Monmouth (the “County”), State of New Jersey (the “State”).

General Information

On February 25, 1848, the Township was incorporated by the State Legislature, from parts of Middletown Township. It was originally known as Raritan Township until 1967, when it was renamed after Dr. John Hazlett who had an estate in Raritan Township near the Keyport Holmdel Turnpike, now Holmdel Road.

The Township has a total area of approximately 5.7 square miles and is comprised of primarily residential communities. Located in the northern part of the County, it is bordered by the Boroughs of Keyport, Union Beach and Keansburg to the north, the Township of Middletown to the east, the Township of Holmdel to the south and the Township of Aberdeen to the west.

The Township is located south of the New York-northern New Jersey metropolitan area and east of the Greater Philadelphia area, each respectively being approximately 35 miles and 55 miles from the Township. Because of the various roadways and mass transportation services that are available, commuters in the Township can easily access these metropolitan areas. Both State Route 35 and State Route 36 are within the Township’s borders. The Garden State Parkway connects the Township to the Jersey Shore or city destinations. Public transportation is available via New Jersey Transit buses and by train service at the Hazlet station on the North Jersey Coast Line to Hoboken Terminal, Newark Penn Station and New York Penn Station in Midtown Manhattan. Interstate 195 is located to the south of the Township and connects to Interstate 95 (New Jersey Turnpike) which is a major beltway serving the eastern seaboard of the United States.

Form of Government

The Township is governed under the Township form of New Jersey municipal government by a five-member Committee. Township Committee members are elected at large by the voters on a partisan basis in the November general election to serve three-year staggered terms, with one (1) or two (2) seats coming up for election each year. The Mayor and Deputy Mayor are elected annually by the Committee from among its five (5) members.

Education

Students in the Township from grades Pre-Kindergarten (Pre-K) through twelve (12) attend the Hazlet Township Public Schools. The School District is comprised of eight (8) learning facilities: one (1) early childhood learning facility, five (5) elementary schools, one (1) middle school and one (1) high school.

¹ Source: The Township, unless otherwise indicated.

As a Type II school district, registered voters elect the nine (9) members of the Board of Education to serve three-year terms on a staggered basis. The Board of Education is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the District, the responsibility to develop the annual budget and present it to the legally voters in the Township.

Public Safety

The Township's communities are served and protected by the Township's Police Department. The Police Department is comprised of four (4) divisions: Administration, Investigation, Patrol and Records. The Administration Division is responsible for overseeing the Police Department, budgeting, public information and the training of all personnel. The Detective Division reviews all incident reports and investigates criminal activity. The Patrol Division is the largest division in the Police Department and contains the first responders to calls for service from the community. The Records Division supports the operational efforts of the Patrol and Investigative divisions, in addition to preparing/maintaining reports, issuing licenses and preparing formal statements.

The Township is home to three (3) all-volunteer fire companies: Hazlet Fire Company No. 1, West Keansburg Fire Company No. 1 and Norther Centerville Fire Company No. 1. The fire companies are located in different parts of the Township and provide fire suppression services to the community.

First aid is provided by the Township's First Aid & Rescue Squad. The all-volunteer Rescue Squad operates out of two (2) buildings – one on each side of the Township. Each year, the Rescue Squad responds to approximately 1,700 calls for aid.

Pension and Retirement Systems

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

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the

State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

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

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

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Employment and Unemployment Comparisons

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

	<u>Total</u> <u>Labor Force</u>	<u>Employed</u> <u>Labor Force</u>	<u>Total</u> <u>Unemployed</u>	<u>Unemployment</u> <u>Rate</u>
<u>Township</u>				
2025	10,918	10,381	537	4.9%
2024	10,900	10,417	483	4.4
2023	10,999	10,536	463	4.2
2022	10,920	10,507	413	3.8
2021	10,619	9,948	671	6.3
<u>County</u>				
2025	335,789	320,024	15,765	4.7%
2024	335,219	321,135	14,084	4.2
2023	337,600	324,255	13,345	4.0
2022	334,779	322,697	12,082	3.6
2021	330,691	310,549	20,142	6.1
<u>State</u>				
2025	4,905,633	4,648,499	257,134	5.2%
2024	4,899,384	4,672,089	227,295	4.6
2023	4,879,285	4,668,296	210,989	4.3
2022	4,771,781	4,586,675	185,106	3.9
2021	4,674,518	4,361,147	313,371	6.7

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

Income (as of 2024)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$122,020	\$124,845	\$103,556
Median Family Income	142,417	157,997	127,025
Per Capita Income	51,789	66,696	54,253

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

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	20,641	2.6%	647,520	0.6%	9,500,851	2.3%
2020	20,125	-1.0	643,615	2.1	9,288,994	5.7
2010	20,334	-4.9	630,380	2.5	8,791,894	4.5
2000	21,378	-2.7	615,301	11.2	8,414,350	8.9
1990	21,976	-4.5	553,124	9.9	7,730,188	5.0

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Hazlet Residential Development	\$29,081,200	0.75%
OASG Hazlet, LLC	25,317,800	0.65
SCP 2002B-Hazlet LLC	25,002,000	0.65
Costco Wholesale	17,711,700	0.46
Bayshore Shopping Plaza Associates	17,570,000	0.45
HD Development	13,724,300	0.35
Hazlet Self-Storage Redevelopment	12,280,600	0.32
Extra Space Storage, Inc.	12,093,300	0.31
Park Brooke Hazlet, LLC	11,592,000	0.30
EPT Nineteen, Inc.	<u>11,133,000</u>	<u>0.29</u>
Total	<u>\$175,505,900</u>	<u>4.53%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025	\$77,372,009	\$76,486,779	98.86%
2024	75,355,618	74,315,554	98.62
2023	73,449,006	72,628,342	98.88
2022	71,897,030	71,030,450	98.79
2021	69,311,165	68,778,212	99.23

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>Delinquent % of Tax Levy</u>
2025	\$242,232	\$802,490	\$1,044,722	1.35%
2024	228,604	1,002,566	1,231,170	1.63
2023	201,432	799,315	1,000,747	1.36
2022	197,594	828,301	1,025,896	1.43
2021	179,530	514,387	693,917	1.00

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Property Acquired For Taxes</u>
2025	\$721,600
2024	721,600
2023	721,600
2022	721,600
2021	721,600

Source: Annual Audit of the Township

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

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

<u>Year</u>	<u>General Municipal</u>	<u>Local School</u>	<u>Total County</u>	<u>Fire District</u>	<u>Total</u>
2026	\$0.419	\$1.228	\$0.230	\$0.057	\$1.934
2025	0.436	1.252	0.216	0.061	1.966
2024	0.474	1.333	0.231	0.065	2.103
2023	0.494	1.345	0.232	0.066	2.137
2022	0.573	1.516	0.263	0.074	2.426

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

Valuation of Property

<u>Year</u>	<u>Assessed Value of Real Property</u>	<u>True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Public Utility Equip.</u>	<u>Equalized Valuation</u>
2025	\$3,872,450,300	\$4,328,210,909	89.47%	\$1,987,956	\$4,330,198,865
2024	3,567,673,900	3,803,490,299	93.80	1,993,771	3,805,484,070
2023	3,431,727,400	3,556,931,385	96.48	1,905,639	3,558,837,024
2022	2,954,723,800	3,276,110,212	90.19	1,815,653	3,277,925,865
2021	2,698,162,800	2,958,836,276	91.19	1,798,281	2,960,634,557

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations and the County Board of Taxation

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$22,491,300	\$3,280,432,500	\$28,800	\$509,872,300	\$30,544,200	\$29,081,200	\$3,872,450,300
2024	17,887,400	3,003,348,800	28,800	487,786,000	29,933,100	28,689,800	3,567,673,900
2023	17,518,600	2,879,358,100	27,500	477,296,400	29,436,000	28,090,800	3,431,727,400
2022	15,262,600	2,437,855,800	26,400	444,875,600	28,831,100	27,872,300	2,954,723,800
2021	13,718,000	2,218,900,700	26,400	436,880,500	28,637,200	0	2,698,162,800

Source: Abstract of Ratables and State of New Jersey – Property Value Classification and the County Board of Taxation

Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

	Adopted <u>2022</u>	Adopted <u>2023</u>	Adopted <u>2024</u>	Adopted <u>2025</u>	Adopted <u>2026</u>
<u>REVENUE</u>					
Fund Balance Utilized	\$2,571,043	\$2,466,340	\$2,695,000	\$3,098,000	\$3,170,500
Miscellaneous Revenues	4,522,260	3,728,376	4,344,680	4,427,208	4,586,368
Municipal Grants	286,258	32,755	83,596	69,918	207,491
Receipts from Delinquent Taxes	500,000	500,000	525,000	550,000	575,000
Amount to be Raised by Taxation	<u>16,633,627</u>	<u>16,633,627</u>	<u>16,566,354</u>	<u>16,520,945</u>	<u>17,502,522</u>
Total Revenue:	<u>\$24,513,188</u>	<u>\$23,361,099</u>	<u>\$24,214,630</u>	<u>\$24,666,071</u>	<u>\$26,041,881</u>
<u>APPROPRIATIONS</u>					
General Purpose (Inside CAP)	\$19,780,566	\$19,928,589	\$20,222,919	\$20,235,415	\$21,940,344
Operations (Outside CAP)	67,500	70,000	65,000	558,723	329,601
Municipal Grants	297,822	41,356	87,268	83,067	212,038
Capital Improvement Fund	1,465,000	300,000	225,000	200,000	200,000
Municipal Debt Service	1,790,253	1,891,738	2,572,698	2,522,114	2,446,045
Reserve for Uncollected Taxes	<u>1,112,047</u>	<u>1,129,415</u>	<u>1,041,745</u>	<u>1,066,752</u>	<u>913,852</u>
Total Appropriations:	<u>\$24,513,188</u>	<u>\$23,361,099</u>	<u>\$24,214,630</u>	<u>\$24,666,071</u>	<u>\$26,041,881</u>

