

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2024**

**NEW ISSUES**

**RATING: Bonds - Moody's: "Aaa"  
Notes - NOT RATED**

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

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

<b>\$14,167,000 GENERAL OBLIGATION BONDS, SERIES 2024 Consisting of:</b>	<b>\$21,932,500 BOND ANTICIPATION NOTES, SERIES 2024 Consisting of:</b>
<b>\$9,000,000 GENERAL IMPROVEMENT BONDS, SERIES 2024 and</b>	<b>\$14,872,500 GENERAL IMPROVEMENT NOTES, SERIES 2024 and</b>
<b>\$5,167,000 WATER/SEWER UTILITY BONDS, SERIES 2024 (CALLABLE) (BOOK-ENTRY ONLY)</b>	<b>\$7,060,000 WATER/SEWER UTILITY NOTES, SERIES 2024 (NON-CALLABLE) (BOOK-ENTRY OPTIONAL)</b>
Dated: Date of Delivery	Bonds Due: October 15, as set forth on the inside front cover Notes Due: October 21, 2025

The Township of Freehold, in the County of Monmouth, New Jersey (the "Township") is offering \$14,167,000 aggregate principal amount of General Obligation Bonds, Series 2024, consisting of \$9,000,000 General Improvement Bonds, Series 2024 (the "General Improvement Bonds") and \$5,167,000 Water/Sewer Utility Bonds, Series 2024 (the "Water/Sewer Utility Bonds" and together with the General Improvement Bonds, the "Bonds") and \$21,932,500 Bond Anticipation Notes, Series 2024, consisting of \$14,872,500 General Improvement Notes, Series 2024 (the "General Improvement Notes") and \$7,060,000 Water/Sewer Utility Notes, Series 2024 (the "Water/Sewer Utility Notes" and together with General Improvement Notes, the "Notes"; the Notes and the Bonds shall be collectively referred to herein as the "Obligations").

The Obligations will be issued as fully registered Obligations in the form of one certificate for the aggregate principal amount of each maturity of each series of the Obligations. With respect to the Bonds, the Bonds when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository. With respect to the Notes, if the purchaser elects to register the Notes with DTC, the Notes when issued will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository. The certificates, which includes the Notes if registered with DTC, will be on deposit with DTC, DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants and the participants will be responsible for maintaining records regarding the beneficial ownership interests in the Obligations on behalf of the individual purchasers. If the purchaser of the Notes elects to register the Notes with DTC, individual purchases of the Obligations may be made in the principal amount of \$1,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books and the records of DTC and its participants and individual purchasers of the Obligations will not receive certificates representing their beneficial ownership interests in the Obligations.

Principal of the Bonds is payable on October 15 in each of the years set forth on the inside front cover. Interest on the Bonds, calculated on a 30-day month, 360-day year basis will be payable semiannually on April 15 and October 15 in each year until maturity or prior redemption, commencing April 15, 2025. The principal of and the interest on the Bonds will be paid to DTC by the Township. Interest on the Bonds will be credited to the Participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds). The Bonds are subject to optional redemption prior to their stated maturities at the times and in the manner described herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on October 21, 2025, and shall bear interest at the rate of interest set forth on the inside front cover, payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be credited to the registered owner as of the close of business on October 14, 2025. If the purchaser of the Notes elects to register the Notes with DTC, principal of and interest on the Notes will be paid to DTC by the Township at maturity. The Notes are not subject to redemption prior to maturity.

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

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

*The Obligations are offered when, as and if received by the Underwriters (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by Gibbons P.C., Newark, New Jersey, Bond Counsel, and certain other conditions described herein. Acacia Financial Group, Inc. served as Municipal Advisor to the Township in connection with the Obligations. It is expected that the Obligations, in definitive form, will be available for delivery on or about October 22, 2024 through the facilities of DTC in New York, New York.*

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

**\$14,167,000 GENERAL OBLIGATION BONDS, SERIES 2024**

<b>Year</b>	<b>General Improvement Bonds Principal Amount</b>	<b>Water/Sewer Utility Bonds Principal Amount</b>	<b>Total Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Cusip*</b>
2025	\$580,000	\$337,000	\$917,000			
2026	595,000	345,000	940,000			
2027	610,000	355,000	965,000			
2028	630,000	365,000	995,000			
2029	650,000	370,000	1,020,000			
2030	670,000	385,000	1,055,000			
2031	685,000	395,000	1,080,000			
2032	710,000	405,000	1,115,000			
2033	730,000	415,000	1,145,000			
2034	750,000	430,000	1,180,000			
2035	775,000	440,000	1,215,000			
2036	795,000	455,000	1,250,000			
2037	820,000	470,000	1,290,000			

**\$21,932,500 BOND ANTICIPATION NOTES, SERIES 2024**

**General Improvement Notes**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Cusip*</u></b>
October 21, 2025	\$14,872,500			

**Water/Sewer Utility Notes**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Cusip*</u></b>
October 21, 2025	\$7,060,000			

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

**TOWNSHIP OF FREEHOLD, NEW JERSEY**

**MAYOR AND COMMITTEE**

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

**TOWNSHIP OFFICIALS**

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

**TOWNSHIP AUDITOR**

Suplee, Clooney & Company  
Westfield, New Jersey

**MUNICIPAL ADVISOR**

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

**BOND COUNSEL**

Gibbons P.C.  
Newark, New Jersey

**TOWNSHIP ATTORNEY**

Davison, Eastman, Munoz & Paone, P.A.  
Freehold, New Jersey

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

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

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

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

**TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTION .....	1
DESCRIPTION OF THE OBLIGATIONS.....	1
AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS .....	3
SECURITY FOR THE OBLIGATIONS.....	4
INFECTIOUS DISEASE OUTBREAK - COVID-19.....	4
CYBER SECURITY .....	5
BOOK-ENTRY-ONLY SYSTEM .....	6
PROVISIONS WITH REGARD TO TOWNSHIP GENERAL OBLIGATION DEBT.....	8
ABSENCE OF MATERIAL LITIGATION.....	11
TAX MATTERS.....	12
LEGALITY FOR INVESTMENT.....	13
MUNICIPAL BANKRUPTCY .....	13
NO DEFAULT.....	14
APPROVAL OF LEGAL PROCEEDINGS.....	14
MUNICIPAL ADVISOR.....	14
RATING .....	14
UNDERWRITING .....	15
SECONDARY MARKET DISCLOSURE.....	15
FINANCIAL STATEMENTS .....	16
PREPARATION OF OFFICIAL STATEMENT .....	16
ADDITIONAL INFORMATION.....	16
MISCELLANEOUS .....	16
APPENDIX A – General Information Concerning the Township of Freehold .....	A-1
APPENDIX B – Financial Statements of the Township of Freehold... ..	B-1
APPENDIX C – Forms of Continuing Disclosure Certificates... ..	C-1
APPENDIX D – Proposed Forms of Opinions of Bond Counsel.....	D-1

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

**\$14,167,000 GENERAL OBLIGATION BONDS, SERIES 2024**

**Consisting of:**

**\$9,000,000 GENERAL IMPROVEMENT BONDS, SERIES 2024  
and**

**\$5,167,000 WATER/SEWER UTILITY BONDS, SERIES 2024  
(CALLABLE) (BOOK-ENTRY ONLY)**

**\$21,932,500 BOND ANTICIPATION NOTES, SERIES 2024**

**Consisting of:**

**\$14,872,500 GENERAL IMPROVEMENT NOTES, SERIES 2024  
and**

**\$7,060,000 WATER/SEWER UTILITY NOTES, SERIES 2024  
(NON-CALLABLE) (BOOK-ENTRY OPTIONAL)**

**INTRODUCTION**

The Township of Freehold, in the County of Monmouth, New Jersey (the “Township”) is offering \$14,167,000 aggregate principal amount of General Obligation Bonds, Series 2024, consisting of \$9,000,000 General Improvement Bonds, Series 2024 (the “General Improvement Bonds”) and \$5,167,000 Water/Sewer Utility Bonds, Series 2024 (the “Water/Sewer Utility Bonds” and together with the General Improvement Bonds, the “Bonds”) and \$21,932,500 Bond Anticipation Notes, Series 2024, consisting of \$14,872,500 General Improvement Notes, Series 2024 (the “General Improvement Notes”) and \$7,060,000 Water/Sewer Utility Notes, Series 2024 (the “Water/Sewer Utility Notes” and together with General Improvement Notes, the “Notes”; the Notes and the Bonds shall be collectively referred to herein as the “Obligations”).

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

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

**DESCRIPTION OF THE OBLIGATIONS**

**Bonds**

The Bonds are dated their date of delivery and will mature on October 15 in the years and in the amounts and bear interest as set forth on the inside front cover page hereof, calculated on the basis of a 30-day month, 360-day year, payable semiannually to the registered owners of the Bonds as of each April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds) immediately preceding each April 15 and October 15, commencing April 15, 2025. 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 each series 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 \$1,000 each or any integral multiple thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See “Book-Entry-Only System” herein.

## **Redemption Provisions for the Bonds**

### *Optional Redemption*

The Bonds maturing on or prior to October 15, 2034 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after October 15, 2035 shall be subject to redemption prior to their respective maturity dates, on or after October 15, 2034 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 21, 2025 and shall bear interest at the rate as set forth on the inside front cover page hereof, payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be credited to the registered owner as of the close of business on October 14, 2025. If the purchaser of the Notes elects to register the Notes with DTC, 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 as fully registered Notes in the form of one certificate in the principal amount of each series of the Notes. If the purchaser elects to register the Notes with DTC, the Notes 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. If the purchaser of the Notes elects to register the Notes with DTC, (i) the certificates will be on deposit with DTC, (ii) 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, (iii) the participants will be responsible for maintaining records regarding the beneficial ownership interest in the Notes on behalf of the individual purchasers, (iv) individual purchases may be made in the principal amount of \$1,000 each or any integral multiple (except for one odd piece) thereof through book-entries made on the books and the records of DTC and its participants, and (v) individual purchasers of the Notes will not receive certificates representing their beneficial ownership interest in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. See “Book-Entry-Only System” herein.

## **Redemption Provisions for the Notes**

The Notes are not subject to redemption prior to maturity.

## **AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS**

### **Bonds**

The Bonds have been authorized pursuant to the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances finally adopted by the Township Committee of the Township (the "Township Committee") and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Committee on September 24, 2024.

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

### **General Improvement Bonds**

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount</u>
0-15-10	Various Capital Improvements	\$ 800,000
0-17-6	Various Capital Improvements	1,080,000
0-19-10	Various Capital Improvements	246,700
0-20-10	Various Capital Improvements	1,306,800
0-21-6	Various Capital Improvements	1,054,000
0-22-14	Various Capital Improvements	1,732,500
0-23-11	Various Capital Improvements	2,580,000
0-24-6	Various Capital Improvements	200,000
		<hr/>
		\$9,000,000

### **Water/Sewer Utility Bonds**

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount</u>
0-12-13	Water/Sewer Utility Improvements	\$ 4,500
0-18-8	Water/Sewer Utility Improvements	644,510
0-19-11	Water/Sewer Utility Improvements	143,065
0-21-7	Water/Sewer Utility Improvements	1,137,925
0-22-15	Water/Sewer Utility Improvements	1,362,000
0-23-12	Water/Sewer Utility Improvements	1,875,000
		<hr/>
		\$5,167,000

### **Notes**

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

The Notes are being issued to temporarily fund \$11,322,500 aggregate principal amount of new money projects and to currently refund \$10,610,000 aggregate principal amount of the Township's \$25,244,500 Bond Anticipation Notes, Series 2023, issued October 24, 2023 and maturing October 23, 2024 (the "2023 Notes"), as authorized by and described in the bond ordinances set forth below. A portion of the 2023 Notes will also be permanently financed with the proceeds of the Bonds expected to be sold on October 8, 2024.



## General Improvement Notes

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount</u>
0-21-6	Various Capital Improvements	\$ 3,000,000
0-23-11	Various Capital Improvements	6,272,500
0-24-6	Various Capital Improvements	5,600,000
		<hr/> <hr/>
		\$14,872,500

## Water/Sewer Utility Notes

<u>Ordinance Number</u>	<u>Description</u>	<u>Principal Amount</u>
0-20-11	Water/Sewer Utility Improvements	\$ 112,500
0-21-7	Water/Sewer Utility Improvements	1,600,000
0-23-12	Water/Sewer Utility Improvements	2,225,000
0-24-7	Water/Sewer Utility Improvements	3,122,500
		<hr/> <hr/>
		\$7,060,000

## SECURITY FOR THE OBLIGATIONS

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

## INFECTIOUS DISEASE OUTBREAK – COVID 19

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

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

Generally, according to the Plan, the allowable use of the funds provided to the Township include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible

employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Based on available information as of the date hereof, the Township has received \$3,624,044.03 from the Plan. The Township received its first installment under the Plan in the amount of \$1,812,022.01 on July 1, 2021, and its second installment under the Plan in the amount of \$1,812,022.02 on July 1, 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The additional uses of the funds are still to be determined. The deadline to commit the funds is December 31, 2024 and to spend the funds is December 31, 2026.

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

### **CYBER SECURITY**

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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

### **Discontinuance of Book-Entry-Only System**

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

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

### **PROVISIONS WITH REGARD TO TOWNSHIP GENERAL OBLIGATION DEBT**

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

### **Local Bond Law**

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

### **Debt Limits**

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

Exceptions To Debt Limits - Extensions Of Credit. The debt limit of a local unit may be exceeded with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If

all or any part of a proposed debt authorization would exceed its debt limit, the Local Unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of a Local Unit to meet its obligations or to provide essential services, and the Local Finance Board makes other statutory determinations, approval is granted.

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

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

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

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

Real Estate Taxes. The same general principal that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The Local Budget Law (N.J.S.A. 40A:4-29) provides that the maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the Local Unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year.

The Local Budget Law (N.J.S.A. 40A:4-41) also provides with regard to current taxes that receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year.

This provision requires that an additional amount (the "Reserve for Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage collected of the prior year's tax levy is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The Reserve for Uncollected Taxes is calculated to be the levy required to balance a local unit's budget multiplied by the prior year's percentage of uncollected taxes (or a lesser percentage).

Miscellaneous Revenues. The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenue from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination in writing to the local unit.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation.

Appropriation and Tax Levy CAP Limitations. Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 et seq.), as amended and supplemented by P.L. 1983, c. 49, P.L. 1990, c.89, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in municipal appropriations over the previous year's appropriations to the lesser of 2.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5%, an increase up to 3.5% will be permitted by adoption of an ordinance. If the Cost-of-Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments (the obligation of the Borrower to repay its Borrower Loan comes within this exception); (ii) the amount of revenue generated by the increase in valuations within the municipality based solely on applying the preceding year's municipal tax rate to the apportionment valuation of new construction or improvements within the municipality and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the municipality and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the municipal tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

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

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

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

Under the CAP Law, emergency resolutions aggregating less than 3% of the previous year's final current operating appropriations may be raised in that portion of the budget outside its limitations if approved by at least two-thirds of the members of the governing body and the Director. Emergency resolutions that aggregate more than 3% of the previous year's final current operating appropriations must

be raised within its limitations. Emergency resolutions for debt service, capital improvements, the Township's share of Federal or State grants and other statutorily permitted items are outside its limitation.