Source: Annual Adopted Budgets

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Fund Balance

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

Fund Balance - Current Fund

<u>Year</u>	<u>Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$9,130,020	\$3,170,500
2024	9,157,604	3,098,000
2023	7,106,261	2,695,000
2022	5,053,748	2,466,340
2021	6,952,183	2,571,043

Source: Annual Audit Reports of the Township

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

Fund Balance - Sewer Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$3,082,940	\$1,367,000
2024	3,172,736	1,233,173
2023	3,321,719	1,320,000
2022	3,140,811	1,400,000
2021	1,979,849	1,225,936

Source: Annual Audit Reports of the Township

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

Fund Balance - Swimming Pool Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$437,645	\$100,000
2024	326,366	198,750
2023	365,164	308,127
2022	459,199	310,950
2021	448,280	112,000

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2025

Serial/Term Bonds	\$11,883,000
Bond Anticipation Notes	15,063,000
Bonds and Notes Authorized but Not Issued	13,672,862
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$40,618,862

Local/Regional School District Debt

Serial/Term Bonds	\$31,865,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$31,865,000

Self-Liquidating Debt

Serial/Term Bonds	\$2,100,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	275,000
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$2,375,000

TOTAL GROSS DEBT \$74,858,862**Less: Statutory Deductions**

General Purpose Debt	\$447,310
Local/Regional School District Debt	31,865,000
Self-Liquidating Debt	<u>2,375,000</u>
Total:	\$34,687,310

TOTAL NET DEBT \$40,171,552

Source: Annual Audit Report of the Township

Overlapping Debt (as of December 31, 2025)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share*</u>
Local School District	\$31,865,000	100.0%	\$31,865,000
County	1,740,427,429	1.9	32,829,447
Net Indirect Debt			\$64,694,447
Net Direct Debt			40,171,552
Total Net Direct and Indirect Debt			<u>\$104,865,999</u>

Debt Limit

Average Equalized Valuation Basis (2023, 2024, 2025)	\$3,896,210,864
Permitted Debt Limitation (3.50%)	136,367,380
Less: Net Debt	40,171,552
Remaining Borrowing Power	<u>\$96,195,828</u>
Percentage of Net Debt to Average Equalized Valuation	1.031%
Gross Debt Per Capita based on 2020 population of 20,125	\$3,720
Net Debt Per Capita based on 2020 population of 20,125	\$1,996

Source: Annual Audit Report of the Township

Litigation

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

² Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

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APPENDIX B

INDEPENDENT AUDITORS' REPORT AND FINANCIAL
STATEMENTS OF THE TOWNSHIP OF HAZLET

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SUPLEE, CLOONEY & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Hazlet
County of Monmouth
Hazlet, New Jersey 07730

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Hazlet (the "Township"), as of and for the year ended December 31, 2025 and 2024, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township as of December 31, 2025 and 2024, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2025.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2025 and 2024, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2025 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

SUPLEE, CLOONEY & COMPANY, LLC

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, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

SUPLEE, CLOONEY & COMPANY, LLC

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2026 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

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

May 6, 2026

TOWNSHIP OF HAZLET

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>2025</u>	BALANCE DECEMBER <u>2024</u>
<u>ASSETS</u>		
Current Fund:		
Cash - Treasurer	\$ 13,867,084.06	\$ 14,333,049.11
Change Funds	750.00	550.00
	<u>13,867,834.06</u>	<u>14,333,599.11</u>
Receivables and Other Assets with Full Reserves:		
Taxes Receivable	802,489.77	1,002,566.06
Tax Title Liens Receivable	242,232.31	224,967.39
Property Acquired for Taxes -		
Assessed Valuations	721,600.00	721,600.00
Revenue Accounts Receivable	12,381.53	17,069.10
Interfund Receivable	1,930,820.91	1,927,961.11
Prepaid Local District School Tax	391,196.00	166,862.48
	<u>4,100,720.52</u>	<u>4,061,026.14</u>
Deferred Charges:		
Overexpenditure of Appropriations		512.12
	<u>17,968,554.58</u>	<u>18,395,137.37</u>
Grant Fund:		
Cash	180,979.87	66,023.52
Interfunds Receivable	428,268.58	424,226.29
Grants Receivable	56,291.63	175,495.22
Deferred Charges:		
Overexpenditure of Grant - Appropriated	5,851.76	
	<u>671,391.84</u>	<u>665,745.03</u>
	<u>\$ 18,639,946.42</u>	<u>\$ 19,060,882.40</u>

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

TOWNSHIP OF HAZLET

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>2025</u>	BALANCE DECEMBER <u>2024</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,558,656.07	\$ 2,113,009.52
Encumbrances	509,052.24	442,136.65
Interfunds Payable	1,607,440.47	1,603,398.18
Prepaid Taxes	543,609.39	451,585.51
Tax Overpayments	89,860.92	131,029.82
County Taxes Payable	10,502.24	28,550.16
Reserve for:		
Marriage Licenses - Due State of New Jersey	506.00	606.00
DCA Fees - Due State of New Jersey	3,049.00	3,887.00
Sale of Municipal Assets	13,710.30	13,710.30
Tax Appeals	267,993.37	247,993.37
DOJ Forfeited Funds	2,508.79	2,508.79
Land Sale	95,638.82	104,713.00
Prepaid Fees		572.00
Due to State of New Jersey Ch. 20, P.L.1971	35,286.72	32,806.72
	<u>4,737,814.33</u>	<u>5,176,507.02</u>
Reserve for Receivables and Other Assets	4,100,720.52	4,061,026.14
Fund Balance	<u>9,130,019.73</u>	<u>9,157,604.21</u>
	<u>17,968,554.58</u>	<u>18,395,137.37</u>
Grant Fund:		
Reserve for:		
Grants Appropriated	369,670.35	591,998.39
Grants Unappropriated	189,300.58	41,356.27
Encumbrances Payable	112,420.91	32,390.37
	<u>671,391.84</u>	<u>665,745.03</u>
	<u>\$ 18,639,946.42</u>	<u>\$ 19,060,882.40</u>

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025	YEAR ENDED DECEMBER 31, 2024
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 3,098,000.00	\$ 2,695,000.00
Miscellaneous Revenue Anticipated	4,783,376.54	5,783,697.87
Receipts from Delinquent Taxes	1,000,865.13	789,400.22
Receipts from Current Taxes	76,486,779.06	74,315,554.32
Non-Budget Revenue	100,251.25	120,325.62
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,189,657.51	2,482,068.56
Tax Overpayments Cancelled	32,086.51	
Interfunds Returned		298,096.74
Prepaid School Taxes		224,333.52
Cancelled 911 Memorial Reserves		12.00
Cancelled State Library Aid Reserves		5,128.37
Accounts Payable Cancelled		42,953.94
<u>Total Income</u>	<u>87,691,016.00</u>	<u>86,756,571.16</u>
<u>EXPENDITURES</u>		
Budget and Emergency Authorizations:		
Operations Within "CAPS"	17,416,024.00	17,563,025.12
Deferred Charges and Statutory Expenditures	2,818,695.17	2,660,405.69
Other Operations Excluded from "CAPS"	705,972.88	363,977.33
Capital Improvements	200,000.00	225,000.00
Municipal Debt Service	2,520,378.36	2,570,958.04
Total Budget and Emergency Authorizations:	23,661,070.41	23,383,366.18
County Taxes	8,596,890.38	8,218,354.28
Due County for Added Taxes	10,502.10	28,550.05
Local School Taxes	49,367,930.00	47,590,130.00
Municipal Open Space Taxes	387,639.98	357,096.36
Special Fire District Taxes	2,363,332.00	2,306,757.00
Refund of Prior Year Revenue	2,000.00	67,703.62
Federal & State Grants Cancelled - Net	4,042.29	
Prior Year Tax Appeals		47,739.20
Prior Year Senior Citizen & Veterans Disallowed		11,043.16
Prepaid Local School Taxes	224,333.52	
Interfunds Advanced	2,859.80	
<u>Total Expenditures</u>	<u>84,620,600.48</u>	<u>82,010,739.85</u>
Excess in Revenues	3,070,415.52	4,745,831.31
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		
Overexpenditure of Appropriation		512.12
Regulatory Excess to Fund Balance	3,070,415.52	4,746,343.43
Fund Balance, January 1	9,157,604.21	7,106,260.78
	<u>12,228,019.73</u>	<u>11,852,604.21</u>
Decreased by:		
Utilization as Anticipated Revenue	3,098,000.00	2,695,000.00
Fund Balance, December 31	<u>\$ 9,130,019.73</u>	<u>\$ 9,157,604.21</u>