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

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

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

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budgets of the utilities.

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

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

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

The report of Suplee, Clooney & Company, the Township's independent auditor, for the calendar year ending December 31, 2023 appears in Appendix B to this Official Statement.

### **ABSENCE OF MATERIAL LITIGATION**

To the knowledge of the attorney for the Township, Davison, Eastman, Munoz & Paone, P.A., there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the attorney for the Township, no litigation is presently pending or threatened that, in the opinion of the attorney for the Township, would have a material adverse impact on the financial condition of the



Township if adversely decided. Certificates to such effect will be executed by the attorney for the Township and delivered to the purchasers of the Obligations at the closing.

## **TAX MATTERS**

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

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Obligations. The Township will make certain representations in its tax certificates, which will be executed on the date of issuance of the Obligations, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause the interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Obligations to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., 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, Gibbons P.C., 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 Obligations over its stated redemption price at maturity constitutes premium on such Premium Obligations. A purchaser of a Premium Obligations must amortize any premium over such Premium Obligation’s term using constant yield principles, based on the Premium Obligation’s yield to maturity. As premium is amortized, the purchaser’s basis of such Premium 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.

### **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, interest on the Obligations not constituting an item of tax preference under Section 57 of the Code, and interest on the Obligations being included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Prospective purchasers of the Obligations should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Obligations.

### **State Taxation**

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

### **Miscellaneous**

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

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

### **LEGALITY FOR INVESTMENT**

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

### **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979 (the “Bankruptcy Act”), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Act permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a

petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one half in number of the listed creditors. The Bankruptcy Act specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

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

#### **NO DEFAULT**

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

#### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Obligations are subject to the approval of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with respect to the Obligations in substantially the forms set forth in Appendix D. Certain legal matters will be passed on for the Township by the Township Attorney, Davison, Eastman, Munoz & Paone, P.A., Freehold, New Jersey.

#### **MUNICIPAL ADVISOR**

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

#### **RATING**

Moody's Ratings (the "Rating Agency") has assigned its rating of "Aaa" to the Bonds. The Township has not applied for a rating on the Notes. The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the rating 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 rating, may have an adverse effect on the marketability or market price of the Bonds.

## **UNDERWRITING**

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

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

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

## **SECONDARY MARKET DISCLOSURE**

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

On the date of delivery of the Obligations, the Township will enter into Continuing Disclosure Certificates (the “Continuing Disclosure Certificates”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Obligations pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Township by no later than October 1 of each fiscal year, commencing October 1, 2025 for the fiscal year ending December 31, 2024 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events for the benefit of the holders and beneficial owners of the Obligations. The Annual Report will be filed by the Township with the MSRB. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in “Appendix C - Forms of Continuing Disclosure Certificates”. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12. Notwithstanding the foregoing, if the fiscal year is not a calendar year then the Township shall provide financial information and operating data relating to the Township by not later than the first day of the tenth month of each fiscal year.

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

## **FINANCIAL STATEMENTS**

The financial statements of the Township for the year ended December 31, 2023 are presented in Appendix B to this Official Statement. The financial statements of the Township for the year ended December 31, 2023 were audited by Suplee, Clooney & Company, independent auditors, as stated in its Independent Auditors' Report appearing in Appendix B.

### **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Obligations, by certificate signed by the Chief Financial Officer, that to its knowledge such descriptions and statements, as of the date of this Official Statement, 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.

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

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

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

### **ADDITIONAL INFORMATION**

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

### **MISCELLANEOUS**

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

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

---

Jeffrey Elsasser  
Chief Financial Officer

Dated: October \_\_, 2024

**APPENDIX A**  
**INFORMATION CONCERNING**  
**THE TOWNSHIP OF FREEHOLD**

## **CERTAIN GENERAL INFORMATION REGARDING THE TOWNSHIP**

### **General**

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

### **Governing Body**

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

### **Population**

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

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

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

### **Township Employees**

Full Time	208
Part Time	31
Seasonal	132

### **Police**

The Township has a paid, full-time Police Department which consists of a Chief and Ranking Officer, a unit of Superior Officers, officers, as well as part-time public safety attendants and school crossing guards. Sworn personnel 76 and civilian personnel 16 for a total of 92 employees.

## **Utilities**

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

## **Operation of Utilities**

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

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

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

## **Pension Plans**

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

## **Capital Budget**

In accordance with the Local Budget Law, each local unit with a population of 10,000 or more should adopt and annually revise a six-year capital program which is part of the annual budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years.



## Employment and Unemployment Comparisons

For the years 2019 to 2023 the New Jersey Department of Labor reported the following annual average employment information for the Township of Freehold, County of Monmouth and State of New Jersey:

	<b><u>Township of Freehold</u></b>			
	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b>2023</b>	19,584	18,880	704	3.6%
<b>2022</b>	19,504	19,043	461	2.4
<b>2021</b>	17,849	16,815	1,034	5.8
<b>2020</b>	18,099	17,012	1,087	6.4
<b>2019</b>	18,240	17,713	527	2.9

	<b><u>County of Monmouth</u></b>			
	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b>2023</b>	351,748	338,128	13,620	3.9%
<b>2022</b>	350,447	341,062	9,385	2.7
<b>2021</b>	325,543	310,383	15,160	4.7
<b>2020</b>	326,494	305,631	20,863	6.4
<b>2019</b>	328,661	318,233	10,428	3.2

	<b><u>State of New Jersey</u></b>			
	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b>2023</b>	4,822,968	4,605,191	217,777	4.5%
<b>2022</b>	4,764,700	4,607,500	157,200	3.3
<b>2021</b>	4,632,670	4,398,562	234,108	5.1
<b>2020</b>	4,372,811	4,056,458	316,353	7.2
<b>2019</b>	4,493,125	4,333,333	159,792	3.6

Source: U.S. Bureau of Labor Statistics  
Local Area Unemployment Statistics, December 31, 2023

**Ten Largest Non-Governmental Employers**

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

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

**Per Capita Income (Freehold Township)**

<b><u>Per Capita Income</u></b>		<b><u>Per Capita Income Rank</u></b>	
2024	\$62,127	2024	19 <sup>th</sup> of 53

Source: NJ Home Town Locator as of 2024

**Building Permits Issued**

<b><u>Year</u></b>	<b><u>Number</u></b>	<b><u>Total Value of Construction</u></b>
2023	2,340	\$70,857,579
2022	2,499	64,729,266
2021	2,416	53,061,608
2020	2,420	56,437,329
2019	2,859	51,258,336

**FINANCIAL INFORMATION REGARDING THE TOWNSHIP**  
Summary of Statutory Debt Condition as of December 31, 2023

	<u>Gross Debt</u>	<u>Statutory Deduction (1)</u>	<u>Net Debt</u>
<b>Local School Debt:</b>			
Bonds Issued (2)	\$25,656,000	\$25,565,000	\$ -
Authorized But Not Issued	-	-	
<b>Regional School Debt:</b>			
Share of Bonds Issues (2)	2,701,696	2,701,696	-
<b>Municipal Debt:</b>			
<b>Water/Sewer Utility:</b>			
Bonds and Notes Issued	17,242,000	17,242,000	-
Authorized But Not Issued	8,060,440	8,060,440	-
<b>General:</b>			
Bonds and Notes Issued	66,103,574	15,092,858	51,010,716
Authorized But Not Issued	16,771,363	-	16,771,363
	<b>\$136,444,073</b>	<b>\$68,661,994</b>	<b>\$67,782,079</b>

Equalized Valuation Basis \$8,378,579,010\*

Percentage of Net Debt to Equalized Valuation Basis 0.809%

Net Debt per Capita \$1,916.43

Percentage of Net Debt per Capita 5.418%

Percentage of Gross Debt to Equalized Valuation Basis 1.628%

Gross Debt per Capita 3,857.73

Percentage of Gross Debt per Capita 10.907%

Ratio to Assessed Value 0.896%

Borrowing Power of Freehold Township	
@ 3.5% of Average Equalized Valuations	\$293,250,265
Net Debt Authorized	67,782,079
Remaining Borrowing Power	<b>\$225,468,186</b>

Overlapping Debt:

County of Monmouth, New Jersey (3)	25,904,962
Manasquan River Regional Sewerage Authority (4)	876,383

\*Based on 3yr Average (2021-2023 Equalized Valuations)

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

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

(3) Township of Freehold obligation constitutes 5.218255% of outstanding debt of the County of Monmouth as of December 31, 2023

(4) Township of Freehold obligation constitutes 41.8917% of outstanding debt of the Manasquan River Regional Sewerage Authority as of December 31, 2023

**General Tax Rate and Total Net Debt**

<b><u>Year</u></b>	<b><u>General Tax Rate</u></b>	<b><u>Total Net Debt</u></b>	<b><u>Net Debt as a Percentage of Equalized Tax Valuation Basis</u></b>
2023	\$1.825	\$67,782,079	0.809%
2022	1.981	58,996,596	0.780
2021	2.121	68,068,080	0.970
2020	2.130	57,344,066	0.844
2019	2.139	64,711,218	0.979

**Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Cash Collections</u></b>	<b><u>Percentage of Collection</u></b>
2023	\$159,387,618	\$157,646,112	98.91%
2022	151,954,447	150,981,505	99.36
2021	148,587,103	147,380,198	99.19
2020	146,527,928	145,479,552	99.28
2019	144,253,560	142,874,987	99.04

**Tax Rate Information**

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Tax Rate	\$ 1.825	\$ 1.981	\$ 2.121	\$ 2.130	\$ 2.139
Local Municipal Purpose Tax (Including Municipal Open Space)	0.326	0.347	0.365	0.366	0.362
Monmouth County Taxes	0.233	0.251	0.284	0.282	0.286
Local District School Tax	0.898	0.992	1.060	1.074	1.074
Regional High School Tax	0.368	0.391	0.412	0.408	0.417

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Collections</u>
2023	\$782,892	\$13,025,656	\$13,037,280
2022	652,229	12,648,083	12,723,064
2021	577,248	12,129,748	12,054,610
2020	625,700	11,820,996	11,870,779
2019	557,815	12,011,527	11,943,535

**Schedule of Bond Maturities (As of December 31, 2023)**

<u>General Capital Outstanding Issues</u>			<u>Water-Sewer Utility Outstanding Issues</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$5,022,850	\$912,873	\$1,540,150	\$322,902	\$7,798,775
2025	5,003,320	798,520	1,365,680	280,006	7,447,526
2026	5,074,340	668,596	1,397,660	240,222	7,380,818
2027	4,460,680	528,389	1,415,320	197,091	6,601,480
2028	4,489,590	415,484	921,410	151,561	5,978,045
2029	3,798,610	301,070	937,390	117,324	5,154,394
2030-2033	9,026,200	384,172	2,823,800	182,516	12,416,688
	<b>\$36,875,590</b>	<b>\$4,009,105</b>	<b>\$10,401,410</b>	<b>\$1,491,621</b>	<b>\$52,777,726</b>

**Schedule of Green Trust Loan Program**

<b><u>Due</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
February 2024	\$18,535.34	\$945.49
April 2024	12,070.88	365.76
May 2024	8,613.77	713.71
August 2024	18,720.69	760.14
October 2024	12,191.59	245.05
November 2024	8,699.91	627.57
February 2025	18,907.90	572.93
April 2025	12,313.40	123.14
May 2025	8,786.91	540.57
August 2025	19,096.98	383.85
November 2025	8,874.78	452.70
February 2026	19,287.95	192.88
May 2026	8,963.52	363.95
November 2026	9,053.16	274.32
May 2027	9,143.69	183.79
November 2027	9,235.13	92.35
	<b><u>\$202,495.60</u></b>	<b><u>\$6,838.20</u></b>

**Ten Largest Assessments 2023**

<u>Assessed To</u>	<u>Description</u>	<u>2023 Assessment</u>	<u>As a Percentage of Assessed Value of Real Property</u>
Freemall Associates	Retail Mall	250,000,000	2.94%
Eagle Rock Advisors	Apartment Complex	77,218,500	0.91
Applewood Estates	Center for Aging	54,268,500	0.64
Iron Mountain Information Management, Inc.	Storage Facility	52,644,800	0.62
Usphizin Associates, Inc.	Apartment Complex	35,000,000	0.41
Silver Shore Land Co. LLC	Distributor	34,810,900	0.41
JSM at Eaton Commercial LLC	Retail Stores	30,501,200	0.36
Freemall Associates	Retail Stores	29,743,200	0.35
3561 Route 9 Realties LLC	Audi Retail Store Plaza	26,506,800	0.31
Pond Road Associates LLC	Retail Stores	25,948,600	0.31

**Equalized Valuation**

<u>Year</u>	<u>Equalized Valuation</u>
2023	\$9,489,611,917
2022	8,361,314,337
2021	7,284,810,776
2020	7,050,941,430
2019	6,710,556,698

**Assessed Valuation of Real Property  
Business Personal Property, By Classification**

<u>Year</u>	<u>Vacant Land (# of Parcels)</u>	<u>Taxable Value</u>	<u>Residential (# of Parcels)</u>	<u>Taxable Value</u>	<u>Apartments (# of Parcels)</u>	<u>Taxable Value</u>	<u>Commercial (# of Parcels)</u>	<u>Taxable Value</u>
2023	502	\$93,866,100	11,543	\$6,525,385,800	3	\$142,719,700	408	\$1,468,978,100
2022	461	72,531,700	11,527	5,699,466,100	2	103,968,000	410	1,384,100,100
2021	399	52,455,300	11,496	5,103,047,500	2	101,720,900	406	1,399,760,900
2020	449	54,964,900	11,459	4,883,717,000	2	\$98,555,800	407	1,492,227,500
2019	467	50,698,700	11,431	4,799,653,300	2	\$94,626,700	406	1,457,447,400

  

<u>Year</u>	<u>Farm- Regular (# of Parcels)</u>	<u>Taxable Value</u>	<u>Farm- Qualified (# of Parcels)</u>	<u>Taxable Value</u>	<u>Industrial (# of Parcels)</u>	<u>Taxable Value</u>	<u>Total Real Property</u>	<u>Personal Property</u>
2023	73	\$39,158,600	163	\$1,370,300	31	\$233,111,600	\$8,504,590,200	-
2022	74	34,120,300	171	1,445,000	30	186,909,000	7,482,540,200	-
2021	75	32,672,100	171	1,490,000	30	176,972,900	6,868,119,600	-
2020	77	32,314,100	185	1,508,500	29	154,144,100	6,717,431,900	-
2019	83	33,788,900	192	1,538,100	29	154,697,800	6,592,450,900	-

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<b>Current Fund</b>		
2023	\$17,135,211	\$9,101,328
2022	15,141,877	8,641,876
2021	12,746,836	7,746,802
2020	11,452,951	7,552,950
2019	11,739,500	7,539,498
<b>Water/Sewer Utility Operating Fund</b>		
2023	\$9,713,822	\$4,038,243
2022	10,158,505	3,785,232
2021	9,928,768	3,176,605
2020	8,509,436	3,080,514
2019	8,245,787	2,804,682



**APPENDIX B**  
**FINANCIAL STATEMENTS OF**  
**THE TOWNSHIP OF FREEHOLD**



# 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](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on the Financial Statements***

#### ***Adverse and Unmodified Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Freehold (the "Township"), as of and for the year ended December 31, 2023 and 2022, 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, 2023, 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, 2023 and 2022, 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, 2023.