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

TOWNSHIP OF HAZLET
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance	\$ 3,098,000.00	\$	\$ 3,098,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	32,500.00		38,631.92	6,131.92
Other	42,500.00		49,764.50	7,264.50
Fees and Permits	219,400.00		245,642.03	26,242.03
Fines and Costs - Municipal Court	162,000.00		196,346.75	34,346.75
Interest and Costs on Taxes	175,000.00		204,500.57	29,500.57
Interest on Investments and Deposits	625,000.00		721,133.35	96,133.35
PILOT - Senior Citizen Housing Complex	292,000.00		298,760.00	6,760.00
Hotel/Motel Fees	165,000.00		123,226.11	(41,773.89)
Cable Television Fees	271,000.00		271,364.53	364.53
Energy Receipts Tax	1,906,808.00		1,906,808.40	0.40
Uniform Construction Code Fees	300,000.00		357,793.00	57,793.00
Body Armor Fund	3,319.12		3,319.12	
Municipal Alliance on Alcoholism & Drug Abuse - County	18,190.00		18,190.00	
Recycling Tonnage Grant	24,953.35		24,953.35	
Clean Communities Program		51,042.81	51,042.81	
Stormwater Assistance	15,000.00		15,000.00	
Bulletproof Vest Partnership Grant	8,456.00		8,456.00	
Opioid Settlement Grant		12,444.10	12,444.10	
Off Duty Police Trust Fund Reserve	30,000.00		30,000.00	
Capital Surplus	50,000.00		50,000.00	
Reserve for Payment of Debt Service	20,000.00		20,000.00	
Open Space for Debt Service	36,000.00		36,000.00	
Reserve for Land Sale	100,000.00		100,000.00	
	<u>4,497,126.47</u>	<u>63,486.91</u>	<u>4,783,376.54</u>	<u>222,763.16</u>
Receipts from Delinquent Taxes	<u>550,000.00</u>		<u>1,000,865.13</u>	<u>450,865.13</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>16,520,944.76</u>		<u>16,827,236.59</u>	<u>306,291.83</u>
<u>Budget Totals</u>	<u>24,666,071.23</u>	<u>63,486.91</u>	<u>25,709,478.26</u>	<u>979,920.12</u>
Non-Budget Revenue			<u>100,251.25</u>	<u>100,251.25</u>
	<u>\$ 24,666,071.23</u>	<u>\$ 63,486.91</u>	<u>\$ 25,809,729.51</u>	<u>\$ 1,080,171.37</u>

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:		
Revenue from Collections		\$ 76,486,779.06
Allocated To:		
County Taxes	\$ 8,607,392.48	
School Taxes	49,367,930.00	
Fire District Taxes	2,363,332.00	
Municipal Open Space Taxes	<u>387,639.98</u>	
		<u>60,726,294.46</u>
Balance for Support of Municipal Budget Appropriations		15,760,484.60
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,066,751.99</u>
Amount for Support of Municipal Budget Appropriations		\$ <u><u>16,827,236.59</u></u>

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

ANALYSIS OF NON-BUDGET REVENUE

Photo Copies	\$	3,800.00
Recycling		12,117.80
Road Openings		7,000.00
Bin Replacement		750.00
Municipal Clerk		5,002.62
Financial Admin		18,669.18
Tax Collector		934.00
Police		5,042.25
Rental Fees		8,424.00
Cost of Tax Sale		2,227.77
Hazlet Day Fees		2,040.00
Miscellaneous		29,498.37
	\$	<u>97,319.45</u>
Prepaid Fees		572.00
Excess Animal Control Reserves		2,859.80
		<u>100,751.25</u>
Less: Refunds		<u>500.00</u>
	\$	<u><u>100,251.25</u></u>

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>OPERATIONS - WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
General Administration:					
Salaries and Wages	\$ 299,000.00	\$ 299,000.00	\$ 294,389.88	\$ 4,610.12	\$
Other Expenses	292,850.00	287,850.00	185,581.43	102,268.57	
Mayor and Committee:					
Salaries and Wages	20,000.00	20,000.00	19,450.08	549.92	
Other Expenses	3,250.00	3,250.00	1,982.00	1,268.00	
Municipal Clerk:					
Salaries and Wages	133,500.00	133,500.00	121,837.77	11,662.23	
Other Expenses	43,300.00	43,300.00	38,611.30	4,688.70	
Elections:					
Salaries and Wages	500.00	500.00	356.32	143.68	
Other Expenses	11,500.00	11,500.00	10,522.39	977.61	
Registrar & Vital Statistics:					
Salaries and Wages	10,075.00	10,075.00	9,879.91	195.09	
Other Expenses	1,875.00	1,875.00	276.19	1,598.81	
Financial Administration:					
Salaries and Wages	183,500.00	183,500.00	166,730.59	16,769.41	
Other Expenses	107,600.00	107,600.00	68,720.17	38,879.83	
Annual Audit:					
Other Expenses	45,000.00	45,000.00	30,000.00	15,000.00	
Revenue Administration (Tax Collector):					
Salaries and Wages	93,000.00	93,000.00	84,815.23	8,184.77	
Other Expenses	34,885.00	34,885.00	19,820.00	15,065.00	
Tax Assessment Administration:					
Salaries and Wages	84,000.00	84,000.00	81,909.10	2,090.90	
Other Expenses	112,350.00	112,350.00	30,052.51	82,297.49	
Legal Services:					
Other Expenses	275,000.00	273,000.00	128,076.74	144,923.26	
Engineering Services:					
Other Expenses	110,000.00	100,000.00	53,114.94	46,885.06	
Land Use Board:					
Salaries and Wages	69,500.00	69,500.00	67,438.23	2,061.77	
Other Expenses	48,000.00	48,000.00	7,367.28	40,632.72	

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT (CONTINUED)</u>					
Housing Department:					
Salaries and Wages	\$ 1,000.00	\$ 1,000.00	\$	\$ 1,000.00	\$
Insurance:					
Property/General Environment	158,000.00	158,000.00	158,000.00		
Public Officials/Employment Practice/Other	80,635.00	80,635.00	80,635.00		
Workers Compensation	446,069.00	446,069.00	444,702.00	1,367.00	
Employee Group Health Insurance	3,120,052.00	3,117,552.00	3,100,429.94	17,122.06	
Health Benefits Waiver	37,500.00	40,000.00	39,110.95	889.05	
Disability	9,000.00	9,000.00		9,000.00	
General Liability	227,772.00	227,772.00	227,772.00		
Environmental Liability	10,361.00	10,361.00	10,361.00		
Cyber Insurance	17,316.00	17,316.00	17,316.00		
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	5,758,000.00	5,748,000.00	5,615,241.81	132,758.19	
Other Expenses	374,150.00	373,454.00	338,589.54	34,864.46	
School Crossing Guards:					
Salaries and Wages	165,000.00	165,000.00	153,626.34	11,373.66	
Other Expenses	1,500.00	1,500.00	1,500.00		
Office of Emergency Management:					
Other Expenses	9,400.00	9,400.00		9,400.00	
First Aid Organization:					
Other Expenses	70,000.00	70,000.00	70,000.00		
Municipal Prosecutor:					
Salaries and Wages	27,500.00	27,500.00	24,999.96	2,500.04	

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	\$ 775,000.00	\$ 762,100.00	\$ 671,964.86	\$ 90,135.14	\$
Other Expenses	374,500.00	358,700.00	248,212.99	110,487.01	
Snow Removal:					
Salaries and Wages	20,000.00	20,000.00	1,923.16	18,076.84	
Other Expenses	55,000.00	55,000.00	39,184.16	15,835.84	
Recycling:					
Salaries and Wages	717,500.00	717,500.00	694,798.58	22,701.42	
Other Expenses	305,500.00	305,500.00	229,030.71	76,469.29	
Buildings and Grounds:					
Salaries and Wages	220,000.00	220,000.00	166,315.72	53,684.28	
Other Expenses	246,000.00	246,000.00	193,147.93	52,852.07	
Municipal Parking Facility:					
Other Expenses	1,005.00	1,005.00		1,005.00	
Vehicle Maintenance:					
Salaries and Wages	230,000.00	233,900.00	233,256.31	643.69	
Other Expenses	283,000.00	283,000.00	249,342.16	33,657.84	
HEALTH AND HUMAN SERVICES					
Environmental Health Services:					
Salaries and Wages	1,200.00	1,200.00		1,200.00	
Other Expenses	3,750.00	3,750.00	2,486.64	1,263.36	
Open Space Commission:					
Salaries and Wages	1,200.00	1,200.00		1,200.00	
Other Expenses	3,000.00	3,000.00	1,500.00	1,500.00	
Animal Control Services:					
Other Expenses	16,225.00	16,225.00		16,225.00	