#### **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, 2023 and 2022, 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, 2023 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, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

### ***Matter Giving Rise to Adverse Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

## SUPLEE, CLOONEY & COMPANY LLC

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024 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 31, 2024

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A

**STATEMENTS OF ASSETS, LIABILITIES,**

Sheet 1 of 2

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

<b><u>Assets</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>Regular Funds</u></b>		
Cash and Cash Equivalents - Treasurer	\$ 32,370,169.22	\$ 30,317,251.78
Investments	21,288,541.87	20,082,847.00
Change Funds	1,325.00	1,325.00
Due from State of New Jersey: (Chapter 20, P.L. 1971)		398.63
	<u>53,660,036.09</u>	<u>50,401,822.41</u>
Receivables with Full Reserves:		
Delinquent Property Taxes Receivable	1,316,572.21	976,229.81
Tax Title Liens Receivable	311,901.42	309,536.94
Property Acquired for Taxes at Assessed Value	1,102,850.00	1,102,850.00
Miscellaneous Receivables	185,313.05	86,143.35
Revenue Accounts Receivable	105,534.83	85,277.39
Interfunds:		
Other Trust Fund	632,162.19	407,748.79
General Capital Fund		102,500.00
Water-Sewer Operating Fund	2,602.17	
	<u>3,656,935.87</u>	<u>3,070,286.28</u>
	<u>57,316,971.96</u>	<u>53,472,108.69</u>
<b><u>Grant Fund</u></b>		
Interfund - Current Fund	1,328,433.88	2,869,717.70
Grants Receivable	1,914,103.21	493,998.38
	<u>3,242,537.09</u>	<u>3,363,716.08</u>
	<u>\$ 60,559,509.05</u>	<u>\$ 56,835,824.77</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A

**STATEMENTS OF ASSETS, LIABILITIES,**

Sheet 2 of 2

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>Regular Funds</u></b>		
Liabilities:		
Appropriation Reserves	\$ 4,097,074.60	\$ 3,183,052.58
Reserve for Encumbrances	873,296.31	1,232,264.51
Due to State of New Jersey for Fees Collected	56,666.15	26,907.00
Tax Overpayments	4,099.46	
Accounts Payable	14,647.16	13,216.49
Prepaid Health Benefits	20,812.64	5,765.35
Prepaid Taxes	1,006,273.85	1,139,290.33
Prepaid Fees and Permits		22,955.00
Due from State of New Jersey (Chapter 20, P.L. 1971)	10,406.16	
Due County for Added and Omitted Taxes	147,173.74	173,721.76
Local District School Tax Payable	12,948,708.06	11,886,583.02
Regional High School Tax Payable	15,137,178.40	14,157,636.40
Special District Taxes Payable		67,471.50
Reserve for:		
Taxes Collected on Appeal	106,303.54	106,303.54
Municipal Relief Aid	773,750.95	386,957.38
Interfunds:		
Grant Fund	1,328,433.88	2,869,717.70
	<u>36,524,824.90</u>	<u>35,271,842.56</u>
Reserve for Receivables and Other Assets	3,656,935.87	3,070,286.28
Fund Balance	17,135,211.19	15,129,979.85
	<u>57,316,971.96</u>	<u>53,472,108.69</u>
<b><u>Grant Fund</u></b>		
Reserve for Encumbrances	335,008.48	52,879.54
Appropriated Reserves	1,623,423.16	653,455.57
Unappropriated Reserves	1,284,105.45	2,657,380.97
	<u>3,242,537.09</u>	<u>3,363,716.08</u>
	<u>\$ 60,559,509.05</u>	<u>\$ 56,835,824.77</u>

There were deferred school taxes on December 31, 2023 and 2022 of \$25,566,589

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-1

**STATEMENTS OF OPERATIONS AND**

Sheet 1 of 2

**CHANGE IN FUND BALANCE - REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31 2023 AND 2022**

	<b><u>Year 2023</u></b>	<b><u>Year 2022</u></b>
<b><u>Revenue and Other Income Realized</u></b>		
Fund Balance Utilized	\$ 8,641,876.75	\$ 7,746,801.73
Miscellaneous Revenue Anticipated	21,788,150.03	16,750,822.13
Receipts from Delinquent Taxes	979,980.34	1,150,470.30
Receipts from Current Taxes	157,980,186.00	151,099,457.29
Non-Budget Revenues	1,537,234.47	1,887,058.10
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,400,238.90	2,919,930.20
Interfunds Liquidated		51,408.54
Cancel Accounts Payable	936.32	613,668.60
Reserve for Police Special Duty Realized		182,634.67
Cancel Appropriated Grant Reserve	43,245.69	1,072,012.03
Total Income	<u>193,371,848.50</u>	<u>183,474,263.59</u>
<b><u>Expenditures</u></b>		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	17,189,750.00	16,605,462.16
Other Expenses	18,649,595.87	16,615,283.16
Capital Improvements	400,000.00	400,000.00
Deferred Charges and Statutory Expenditures	4,905,537.80	4,924,478.90
Municipal Debt Service	6,480,727.01	5,212,118.47
Transferred to Board of Education	954,339.00	948,757.00
Budget Totals	<u>48,579,949.68</u>	<u>44,706,099.69</u>
Municipal Open Space Tax	3,428,269.16	2,273,067.98
Special District Taxes - Fire	2,930,224.00	2,482,614.00
County Taxes	19,846,511.53	18,730,284.29
Due County for Added and Omitted Taxes	147,173.74	173,721.76
Local District School Taxes	76,336,321.00	74,266,573.00
Regional School District Taxes	31,276,113.00	29,239,249.00
Cancel Grant Receivable	53,412.73	1,070,006.38
Interfund Advances	124,515.57	

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

**Exhibit A-1**

**STATEMENTS OF OPERATIONS AND**

**Sheet 2 of 2**

**CHANGE IN FUND BALANCE - REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31 2023 AND 2022**

	<u>Year 2023</u>	<u>Year 2022</u>
<b><u>Expenditures (Continued)</u></b>		
Prior Year Deductions Disallowed	\$ 2,250.00	\$ 4,000.00
Total Expenditures	<u>182,724,740.41</u>	<u>172,945,616.10</u>
Excess in Revenue	10,647,108.09	10,528,647.49
Fund Balance January 1	<u>15,129,979.85</u>	<u>12,348,134.09</u>
	25,777,087.94	22,876,781.58
Decreased by:		
Utilization as Anticipated Revenue	<u>8,641,876.75</u>	<u>7,746,801.73</u>
Fund Balance December 31	<u>\$ 17,135,211.19</u>	<u>\$ 15,129,979.85</u>

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



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-2

**STATEMENT OF REVENUES - REGULATORY BASIS**

Sheet 1 of 4

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
	\$	\$	\$	\$
Fund Balance Anticipated			8,641,876.75	
<b><u>Miscellaneous Revenues</u></b>				
Licenses:				
Alcoholic Beverages	40,000.00		40,188.00	188.00
Other	20,000.00		72,716.00	52,716.00
Fees and Permits:				
Construction Code Official	925,000.00		2,142,903.09	1,217,903.09
Other	210,000.00		287,086.23	77,086.23
Fines and Costs:				
Municipal Court	575,000.00		1,085,486.23	510,486.23
Interest and Costs on Taxes	130,000.00		266,270.62	136,270.62
Interest on Investments and Deposits	150,000.00		2,304,206.97	2,154,206.97
Cable Television Franchise Fees	266,179.00		266,179.00	
Verizon Franchise Fees	244,818.60		244,818.60	
State Aid:				
Energy Receipts Tax	7,469,386.00		7,469,385.60	(40)
Garden State Trust Pilot	18,206.00		22,420.00	4,214.00
Municipal Relief Aid	386,957.38		386,957.38	
Special Items:				
State Grants:				
Alcohol Education and Rehabilitation		10,513.50	10,513.50	
Alliance to Prevent Alcoholism and Drug Abuse	32,600.00		32,600.00	
Body Armor Fund	3,187.17		3,187.17	
Childhood Lead Exposure	25,250.00		155,250.00	
Clean Communities Program		130,000.00	92,192.65	
County Health Infrastructure Program		92,192.65	45,644.50	
DHMAS Youth Leadership Grant		11,106.16	11,106.16	

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-2

**STATEMENT OF REVENUES - REGULATORY BASIS**

Sheet 2 of 4

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Special Items (Continued):				
State Grants (Continued):				
Radon Awareness	\$ 2,000.00	\$ 97,452.33	\$ 2,000.00	
Recycling Tonnage Grant	87,579.20		185,031.53	
Safe and Secure Communities Program	32,400.00		32,400.00	
Spotted Lanternfly		15,000.00	15,000.00	
Stormwater Assistance Grant		25,000.00	25,000.00	
Vaccine Supplement	100,000.00	35,000.00	135,000.00	
Federal Grants:				
Bulletproof Vests	4,797.38		4,797.38	
Click It or Ticket		7,000.00	7,000.00	
Distracted Driving	10,500.00		10,500.00	
Drive Sober or Get Pulled Over		14,000.00	14,000.00	
Enhancing Local Public Health Infrastructure	826,025.00	826,380.00	1,652,405.00	
Strengthen Public Health		406,046.00	406,046.00	
Other Grants:				
Monmouth County Historical Commission	6,500.00		6,500.00	
National Opioid Settlement	53,234.37	28,852.83	82,087.20	
NJ ACCHO - TtT Grant	2,500.00	7,500.00	10,000.00	
Uniform Fire Safety Act	60,000.00		116,731.84	56,731.84
Other Special Items:				
Shared Services Agreements:				
Automotive Services	50,000.00		52,966.66	2,966.66
Board of Health	586,060.00		788,264.76	202,204.76
Board of Health - VNA Health Group	6,250.00		(6,250.00)	
Diesel Fuel	200,000.00		259,767.47	59,767.47
Information Technology	292,000.00		391,607.64	99,607.64
Licensed Operational Services	60,000.00		92,881.57	32,881.57
Monmouth County CHIP		44,141.00		(44,141.00)

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

Exhibit A-2

Sheet 3 of 4

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Other Special Items (Continued):				
Shared Services Agreements (Continued):				
Police - School Security Detail	\$ 127,000.00	\$	\$ 167,996.92	\$ 40,996.92
Western Monmouth Active Shooter	6,584.00		6,452.00	(132.00)
American Recovery Program - Revenue Loss	1,262,022.00		1,262,022.00	
Fund Balance - General Capital Fund	526,068.60		526,068.60	
Hospital Property Tax Exemption	292,670.60		292,671.60	1.00
Hotel/Motel Tax	50,000.00		172,700.24	122,700.24
Payments in Lieu of Taxes	75,000.00		122,989.92	47,989.92
Reserve for Municipal Alliance	8,150.00		8,150.00	
Total Miscellaneous Revenues	<u>15,223,925.30</u>	<u>1,795,828.97</u>	<u>21,788,150.03</u>	<u>4,768,395.76</u>
Receipts from Delinquent Taxes	850,000.00		979,980.34	129,980.34
Amount to be Raised by Taxes for Support of Municipal				
Budget - Local Tax for Municipal Purposes	<u>24,317,072.23</u>		<u>26,075,508.89</u>	<u>1,758,436.66</u>
Budget Totals	49,032,874.28	1,795,828.97	57,485,516.01	6,656,812.76
Non-Budget Revenues			<u>1,537,234.47</u>	<u>1,537,234.47</u>
	<u>\$ 49,032,874.28</u>	<u>\$ 1,795,828.97</u>	<u>\$ 59,022,750.48</u>	<u>\$ 8,194,047.23</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 4 of 4**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Analysis of Realized Revenues**

**Allocation of Current Tax Collection**

Revenue from Collections	\$ 157,980,186.00
Allocated to School, County and Special District Taxes	133,964,612.43
Balance for Support of Municipal Budget Appropriations	<u>24,015,573.57</u>
Add: Appropriation "Reserve for Uncollected Taxes"	<u>2,059,935.32</u>
Amount for Support of Municipal Appropriations	<u>\$ 26,075,508.89</u>

**Delinquent Taxes**

Taxes Receivable	\$ 974,310.62
Tax Title Liens	<u>5,669.72</u>
	<u>\$ 979,980.34</u>

**Analysis of Non-Budget Revenue**

Abandoned and Secured Property	\$ 850.00
Administrative Fees Senior Citizens and Veterans	3,552.97
Cell Phone Tower Lease	63,818.26
Division of Motor Vehicles Inspection Fees	14,125.00
Finance Department	105,489.63
Fire Bureau Fees	107,180.00
Housing and Zoning Fees	196,937.80
Impound Yard Fees	27,770.70
Landlord Tenant Renewals	130,083.00
Meeting Room Rental	100.00
Planning Board Fees	368,103.18
Police Department Fees	58,967.63
Police Special Duty	365,106.45
Recycling Fees	67,412.00
Sign Making and Repair Services	1,132.18
Tax Collector Fees	25,723.87
Vending Machine Commissions	<u>881.80</u>
	<u>\$ 1,537,234.47</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 1 of 9