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PARK AND RECREATION					
Recreation:					
Salaries and Wages	\$ 92,600.00	\$ 92,600.00	\$ 84,766.27	\$ 7,833.73	\$
Other Expenses	108,400.00	108,400.00	67,246.95	41,153.05	
OTHER COMMON OPERATING FUNCTIONS					
Township Library:					
Other Expenses	12,000.00	12,000.00	11,979.72	20.28	
Celebration of Public Events:					
Other Expenses	12,500.00	12,500.00	690.45	11,809.55	
Municipal Court:					
Salaries and Wages	217,000.00	217,000.00	211,453.03	5,546.97	
Other Expenses	33,800.00	33,800.00	21,881.87	11,918.13	
Public Defender (P.L. 1997, c256):					
Salaries and Wages	18,000.00	18,000.00	17,499.96	500.04	
Department of Aging:					
Salaries and Wages	82,600.00	82,600.00	67,914.17	14,685.83	
Other Expenses	78,000.00	78,000.00	39,989.97	38,010.03	
STATE UNIFORM CONSTRUCTION CODE OFFICIALS					
Construction Code Official:					
Salaries and Wages	279,000.00	279,000.00	240,988.45	38,011.55	
Other Expenses	21,000.00	21,000.00	11,075.00	9,925.00	
UNCLASSIFIED					
Electricity	236,000.00	236,000.00	192,385.27	43,614.73	
Street Lighting	175,000.00	190,800.00	190,617.92	182.08	
Water & Sewerage	50,000.00	50,000.00	43,947.33	6,052.67	
Gas (Natural Propane)	95,000.00	97,000.00	96,531.62	468.38	
Telecommunications	95,000.00	95,000.00	78,129.65	16,870.35	
Accumulated Leave Compensation	50,000.00	75,000.00	50,000.00	25,000.00	
Reserve for Tax Appeals	20,000.00	20,000.00	20,000.00		
Total Operations Within "CAPS":	17,420,720.00	17,411,024.00	15,881,457.45	1,529,566.55	
CONTINGENT	5,000.00	5,000.00	3,369.01	1,630.99	
TOTAL OPERATIONS INCLUDING CONTINGENT	17,425,720.00	17,416,024.00	15,884,826.46	1,531,197.54	
WITHIN "CAPS"					

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
	\$ 512.12 \$	512.12 \$	512.12 \$		\$
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -</u>					
Overexpenditure of Appropriations					
<u>MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Public Employees Retirement System of New Jersey	387,611.05	387,611.05	387,611.05		
Police and Firemen's Retirement System of New Jersey	1,701,572.00	1,701,572.00	1,701,572.00		
State Unemployment Insurance	40,000.00	40,000.00	40,000.00		
Defined Contribution Retirement Plan	15,000.00	15,000.00	13,028.24	1,971.76	
Social Security System (O.A.S.I.)	665,000.00	674,000.00	673,513.23	486.77	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>	<u>2,809,695.17</u>	<u>2,818,695.17</u>	<u>2,816,236.64</u>	<u>2,458.53</u>	
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	<u>20,235,415.17</u>	<u>20,234,719.17</u>	<u>18,701,063.10</u>	<u>1,533,656.07</u>	
<u>OPERATIONS - EXCLUDED FROM "CAPS"</u>					
Length of Service Award Program	25,000.00	25,000.00		25,000.00	
Other Expenses	229,948.00	229,948.00	229,948.00		
Employee Group Health					
<u>TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>254,948.00</u>	<u>254,948.00</u>	<u>229,948.00</u>	<u>25,000.00</u>	
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
Monmouth County Dispatch	240,000.00	240,696.00	240,696.00		
Middletown Health Department Animal Control	43,775.00	43,775.00	43,775.00		
Handicapped Persons Recreational Opportunities					
Other Expenses	20,000.00	20,000.00	20,000.00		
<u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>	<u>303,775.00</u>	<u>304,471.00</u>	<u>304,471.00</u>		

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>PUBLIC/PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Body Armor Fund	\$ 3,319.12	\$ 3,319.12	\$ 3,319.12	\$	
Clean Communities Program (40A: 5-87 + \$51,042.81)		51,042.81	51,042.81		
Recycling Tonnage Grant	24,953.35	24,953.35	24,953.35		
Municipal Alliance Grant					
Local Share	4,547.50	4,547.50	4,547.50		
County Share	18,190.00	18,190.00	18,190.00		
SFSP Fire District Payment	8,601.00	8,601.00	8,601.00		
Stormwater Assistance	15,000.00	15,000.00	15,000.00		
Opioid Settlement Grant (40A: 5-87 + \$12,444.10)		12,444.10	12,444.10		
Bulletproof Vest Partnership Grant	8,456.00	8,456.00	8,456.00		
<u>TOTAL PUBLIC/PRIVATE PROGRAMS OFFSET BY REVENUES</u>	<u>83,066.97</u>	<u>146,553.88</u>	<u>146,553.88</u>		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>641,789.97</u>	<u>705,972.88</u>	<u>680,972.88</u>	<u>25,000.00</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	200,000.00	200,000.00	200,000.00		
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>	<u>200,000.00</u>	<u>200,000.00</u>	<u>200,000.00</u>		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	1,447,000.00	1,447,000.00	1,447,000.00		
Interest on Bonds	520,890.00	520,890.00	520,849.05		40.95
Interest on Notes	550,120.00	550,120.00	548,425.21		1,694.79
State of New Jersey Green Trust Loans	4,104.10	4,104.10	4,104.10		
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	<u>2,522,114.10</u>	<u>2,522,114.10</u>	<u>2,520,378.36</u>		<u>1,735.74</u>

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

TOWNSHIP OF HAZLET

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>TOTAL GENERAL APPROPRIATIONS- EXCLUDED FROM "CAPS"</u>	\$ 3,363,904.07	\$ 3,428,086.98	\$ 3,401,351.24	\$ 25,000.00	\$ 1,735.74
SUB-TOTAL GENERAL APPROPRIATIONS	23,599,319.24	23,662,806.15	22,102,414.34	1,558,656.07	1,735.74
RESERVE FOR UNCOLLECTED TAXES	1,066,751.99	1,066,751.99	1,066,751.99		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 24,666,071.23</u>	<u>\$ 24,729,558.14</u>	<u>\$ 23,169,166.33</u>	<u>\$ 1,558,656.07</u>	<u>\$ 1,735.74</u>
Appropriations	\$ 24,666,071.23				
Appropriation by 40A: 5-87	63,486.91				
	<u>\$ 24,729,558.14</u>				
Reserve for Uncollected Taxes		\$ 1,066,751.99			
Deferred Charges - Overexpenditure of Appropriations		512.12			
Reserve for Encumbrances		509,052.24			
Reserve for Tax Appeals		20,000.00			
Grants Appropriated		137,952.88			
		<u>\$ 1,734,269.23</u>			
Cash Disbursements	\$ 22,463,377.13				
Less: Refunds	1,028,480.03				
	<u>21,434,897.10</u>				
	\$	\$	<u>\$ 23,169,166.33</u>		

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

"B"

TOWNSHIP OF HAZLET

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025		AS RESTATED BALANCE DECEMBER 31, 2024	
<u>ASSETS</u>				
Animal Control Trust Fund:				
Cash	\$	66,808.07	\$	62,821.67
Change Fund		75.00		75.00
		<u>66,883.07</u>		<u>62,896.67</u>
Trust - Other Funds:				
Cash	\$	4,743,695.96	\$	5,009,584.86
Interfunds Receivable		392,208.34		392,208.34
		<u>5,135,904.30</u>		<u>5,401,793.20</u>
Open Space Trust Fund:				
Cash	\$	1,922,740.17	\$	2,516,826.91
Interfunds Receivable		235,831.18		189,371.50
		<u>2,158,571.35</u>		<u>2,706,198.41</u>
Total Assets	\$	<u>7,361,358.72</u>	\$	<u>8,170,888.28</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Animal Control Trust Fund:				
Due State Department of Health	\$	1.20	\$	
Reserve for Expenditures		12,376.60		11,251.20
Interfund - Current Fund		54,505.27		51,645.47
		<u>66,883.07</u>		<u>62,896.67</u>
Trust - Other Funds:				
Interfunds Payable	\$	41,722.93	\$	41,722.93
Miscellaneous Reserves		5,094,181.37		5,360,070.27
		<u>5,135,904.30</u>		<u>5,401,793.20</u>
Open Space Trust Fund:				
Reserve for Open Space	\$	2,158,571.35	\$	2,706,198.41
		<u>2,158,571.35</u>		<u>2,706,198.41</u>
	\$	<u>7,361,358.72</u>	\$	<u>8,170,888.28</u>

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

"C"

TOWNSHIP OF HAZLET

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
<u>ASSETS</u>		
Cash	\$ 1,623,701.41	\$ 4,882,618.61
Deferred Charges to Future Taxation:		
Funded	11,883,000.00	13,334,063.92
Unfunded	28,662,989.45	18,055,491.00
Grants Receivable	1,454,082.00	725,397.00
Monmouth County Improvement Authority	1,588,530.76	1,588,530.76
	<u>\$ 45,212,303.62</u>	<u>\$ 38,586,101.29</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Interfunds Payable	\$ 4,366,546.77	\$ 4,320,087.09
Improvement Authorizations:		
Funded	1,695,505.25	688,725.04
Unfunded	9,943,783.37	3,683,300.21
Serial Bonds Payable	11,883,000.00	13,330,000.00
Green Trust Loan Payable		4,063.92
Bond Anticipation Notes	15,063,000.00	13,753,000.00
Capital Improvement Fund	375,319.92	975,319.92
Contracts Payable	1,059,035.68	1,109,117.14
Reserve for Joint Court Improvements	20,000.00	20,000.00
Reserve for Grant Receivable	143,922.50	143,922.50
Reserve for Cost of Issuance	16,350.00	16,350.00
Reserve to Pay Debt Service	358,087.36	378,087.36
Fund Balance	287,752.77	164,128.11
	<u>\$ 45,212,303.62</u>	<u>\$ 38,586,101.29</u>

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

TOWNSHIP OF HAZLET

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2024		\$	164,128.11
Increased by:			
Premium on Sale of Bond Anticipation Notes	\$	132,253.14	
Improvement Authorizations Cancelled		<u>41,371.52</u>	
			<u>173,624.66</u>
		\$	<u>337,752.77</u>
Decreased by:			
2025 Anticipated Revenue			<u>50,000.00</u>
Balance, December 31, 2025		\$	<u><u>287,752.77</u></u>

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

TOWNSHIP OF HAZLET

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
<u>ASSETS</u>		
<u>OPERATING FUND:</u>		
Cash	\$ 3,148,799.04	\$ 3,220,853.53
Change Fund	100.00	100.00
Interfund Receivable	<u>952,188.97</u>	<u>952,188.97</u>
	<u>4,101,088.01</u>	<u>4,173,142.50</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	\$ 285,327.63	\$ 260,300.24
Bayshore Sewage Rent Reserve	<u>669,680.44</u>	<u>669,680.44</u>
	\$ <u>955,008.07</u>	\$ <u>929,980.68</u>
<u>TOTAL OPERATING FUND</u>	<u>5,056,096.08</u>	<u>5,103,123.18</u>
<u>CAPITAL FUND:</u>		
Cash	\$ 430,219.89	\$ 1,240,675.07
Fixed Capital	11,477,806.03	11,477,806.03
Fixed Capital Authorized and Uncompleted	3,925,000.00	3,925,000.00
Interfunds Receivable	<u>2,266,107.04</u>	<u>2,266,107.04</u>
<u>TOTAL CAPITAL FUND</u>	<u>18,099,132.96</u>	<u>18,909,588.14</u>
<u>TOTAL ASSETS</u>	\$ <u><u>23,155,229.04</u></u>	\$ <u><u>24,012,711.32</u></u>

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

TOWNSHIP OF HAZLET

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>OPERATING FUND:</u>		
Liabilities:		
Appropriation Reserves	\$ 592,137.75	\$ 384,150.65
Customer Overpayments	5,112.10	16,178.20
Encumbrances Payable	19,105.89	15,296.30
Interfunds Payable	4,357.04	4,357.04
Prepaid Rents	397,435.02	592,748.29
	\$ 1,018,147.80	\$ 1,012,730.48
Reserve for Receivables	955,008.07	929,980.68
Fund Balance	3,082,940.21	3,160,412.02
<u>TOTAL OPERATING FUND</u>	\$ 5,056,096.08	\$ 5,103,123.18
<u>CAPITAL FUND:</u>		
Contracts Payable	\$ 107,012.71	\$ 1,013,479.37
Reserve For Amortization	11,477,806.03	11,477,806.03
Reserve for Deferred Amortization	3,925,000.00	3,925,000.00
Capital Improvement Fund	1,340,000.00	1,225,000.00
Improvement Authorizations:		
Funded	1,134,002.38	1,152,990.90
Reserve for Improvements	115,311.84	115,311.84
<u>TOTAL CAPITAL FUND</u>	18,099,132.96	18,909,588.14
	\$ 23,155,229.04	\$ 24,012,711.32

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

TOWNSHIP OF HAZLET
SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS
AND CHANGE IN OPERATING FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2025	YEAR ENDED DECEMBER 31, 2024
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 1,233,173.00	\$ 1,320,000.00
Sewer Rents	3,979,712.01	3,781,533.87
Interest On Investments		179,992.13
Miscellaneous	195,603.29	107,010.25
Miscellaneous - Unanticipated:	70,476.29	
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>390,909.60</u>	<u>471,156.89</u>
<u>TOTAL INCOME</u>	<u>\$ 5,869,874.19</u>	<u>\$ 5,859,693.14</u>
<u>EXPENDITURES</u>		
Operating	\$ 4,513,571.00	\$ 4,474,688.00
Deferred Charges and Statutory Expenditures	85,602.00	76,312.00
Capital Improvements	<u>115,000.00</u>	<u>150,000.00</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 4,714,173.00</u>	<u>\$ 4,701,000.00</u>
Excess in Revenue	\$ 1,155,701.19	\$ 1,158,693.14
Fund Balance, January 1	3,160,412.02	3,321,718.88
	<u>\$ 4,316,113.21</u>	<u>\$ 4,480,412.02</u>
Decreased by:		
Utilized as Anticipated Revenue	<u>1,233,173.00</u>	<u>1,320,000.00</u>
Fund Balance, December 31	<u>\$ 3,082,940.21</u>	<u>\$ 3,160,412.02</u>

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

TOWNSHIP OF HAZLET

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>ANTICIPATED</u>	<u>REALIZED</u>	EXCESS OR (DEFICIT)
Surplus	\$ 1,233,173.00	\$ 1,233,173.00	
Sewer Rents	3,400,000.00	3,979,712.01	579,712.01
Miscellaneous		195,603.29	195,603.29
Miscellaneous - Unanticipated:		70,476.29	70,476.29
	<u>\$ 4,714,173.00</u>	<u>\$ 5,674,567.88</u>	<u>\$ 960,394.88</u>

ANALYSIS OF RENTS

Rents	\$ 3,314,485.15
Prepaid Rents	592,748.29
Overpayments Applied	72,478.57
	<u>\$ 3,979,712.01</u>
Miscellaneous:	
Sewer Connection Fees	\$ 27,238.27
Interest on Sewer Charges	167,071.25
Miscellaneous	77.36
	<u>\$ 195,603.29</u>
Miscellaneous - Unanticipated:	
Refund of Prior Year Expense	<u>\$ 70,476.29</u>

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

TOWNSHIP OF HAZLET
SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
OPERATING:				
Salaries and Wages	\$ 514,500.00 \$	514,500.00 \$	473,420.34 \$	41,079.66
Other Expenses	3,999,071.00	3,999,071.00	3,452,785.93	546,285.07
<u>TOTAL OPERATING</u>	<u>\$ 4,513,571.00 \$</u>	<u>4,513,571.00 \$</u>	<u>3,926,206.27 \$</u>	<u>587,364.73</u>
CAPITAL IMPROVEMENTS:				
Capital Improvement Fund	\$ 115,000.00 \$	115,000.00 \$	115,000.00 \$	
	<u>\$ 115,000.00 \$</u>	<u>115,000.00 \$</u>	<u>115,000.00 \$</u>	
STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees' Retirement System	\$ 45,602.00 \$	45,602.00 \$	45,601.30 \$	0.70
Social Security (OASI)	40,000.00	40,000.00	35,227.68	4,772.32
<u>TOTAL STATUTORY EXPENDITURES</u>	<u>\$ 85,602.00 \$</u>	<u>85,602.00 \$</u>	<u>80,828.98 \$</u>	<u>4,773.02</u>
	<u>\$ 4,714,173.00 \$</u>	<u>4,714,173.00 \$</u>	<u>4,122,035.25 \$</u>	<u>592,137.75</u>
Cash Disbursements			4,161,019.03	
Encumbrances Payable			19,105.89	
			<u>4,180,124.92</u>	
Less: Refunds			58,089.67	
			<u>4,122,035.25</u>	

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

TOWNSHIP OF HAZLET
SWIMMING POOL UTILITY FUND
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
<u>ASSETS</u>		
<u>OPERATING FUND:</u>		
Cash	\$ 709,537.40	\$ 653,636.29
Interfund Receivable	<u>5,063.77</u>	<u>5,063.77</u>
	<u>714,601.17</u>	<u>658,700.06</u>
<u>TOTAL OPERATING FUND</u>	<u>714,601.17</u>	<u>658,700.06</u>
<u>CAPITAL FUND:</u>		
Cash	\$ 432,163.72	\$ 1,750,579.70
Fixed Capital	1,698,473.77	1,698,473.77
Fixed Capital Authorized and Uncompleted	2,895,219.23	2,908,000.00
Interfunds Receivable	<u>24,722.00</u>	<u>24,722.00</u>
<u>TOTAL CAPITAL FUND</u>	<u>5,050,578.72</u>	<u>6,381,775.47</u>
<u>TOTAL ASSETS</u>	<u>\$ 5,765,179.89</u>	<u>\$ 7,040,475.53</u>