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<b>OPERATIONS WITHIN CAPS</b>						
<b>General Government</b>						
Administrative and Executive						
Salaries and Wages	\$ 269,000.00	\$ 269,000.00	\$ 264,539.73	\$ 4,460.27	\$	
Other Expenses	8,000.00	8,000.00	2,592.73	5,407.27		
Public Information Office						
Salaries and Wages	36,000.00	36,000.00	25,104.81	10,895.19		
Other Expenses	7,000.00	7,000.00	821.78	6,178.22		
Purchasing Department						
Salaries and Wages	63,000.00	63,000.00	62,239.35	760.65		
Other Expenses	39,000.00	39,000.00	27,145.34	11,854.66		
Human Resources						
Salaries and Wages	56,000.00	56,000.00	55,815.43	184.57		
Other Expenses	14,000.00	14,000.00	12,975.89	1,024.11		
Mayor and Township Committee						
Salaries and Wages	54,000.00	54,000.00	53,662.77	337.23		
Other Expenses	30,000.00	35,000.00	32,969.84	2,030.16		
Municipal Clerk						
Salaries and Wages	209,000.00	209,000.00	208,205.60	794.40		
Other Expenses	113,650.00	113,650.00	80,510.66	33,139.34		
Elections						
Salaries and Wages	1,000.00	1,000.00	352.12	647.88		
Other Expenses	15,700.00	15,700.00	12,672.61	3,027.39		
Financial Administration						
Salaries and Wages	166,000.00	166,000.00	149,554.61	16,445.39		
Other Expenses	93,650.00	93,650.00	65,060.52	28,589.48		
Audit						
Information Technology						
Salaries and Wages	113,000.00	113,000.00	97,980.28	15,019.72		
Other Expenses	197,000.00	197,000.00	185,292.15	11,707.85		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 9

FOR THE YEAR ENDED DECEMBER 31, 2023

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Revenue Administration (Collection of Taxes)						
Salaries and Wages	\$ 107,000.00	\$	107,000.00	\$ 106,557.63	\$ 442.37	\$
Other Expenses	31,800.00		31,800.00	26,748.68	5,051.32	
Assessment of Taxes						
Salaries and Wages	164,000.00		164,000.00	161,211.58	2,788.42	
Other Expenses	254,650.00		254,650.00	191,207.21	63,442.79	
Cost of Tax Appeals	100,000.00		70,000.00		70,000.00	
Legal Services and Costs						
Other Expenses	350,000.00		350,000.00	255,963.34	94,036.66	
Affordable Housing Services and Costs						
Other Expenses	150,000.00		150,000.00	63,750.17	86,249.83	
Engineering Services and Costs						
Salaries and Wages	382,000.00		382,000.00	275,575.40	106,424.60	
Other Expenses	28,800.00		28,800.00	22,578.93	6,221.07	
Historical Preservation						
Other Expenses	5,700.00		5,700.00	3,604.13	2,095.87	
Municipal Land Use Law Planning Board						
Salaries and Wages	182,000.00		182,000.00	180,803.48	1,196.52	
Other Expenses	67,600.00		67,600.00	29,091.43	38,508.57	
Insurance						
Other Insurance	685,694.00		685,694.00	685,694.00		
Workmen's Compensation	613,589.00		613,589.00	613,589.00		
Group Insurance for Employees	7,302,609.78		7,302,609.78	6,178,873.05	1,123,736.73	
Health Benefit Waiver	200,000.00		200,000.00	186,975.00	13,025.00	
Code Enforcement - Other						
Salaries and Wages	201,000.00		201,000.00	185,839.06	15,160.94	
Other Expenses	12,200.00		12,200.00	9,500.00	2,700.00	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 9

FOR THE YEAR ENDED DECEMBER 31, 2023

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification			Reserved	
<b>Public Safety</b>						
Police						
Salaries and Wages	\$ 8,936,000.00	\$ 8,863,500.00	\$ 8,320,943.32	\$ 542,556.68	\$	
Salaries and Wages - School Security Detail	126,000.00	126,000.00	126,000.00			
ARP Funded Salaries and Wages	372,000.00	372,000.00	372,000.00			
Other Expenses	535,300.00	535,300.00	464,901.31	70,398.69		
ARP Funded Other Expenses	200,000.00	200,000.00	200,000.00			
Office of Emergency Management						
Salaries and Wages	5,000.00	5,000.00	4,906.83	93.17		
Other Expenses	500.00	500.00		500.00		
Bureau of Fire Protection						
Salaries and Wages	51,000.00	51,000.00	48,353.25	2,646.75		
Other Expenses	5,500.00	5,500.00	5,226.83	273.17		
Uniform Fire Safety Act						
Salaries and Wages	81,000.00	81,000.00	78,833.61	2,166.39		
Other Expenses	13,000.00	13,000.00	4,715.00	8,285.00		
Municipal Prosecutor						
Other Expenses	82,500.00	82,500.00	73,971.24	8,528.76		
<b>Public Works</b>						
Road Repairs and Maintenance						
Salaries and Wages	917,000.00	917,000.00	823,296.62	93,703.38		
ARP Funded Salaries and Wages	250,000.00	250,000.00	250,000.00			
Other Expenses	306,600.00	306,600.00	163,741.82	142,858.18		
Snow Removal						
Salaries and Wages	127,000.00	127,000.00		127,000.00		
ARP Funded Salaries and Wages	115,000.00	115,000.00	76,532.16	38,467.84		
Other Expenses	225,000.00	225,000.00	17,301.60	207,698.40		
Shade Tree Commission						
Salaries and Wages	60,000.00	60,000.00	12,265.96	47,734.04		
Other Expenses	18,000.00	18,000.00	16,356.72	1,643.28		

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Recycling					
Salaries and Wages	\$ 137,000.00	\$ 107,000.00	\$ 100,966.49	\$ 6,033.51	\$
Other Expenses	865,000.00	895,000.00	863,280.75	31,719.25	
Public Buildings and Grounds					
Salaries and Wages	489,000.00	489,000.00	425,739.12	63,260.88	
Other Expenses	150,000.00	175,000.00	164,101.17	10,898.83	
Equipment Maintenance and Repair					
Salaries and Wages	408,000.00	408,000.00	339,709.71	68,290.29	
Other Expenses	385,650.00	385,650.00	350,756.51	34,893.49	
Condominium Services Act					
Other Expenses	120,000.00	120,000.00	106,783.40	13,216.60	
<b>Health and Welfare</b>					
Board of Health					
Salaries and Wages	207,000.00	207,000.00	97,466.59	109,533.41	
ARP Funded Salaries and Wages	93,000.00	93,000.00	93,000.00		
Other Expenses	71,600.00	71,600.00	63,483.47	8,116.53	
Animal Control					
Other Expenses	82,000.00	107,000.00	94,458.00	12,542.00	
Environmental Commission					
Other Expenses	400.00	400.00		400.00	
<b>Recreation and Education</b>					
Board of Recreation Commissioners					
Salaries and Wages	192,978.00	247,978.00	247,487.56	490.44	
ARP Funded Salaries and Wages	232,022.00	232,022.00	232,022.00		
Other Expenses	134,200.00	134,200.00	132,371.24	1,828.76	
Senior Center					
Salaries and Wages	129,000.00	134,000.00	129,381.08	4,618.92	
Other Expenses	20,000.00	20,000.00	19,834.21	165.79	

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



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 5 of 9

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<b><u>Municipal Court</u></b>						
Municipal Court						
Salaries and Wages	\$ 439,000.00	\$ 459,000.00	\$ 440,964.75	\$ 18,035.25	\$	
Other Expenses	19,150.00	19,150.00	17,502.58	1,647.42		
Public Defender						
Other Expenses	38,500.00	38,500.00	38,500.00			
<b><u>Uniform Construction Code</u></b>						
State Uniform Construction Code Official						
Salaries and Wages	615,000.00	615,000.00	567,309.81	47,690.19		
Other Expenses	29,950.00	29,950.00	20,071.98	9,878.02		
<b><u>Unclassified</u></b>						
Utilities:						
Electricity	250,000.00	250,000.00	208,647.10	41,352.90		
Street Lighting	300,000.00	300,000.00	252,004.66	47,995.34		
Telephone	150,000.00	150,000.00	119,444.27	30,555.73		
Water and Sewer	75,000.00	75,000.00	60,836.73	14,163.27		
Natural Gas	155,000.00	122,500.00	44,058.09	78,441.91		
Gasoline	425,000.00	425,000.00	357,175.54	67,824.46		
Total Operations within Caps	30,999,492.78	30,999,492.78	27,194,327.89	3,805,164.89		
Contingent	1.00	1.00		1.00		
Total Operations (Including Contingent) within Caps	30,999,493.78	30,999,493.78	27,194,327.89	3,805,165.89		
Detail:						
Salaries and Wages	16,185,000.00	16,162,500.00	14,801,595.71	1,360,904.29		
Other Expenses	14,814,493.78	14,836,993.78	12,392,732.18	2,444,261.60		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 9