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

TOWNSHIP OF HAZLET

SWIMMING POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>OPERATING FUND:</u>		
Liabilities:		
Appropriation Reserves	\$ 108,798.36	\$ 147,778.17
Encumbrances Payable	1,150.00	20,148.14
Accrued Interest on Bonds and Notes	11,433.33	8,833.33
Interfunds Payable	155,574.54	155,574.54
	<u>276,956.23</u>	<u>332,334.18</u>
Fund Balance	437,644.94	326,365.88
	<u>714,601.17</u>	<u>658,700.06</u>
<u>TOTAL OPERATING FUND</u>		
<u>CAPITAL FUND:</u>		
Contracts Payable	\$ 107,727.21	\$ 1,698,473.77
Reserve For Amortization	1,698,473.77	533,000.00
Reserve for Deferred Amortization	520,219.23	160,100.00
Capital Improvement Fund	165,100.00	97,477.94
Improvement Authorizations:		
Funded		410,115.98
Unfunded		2,375,000.00
Bond Anticipation Notes	2,100,000.00	1,500,000.00
Interfunds Payable	5,063.77	5,063.77
Fund Balance	43,878.76	12,659.99
	<u>5,050,578.72</u>	<u>6,381,775.47</u>
<u>TOTAL CAPITAL FUND</u>		
	<u>\$ 5,765,179.89</u>	<u>\$ 7,040,475.53</u>

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

TOWNSHIP OF HAZLET
SWIMMING POOL UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS
AND CHANGE IN OPERATING FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER <u>31, 2025</u>	YEAR ENDED DECEMBER <u>31, 2024</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 198,750.00	\$ 308,127.00
Membership Fees	327,337.50	318,575.34
Guest Fees	76,055.00	67,482.78
Swimming Lessons	2,260.00	
Miscellaneous - Anticipated	161,133.12	33,993.00
Miscellaneous - Unanticipated		91,769.50
Unexpended Balance of Appropriation Reserves	<u>151,343.44</u>	<u>145,508.15</u>
<u>TOTAL INCOME</u>	<u>\$ 916,879.06</u>	<u>\$ 965,455.77</u>
<u>EXPENDITURES</u>		
Operating	\$ 500,750.00	\$ 523,520.00
Debt Service	60,000.00	
Deferred Charges and Statutory Expenditures	38,500.00	37,607.00
Capital Improvements	5,000.00	135,000.00
Accrued Interest Cancelled	<u>2,600.00</u>	
<u>TOTAL EXPENDITURES</u>	<u>\$ 606,850.00</u>	<u>\$ 696,127.00</u>
Excess in Revenue	\$ 310,029.06	\$ 269,328.77
Fund Balance, January 1	<u>326,365.88</u>	<u>365,164.11</u>
	\$ 636,394.94	\$ 634,492.88
Decreased by:		
Utilized as Anticipated Revenue	<u>198,750.00</u>	<u>308,127.00</u>
Fund Balance, December 31	<u>\$ 437,644.94</u>	<u>\$ 326,365.88</u>

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

TOWNSHIP OF HAZLET
SWIMMING POOL UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2024		\$	12,659.99
Increased by:			
Premium on Sale of Bond Anticipation Notes	\$	18,438.00	
Improvement Authorizations Cancelled		<u>12,780.77</u>	
			<u>31,218.77</u>
Balance, December 31, 2025		\$	<u><u>43,878.76</u></u>

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

TOWNSHIP OF HAZLET

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Surplus	\$ 198,750.00	\$ 198,750.00	
Membership Fees	310,000.00	327,337.50	17,337.50
Guest Membership Fees	53,000.00	76,055.00	23,055.00
Miscellaneous - Anticipated	49,000.00	161,133.12	112,133.12
Swimming Lessons	<u>1,000.00</u>	<u>2,260.00</u>	<u>1,260.00</u>
	\$ <u>611,750.00</u>	\$ <u>765,535.62</u>	<u>153,785.62</u>

ANALYSIS OF RENTS

Miscellaneous - Anticipated:

Pool Facilities	\$ 47,250.00
Swim Team Fees	10,728.77
Consession Stand	4,500.00
Interest	80,294.35
Party Rentals	<u>18,360.00</u>
	\$ <u>161,133.12</u>

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

TOWNSHIP OF HAZLET
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATING:					
Salaries and Wages	\$ 243,500.00	\$ 243,000.00	\$ 203,645.72	\$ 39,354.28	
Other Expenses	\$ 257,750.00	\$ 257,750.00	\$ 188,514.73	\$ 69,235.27	
TOTAL OPERATING	\$ 501,250.00	\$ 500,750.00	\$ 392,160.45	\$ 108,589.55	
CAPITAL IMPROVEMENTS:					
Capital Improvement Fund	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	
	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	
DEBT SERVICE:					
Payment of Bond Anticipation Notes and Capital Notes	\$ 7,500.00	\$ 7,500.00	\$	\$	\$ 7,500.00
Interest on Notes	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$	
TOTAL DEBT SERVICE	\$ 67,500.00	\$ 67,500.00	\$ 60,000.00	\$	\$ 7,500.00
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	\$ 23,000.00	\$ 23,000.00	\$ 22,800.65	\$ 199.35	
Social Security (OASI)	\$ 15,000.00	\$ 15,500.00	\$ 15,490.54	\$ 9.46	
TOTAL STATUTORY EXPENDITURES	\$ 38,000.00	\$ 38,500.00	\$ 38,291.19	\$ 208.81	
	\$ 611,750.00	\$ 611,750.00	\$ 495,451.64	\$ 108,798.36	\$ 7,500.00
Cash Disbursements		\$	\$ 460,494.74		
Encumbrances Payable			\$ 1,150.00		
Accrued Interest on Bonds and Notes		\$	\$ 521,644.74		
			\$ 26,193.10		
Less: Refunds			\$ 495,451.64		

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

TOWNSHIP OF HAZLET

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Except as noted below, the financial statements of the Township of Hazlet include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Hazlet, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Hazlet do not include the operations of the Local and Fire Districts, 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 Township of Hazlet 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Hazlet are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity.

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

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created as well as records resources and expenditures for payroll purposes.

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

Swimming Pool Operating and Capital Funds - records resources and expenditures for the swim programs and records resources and expenditures for the acquisition of capital facilities of the municipally owned Swim Utility

Sewer Utility Operating and Capital Funds – records resources and expenditures for the operations and acquisition of capital equipment and facilities of the municipally owned Sewer Utility.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the 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 Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued) - Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is 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.

Fixed Capital – Swimming Pool and Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Swimming Pool and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the cost of acquisition of property, equipment, and improvements. The utilities do not record depreciation on fixed assets.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2025 was not available, therefore the information dated June 30, 2024 is disclosed.

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

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

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

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

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

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

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

The Township of Hazlet had the following cash and cash equivalents at December 31, 2025:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$28,052,359.73	(\$926,630.14)		\$27,125,729.59
Change Funds			1,050.00	1,050.00
	<u>\$28,052,359.73</u>	<u>(\$926,630.14)</u>	<u>\$1,050.00</u>	<u>\$27,126,779.59</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

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

As of December 31, 2025, the Township's bank balance of \$28,052,359.73 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$26,537,677.93
Uninsured and Uncollateralized	<u>1,514,681.80</u>
	<u><u>\$28,052,359.73</u></u>

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;
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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for Investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

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

NOTE 3: GOVERNMENTAL DEBT

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

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

	<u>YEAR 2025</u>	<u>YEAR 2024</u>	<u>YEAR 2023</u>
Issued:			
General:			
Bonds, Notes and Loans	\$26,946,000.00	\$27,087,063.92	\$26,672,179.53
Swim Pool Utility:			
Bonds and Notes	<u>2,100,000.00</u>	<u>1,500,000.00</u>	
Net Debt Issued	<u>\$29,046,000.00</u>	<u>\$28,587,063.92</u>	<u>\$26,672,179.53</u>
Less: Cash on Hands to Pay Notes	72,872.55		
Less: Reserve to Pay Bonds	<u>374,437.36</u>	<u>378,087.36</u>	<u>398,087.36</u>
Net Debt Issued	<u><u>\$28,598,690.09</u></u>	<u><u>\$28,208,976.56</u></u>	<u><u>\$26,274,092.17</u></u>
 <u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$13,672,862.00	\$4,340,982.00	\$1,184,250.00
Swim Pool Utility:			
Bonds and Notes	<u>275,000.00</u>	<u>875,000.00</u>	
Total Authorized but not Issued	<u>\$13,947,862.00</u>	<u>\$5,215,982.00</u>	<u>\$1,184,250.00</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u><u>\$42,546,552.09</u></u>	<u><u>\$33,424,958.56</u></u>	<u><u>\$27,458,342.17</u></u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SUMMARY OF REGULATORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of 1.031%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District	\$31,865,000.00	\$31,865,000.00	-0-
Swim Pool Utility	2,375,000.00		-0-
General Debt	40,618,862.00	447,309.91	40,171,552.09
	<u>\$74,858,862.00</u>	<u>\$32,312,309.91</u>	<u>\$40,171,552.09</u>

NET DEBT \$40,171,552.09 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, AS AMENDED, \$3,896,210,864.33 EQUALS 1.031%.

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

Equalized Valuation Basis* - December 31, 2025	\$3,896,210,864.33
3-1/2 of Equalized Valuation Basis	136,367,380.25
Net Debt	40,171,552.09
Remaining Borrowing Power	<u>\$96,195,828.16</u>

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

Long-Term Debt

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2025

CALENDAR	GENERAL CAPITAL		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2026	1,458,000.00	460,840.00	1,918,840.00
2027	1,357,000.00	397,670.00	1,754,670.00
2028	1,376,000.00	333,990.00	1,709,990.00
2029	1,025,000.00	269,600.00	1,294,600.00
2030-2034	4,827,000.00	674,950.00	5,501,950.00
2035-2036	1,840,000.00	55,200.00	1,895,200.00
	<u>\$11,883,000.00</u>	<u>\$2,192,250.00</u>	<u>\$14,075,250.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER <u>31, 2025</u>
\$3,780,000.00 in General Obligation Bonds dated April 15, 2016, due in remaining annual installments ranging between \$370,000.00 and \$375,000.00 beginning August 1, 2026 and ending August 1, 2028 with interest from 3.000% to 4.000%	\$1,105,000.00
\$12,850,000.00 in Monmouth County Improvement Authority Bonds dated July 8, 2021, due in remaining annual installments ranging between \$920,000.00 and \$870,000.00 beginning March 1, 2026 and ending March 1, 2036 with interest from 3.000% to 5.000%	10,030,000.00
\$1,520,000.00 in Monmouth County Improvement Authority Bonds dated September 30, 2021, due in remaining annual installments ranging between \$97,000.00 and \$218,000.00 beginning March 1, 2026 and ending March 1, 2036 with interest from 4.000% to 5.000%	<u>748,000.00</u>
	<u><u>\$11,883,000.00</u></u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2025, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	\$13,672,862.00
Swimming Pool Utility Capital Fund	275,000.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT TERM DEBT

At December 31, 2025, the Township has the following Bond Anticipation Note outstanding:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
1650-19	10/31/23	11/05/25	11/04/26	3.50%	\$322,800.00
1660-20	10/31/23	11/05/25	11/04/26	3.50%	1,308,150.00
1681-22	10/31/23	11/05/25	11/04/26	3.50%	6,629,300.00
1682-22	10/31/23	11/05/25	11/04/26	3.50%	2,106,750.00
1689-22	10/31/23	11/05/25	11/04/26	3.50%	400,000.00
1708-23	10/31/23	11/05/25	11/04/26	3.50%	1,175,000.00
1732-24	10/24/24	11/05/25	11/04/26	3.50%	712,000.00
1730-24	10/24/24	11/05/25	11/04/26	3.50%	614,000.00
1730-24	11/05/25	11/05/25	11/04/26	3.50%	750,000.00
1731-24	10/24/24	11/05/25	11/04/26	3.50%	485,000.00
1731-24	11/05/25	11/05/25	11/04/26	3.50%	560,000.00
					<u>\$15,063,000.00</u>

Swimming Pool Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
1743-24	11/08/24	11/05/25	11/04/26	3.50%	1,500,000.00
1743-24	11/05/25	11/05/25	11/04/26	3.50%	600,000.00
					<u>\$2,100,000.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund Balances (surplus) at December 31, 2025 which were appropriated and included as anticipated revenue in the introduced municipal budget for the year ending December 31, 2026. As of the date of the audit, the 2026 municipal budget has not been finally adopted. Accordingly, such appropriated fund balances were not available for use at the time of audit.

NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, <u>2025</u>	BALANCE DECEMBER 31, <u>2024</u>
Prepaid Taxes	<u>\$543,609.39</u>	<u>\$451,585.51</u>

NOTE 6: PENSION PLANS

Plan Descriptions

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

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

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

Vesting and Benefit Provisions

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

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

Newly elected or appointed officials that have an existing DCRP account or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership.

Vesting and Benefit Provisions

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%.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

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

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

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

<u>Year Ended</u> <u>December 31,</u>	<u>Public Employees</u> <u>Retirement System</u>	<u>Police & Firemen's</u> <u>Retirement System</u>	<u>Defined Contribution</u> <u>Retirement System</u>	<u>Total</u>
2025	\$387,611.05	\$1,701,572.00	\$13,028.24	\$2,102,211.29
2024	367,308.00	1,555,173.00	10,822.92	1,933,303.92
2023	377,088.00	1,585,794.00	10,943.44	1,973,825.44

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, 2024. 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, 2024.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

At June 30, 2024, the State reported a net pension liability of \$4,553,659.00 for the Township'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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the Township's proportion was 0.0335122466 percent, which was an increase of 0.0011801713 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 \$24,519.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2024 billing was \$432,127.00.

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	\$ 91,218.00	\$ 12,123.00
Changes of assumptions	5,657.00	51,810.00
Net difference between projected and actual earnings on pension plan investments		211,141.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>164,251.00</u>	<u>592,131.00</u>
	<u>\$ 261,126.00</u>	<u>\$ 867,205.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	(\$278,913.00)
2026	64,023.00
2027	(171,643.00)
2028	(135,262.00)
2029	(84,284.00)
	<u>(\$606,079.00)</u>

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. 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

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.

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 Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market 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. Treasury's	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.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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.

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

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

	June 30, 2024		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Township's proportionate share of the pension liability	\$6,050,694.00	\$4,553,659.00	\$3,279,691.00

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of December 31, 2024 was 0.0336670755%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2024 was \$14,681.

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 \$12,703,117.00 for the Township'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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the Township's proportion was 0.1230135600 percent, which was a decrease of 0.0051074500 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 \$738,349.00. The pension expense recognized in the Township's financial statements based on the April 1, 2024 billing was \$1,555,173.00.

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	\$ 800,287.00	\$ 434,884.00
Changes of assumptions	20,081.00	373,070.00
Net difference between projected and actual earnings on pension plan investments		99,425.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>1,030,095.00</u>	<u>536,409.00</u>
	\$ <u><u>1,850,463.00</u></u>	\$ <u><u>1,443,788.00</u></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	\$ (516,572.80)
2026	807,718.20
2027	(79,208.80)
2028	16,104.20
2029	172,249.20
Thereafter	<u>6,385.00</u>
	\$ <u><u>406,675.00</u></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:

June 30, 2024

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases	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 Township’s proportionate share of the net pension liability to changes in the discount rate

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

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the PFRS pension liability	\$18,149,929.00	\$12,703,117.00	\$8,167,117.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2024 and 2023 is 0.1230135300% and 0.1168247900% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2024 and 2023 was \$288,110.00 and \$271,997.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2024 and 2023 was \$288,110.00 and \$271,997.00, respectively.

At June 30, 2024 and 2023, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,504,392.00 and \$2,378,397.00, respectively.

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

Township's Proportionate Share of Net Pension Liability	\$12,703,117.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>2,504,392.00</u>
	<u>\$15,207,509.00</u>

Pension plan fiduciary net position

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

NOTE 7: LITIGATION

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

NOTE 8: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date as outlined in Township personnel policies. The Township estimates that the current cost of such unpaid compensation to be \$1,676,043.18 and \$2,199,020.10, at December 31, 2025 and 2024 respectively. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has established a Reserve for Accumulated Absences in the Trust Other Fund in the amount of \$121,123.47 and \$129,419.51 at December 31, 2025 and 2024, respectively.

NOTE 9: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2025 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has made provision, from tax revenues, in the amount of \$267,993.37 for these appeals in the event that the tax reductions are granted.

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives.

NOTE 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disasters. The Township is a member of the Monmouth County Municipal Joint Insurance Fund ("JIF"). The JIF is a public entity risk pool currently operating as a common risk management and insurance program for municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payment of the JIF's obligations, no such additional premiums have been necessary as of December 31, 2025. The JIF is expected to be self-sustaining through member premiums of which the Township portion is reported as expenditure in the Township's financial statements and liabilities of the JIF are based on the estimated ultimate cost of settling the claims. The JIF participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance. The Township is not aware of any claims pending that have a demand in excess of coverages provided under the JIF. In addition, there were no significant reductions in insurance coverage from prior year coverage and there were no amounts settled which exceeded insurance coverage for each of the past three years.

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

<u>Year</u>	<u>Contributions and Interest</u>	<u>Board Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2025	\$16,106.62	\$95,000.00	\$110,070.08	\$15,312.04
2024	20,287.34		11,994.08	14,275.50
2023	20,698.63		49,321.21	5,982.24

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$1,930,820.91	\$1,607,440.47
Animal Control Trust		54,505.27
Trust Other Fund	392,208.34	41,722.93
Open Space Trust Fund	235,831.18	
General Capital Fund		4,366,546.77
Sewer Utility Operating Fund	952,188.97	4,357.04
Sewer Utility Capital Fund	2,266,107.04	
Swimming Pool Utility Operating Fund	5,063.77	155,574.54
Swimming Pool Utility Capital Fund	24,722.00	5,063.77
Grant Fund	428,268.58	
	<u>\$6,235,210.79</u>	<u>\$6,235,210.79</u>

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

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

The Township's length of service awards program ("LOSAP") is reported in the Township's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel. The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the of the Township come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Township elected to contribute \$1,150.00 for the year ended December 31, 2024 per eligible volunteer, into the Plan, depending on how many years the volunteer has served.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)

Contributions (Continued) - During the year ended December 31, 2025, the Township contributed a total of \$13,125.00 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization notes to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Township's creditors until distributed as benefit payments, are not available for funding the operations of the Township. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

The LOSAP Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements.

N.J.A.C.5:30-14.49 requires that the Township's perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

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.

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.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

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.

Contributions

The Township's contributions to SHBP for the years ended December 31, 2025, 2024 and 2023 were \$1,412,703.89, \$1,305,342.94, and \$1,104,321.27 respectively, which equaled the required contributions for each year.

Total Net OPEB Liability

At June 30, 2024, the Plan reported a Liability of \$26,945,547.00 for the Township'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 Township'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 Township's proportion was 0.150488 percent, which was an increase of 0.001402 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State reported OPEB expense of \$3,877,477.00. This OPEB benefit was based on the OPEB plans June 30, 2024 measurement date.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability (Continued)

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	\$1,364,602.00	\$4,565,502.00
Changes of assumptions	4,504,785.00	4,472,791.00
Net difference between projected and actual earnings on OPEB plan investments		12,197.00
Changes in proportion	<u>11,261,764.00</u>	<u>1,413,007.00</u>
	<u>\$17,131,151.00</u>	<u>\$10,463,497.00</u>

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to 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	\$278,302.40
2026	1,241,534.40
2027	1,844,611.40
2028	1,302,585.40
2029	1,544,701.40
Thereafter	<u>455,919.00</u>
	<u>\$6,667,654.00</u>

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

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):	
Initial fiscal year applied	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS):	
Rate for all future years	3.25% to 16.25%

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Mortality

Pre-Retirement Mortality

PERS	Pub-2010 "General" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
PFRS	Pub-2010 "Safety" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

Post-Retirement Mortality

Chapter 330 Retirees	Pub-2010 "Safety" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
Other Retirees	Pub-2010 "General" classification headcount weighted mortality 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.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Discount Rate

The discount rate for June 30, 2024 was 3.65%. 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.

Health Care Trend Assumption

For Pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend rate is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Sensitivity of the Township's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Township's 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:

	1.00% <u>Decrease (2.93%)</u>	At Discount <u>Rate (3.93%)</u>	1.00% <u>Increase (4.93%)</u>
Township's proportionate share of the Net OPEB Liability	\$31,388,660.00	\$26,945,547.00	\$23,387,010.00

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Township’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

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

	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Township's proportionate share of the Net OPEB Liability	\$22,790,430.00	\$26,945,547.00	\$32,287,860.00

Special Funding Situation

The Township, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

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.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers 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 0.048652% and 0.00000% respectively, and the employer pension expense and related revenue for the year ended June 30, 2024 and 2023 was \$2,372,585.00 and \$1,594,969.00, respectively.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation (Continued)

At June 30, 2024 and 2023, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is \$1,697,514.00 and \$1,772,180.00.

At June 30, 2024, the Township's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Township's proportionate share of the Net OPEB Liability	\$26,945,547.00
State of New Jersey's proportionate share of Net OPEB Liability associated with the Township	<u>1,697,514.00</u>
	<u>\$28,643,061.00</u>

Per the New Jersey Division of Pensions, the decrease in Special Funding liability for the Township is due to the change in the hierarchy of the chapter laws. The Township adopted both Chapter 48 and Chapter 330 resolutions. The Chapter 48 provisions have no age limit, nor temporary period. As such, it has been determined that Chapter 48 would apply to PFRS members and not Chapter 330, and therefore would be unlikely to create a special funding situation in the future as previously assumed.

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 15: TAX ABATEMENTS

The Township is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A.55:14K-1 et seq. (hereinafter "HMFA Law"), and a Resolution of the Council dated March 13, 2007, to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years.

For the year ended December 31, 2025, the Township abated property taxes totaling \$338,727.48 under this program, including the following tax abatement agreement that exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

<u>Recipient</u>	<u>Purpose</u>	<u>PILOT Billings</u>	<u>Amount Abated</u>
Middle Road Village	Affordable Housing	\$150,000.00	\$77,792.12
Bethany Towers Housing LLC	Affordable Housing	160,400.00	57,130.32
		<u>\$310,400.00</u>	<u>\$134,922.44</u>

NOTE 16: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2025:

	Balance December 31, <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2025</u>
Land	\$38,552,500.00			\$38,552,500.00
Land Improvements	10,578,900.00			10,578,900.00
Buildings & Improvements	7,080,387.39			7,080,387.39
Machinery & Equipment	<u>10,867,823.00</u>	<u>\$292,738.74</u>		<u>11,160,561.74</u>
	<u>\$67,079,610.39</u>	<u>\$292,738.74</u>	<u>\$0.00</u>	<u>\$67,372,349.13</u>

NOTE 17: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025, the following deferred charges are shown on the Balance Sheets of the Township:

	Balance December 31, 2025	2026 Budget Appropriation	Balance to Succeeding Years
Grant Fund:			
Overexpenditure of Grant			
Appropriation Reserve	<u>\$5,851.76</u>	<u>-0-</u>	<u>\$5,851.76</u>
	<u>\$5,851.76</u>	<u>-0-</u>	<u>\$5,851.76</u>

NOTE 18: PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2025, the Township determined that certain balances within the Trust – Other Funds were misstated at December 31, 2024. Accordingly, an adjustment was made to restate the beginning balances of Cash and Miscellaneous Reserves in the Trust – Other Funds.

The adjustment was the result of a review and reconciliation of the Trust – Other Fund accounts.

The effect of this adjustment was to increase Cash by \$557,581.34 and Miscellaneous Reserves by \$557,581.34 as of January 1, 2025.

Accordingly, the beginning balances of the Trust – Other Funds have been restated to reflect this correction.

NOTE 19: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through May 6, 2026 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that no subsequent events occurred that needed to be disclosed, except as noted below:

Subsequent to year-end, the Township adopted Ordinance 1795-26 appropriating \$2,950,000 for 2026 road improvements and authorizing \$2,546,416 in bonds and notes to finance a portion thereof.

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APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

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CONTINUING DISCLOSURE CERTIFICATE

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

W I T N E S S E T H:

WHEREAS, the Issuer is issuing its General Obligation Bonds, Series 2026, dated October 15, 2026, in the aggregate principal amount of \$ _____ (collectively, the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances and a resolution adopted by the Issuer and a certificate signed by the Issuer on October 1, 2026; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

WHEREAS, the Issuer represented in its Notice of Sale dated September 22, 2026 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on October 1, 2026, the Issuer accepted the bid of _____, on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Operating Data” means the general financial information and operating data of the Issuer of the type included in Appendix A to the Final Official Statement consisting of (i) Issuer indebtedness including a schedule of outstanding debt issued by the Issuer, (ii) property valuation information, and (iii) tax rate, levy and collection data.

“State” means the State of New Jersey.

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

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

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

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

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

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

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

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

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

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement

to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

Section 2.3 Form of Annual Report.

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

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

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

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

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of

such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

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

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

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

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

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

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

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

Section 3.2 Remedies on Default.

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

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall

have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

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

ARTICLE IV

MISCELLANEOUS

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

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

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, Municipal Building, 1766 Union Avenue, Hazlet, New Jersey 07730, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

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

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or

practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

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

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

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

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

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

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

effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

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

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

[SEAL]

TOWNSHIP OF HAZLET, NEW JERSEY

ATTEST:

By: _____
Alexis Caufield, Chief Financial Officer

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of October 1, 2026 by the Township of Hazlet, 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 \$10,500,000 principal amount of Bond Anticipation Notes, Series 2026, consisting of \$8,400,000 General Improvement Notes, Series 2026, and \$2,100,000 Swimming Pool Utility Notes, Series 2026 (collectively, the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

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

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

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

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

ARTICLE II

OPERATING RULES

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

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

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

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

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

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

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

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

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

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

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

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

ARTICLE IV

DEFINITIONS

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

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

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

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

(IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

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

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

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

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

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

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

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

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

TOWNSHIP OF HAZLET, NEW JERSEY

By: _____
Name: Alexis Caufield
Title: Chief Financial Officer

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APPENDIX D

FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL

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October __, 2026

Mayor and Township Committee
Township of Hazlet
Municipal Building
1766 Union Avenue
Hazlet, New Jersey 07730

Dear Mayor and Council Members:

We have examined certified copies of the proceedings of the Council of the Township of Hazlet, in the County of Monmouth, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale by the Township of its \$ _____ General Obligation Bonds, Series 2026 (the "Bonds") dated the date of delivery.

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

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

<u>Maturity</u> <u>(October 15)</u>	<u>Principal</u> <u>Amount</u>
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	

The Bonds are subject to redemption prior to their respective maturity date.

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

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

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

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

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

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

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

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Township other than

the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

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

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

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

Very truly yours,

FBT Gibbons LLP

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October __, 2026

Mayor and Township Committee
Township of Hazlet
Municipal Building
1766 Union Avenue
Hazlet, New Jersey 07730

Dear Mayor and Committee members:

We have examined certified copies of the proceedings of the Mayor and Committee of the Township of Hazlet, in the County of Monmouth, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of the \$10,500,000 Bond Anticipation Notes, Series 2026, consisting of \$8,400,000 General Improvement Notes, Series 2026, and \$2,100,000 Swimming Pool Utility Notes, Series 2026 (collectively, the "Notes"). The Notes are issued in registered form, are dated October 15, 2026, and bear interest at the rate of _____ and _____ Hundredths per centum (_____%) per annum and is payable at maturity on October 14, 2027. The Notes are not subject to redemption prior to maturity.

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

FBT Gibbons LLP

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