FOR THE YEAR ENDED DECEMBER 31, 2023

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>STATUTORY EXPENDITURES WITHIN CAPS</b>					
Contribution to:					
Public Employees Retirement System	\$ 1,018,421.00	\$ 1,018,421.00	\$ 961,408.87	\$ 57,012.13	\$
Social Security System (O.A.S.I.)	1,223,038.80	1,223,038.80	1,196,901.73	26,137.07	
Police and Firemen's Retirement System of NJ	2,492,078.00	2,492,078.00	2,492,078.00		
Unemployment Compensation Insurance	65,000.00	65,000.00	65,000.00		
Defined Contribution Retirement Program	8,000.00	8,000.00	2,109.28	5,890.72	
Accumulated Leave Compensation	75,000.00	75,000.00	75,000.00		
Accumulated Absence Liability	24,000.00	24,000.00	24,000.00		
Total Statutory Expenditures within Caps	4,905,537.80	4,905,537.80	4,816,497.88	89,039.92	
Total Appropriations within Caps	35,905,031.58	35,905,031.58	32,010,825.77	3,894,205.81	

**OPERATIONS EXCLUDED FROM CAPS**

SFSP Fire District Payment	9,252.00	9,252.00	9,252.00		
Local Matching Fund for Grants	500.00	500.00		500.00	
<b>Shared Service Agreements</b>					
Board of Health					
Salaries and Wages	545,000.00	545,000.00	404,973.25	140,026.75	
Other Expenses	41,060.00	41,060.00	25,180.43	15,879.57	
Board of Health - VNA Health Group					
Salaries and Wages	3,250.00	3,250.00		3,250.00	
Other Expenses	3,000.00	3,000.00		3,000.00	
Board of Health - VNA Lead Assessor					
Other Expenses		44,141.00	22,070.63	22,070.37	
Information Technology					
Salaries and Wages	292,000.00	292,000.00	291,351.78	648.22	
Licensed Operational Services					
Salaries and Wages	60,000.00	60,000.00	59,072.58	927.42	
Dispatch Services					
County of Monmouth					
Other Expenses	401,654.00	401,654.00	401,654.00		

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 7 of 9

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
Road Repair and Maintenance						
Fuel Oil	\$ 250,000.00	\$ 250,000.00	\$ 234,445.37	\$ 15,554.63	\$	
Other Expenses						
Equipment Maintenance	50,000.00	50,000.00	50,000.00			
Other Expenses						
Police - School Security Detail	127,000.00	127,000.00	126,945.55	54.45		
Salaries and Wages						
Western Monmouth Active Shooter	6,584.00	6,584.00	6,450.62	133.38		
Other Expenses						
Construction Code - Borough of Freehold	60,000.00	60,000.00	59,176.00	824.00		
Other Expenses						
<b><u>Public and Private Programs Offset by Revenues</u></b>						
State Grants:						
Alcohol Education and Rehabilitation		10,513.50	10,513.50			
Alliance to Prevent Alcoholism and Drug Abuse	40,750.00	40,750.00	40,750.00			
Body Armor Fund	3,187.17	3,187.17	3,187.17			
Childhood Lead Exposure	25,250.00	155,250.00	155,250.00			
Clean Communities Program		92,192.65	92,192.65			
County Health Infrastructure Program		45,644.50	45,644.50			
DHMAS Youth Leadership Grant		11,106.16	11,106.16			
Radon Awareness Program	2,000.00	2,000.00	2,000.00			
Recycling Tonnage Grant	87,579.20	185,031.53	185,031.53			
Safe and Secure Communities Program	32,400.00	32,400.00	32,400.00			
Spotted Lanternfly		15,000.00	15,000.00			
Stormwater Assistance Grant		25,000.00	25,000.00			
Strengthen Public Health		406,046.00	406,046.00			
Vaccine Supplemental Funding	100,000.00	135,000.00	135,000.00			

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 8 of 9

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Federal Grants:					
Bulletproof Vests	\$ 4,797.38	\$ 4,797.38	\$ 4,797.38		\$
Click It or Ticket		7,000.00	7,000.00		
Distracted Driving	10,500.00	10,500.00	10,500.00		
Drive Sober or Get Pulled Over		14,000.00	14,000.00		
Enhancing Local Public Health Infrastructure	826,025.00	1,652,405.00	1,652,405.00		
Other Grants:					
Monmouth County Historical Commission	6,500.00	6,500.00	6,500.00		
National Opioid Settlement	53,234.37	82,087.20	82,087.20		
NJ ACCHO - TTT Grant	2,500.00	10,000.00	10,000.00		
Total Operations excluded from Caps	<u>3,044,023.12</u>	<u>4,839,852.09</u>	<u>4,636,983.30</u>	<u>202,868.79</u>	
Detail:					
Salaries and Wages	1,027,250.00	1,027,250.00	882,343.16	144,906.84	
Other Expenses	2,016,773.12	3,812,602.09	3,754,640.14	57,961.95	
<b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u></b>					
Capital Improvement Fund	400,000.00	400,000.00	400,000.00		
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>					
Payment of Bond Principal	4,120,000.00	4,120,000.00	4,120,000.00		
Payment of Bond Anticipation and Capital Notes	200,000.00	200,000.00	200,000.00		
Interest on Bonds	926,763.76	926,763.76	926,763.76		
Interest on Notes	415,000.00	415,000.00	413,965.64		1,034.36
M.C.I.A. Bond Principal	377,400.00	377,400.00	377,400.00		.07
M.C.I.A. Bond Interest	18,870.00	18,870.00	18,869.93		172,068.82
M.C.I.A. Lease Principal	516,300.00	516,300.00	344,231.18		15,715.00
M.C.I.A. Lease Interest	95,211.50	95,211.50	79,496.50		188,818.25
Total Municipal Debt Service excluded from Caps	<u>6,669,545.26</u>	<u>6,669,545.26</u>	<u>6,480,727.01</u>		

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

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 9 of 9

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>TRANSFERRED TO BOARD OF EDUCATION</u>					
Board of Education	\$ 954,339.00	\$ 954,339.00	\$ 954,339.00		\$ 188,818.25
Total General Appropriations excluded from Caps	<u>11,067,907.38</u>	<u>12,863,736.35</u>	<u>12,472,049.31</u>	<u>202,868.79</u>	<u>188,818.25</u>
Subtotal General Appropriations	46,972,938.96	48,768,767.93	44,482,875.08	4,097,074.60	188,818.25
Reserve for Uncollected Taxes	<u>2,059,935.32</u>	<u>2,059,935.32</u>	<u>2,059,935.32</u>		
Total General Appropriations	<u>\$ 49,032,874.28</u>	<u>\$ 50,828,703.25</u>	<u>\$ 46,542,810.40</u>	<u>\$ 4,097,074.60</u>	<u>\$ 188,818.25</u>

Budget	\$ 49,032,874.28
Added by N.J.S. 40A:4-87	<u>1,795,828.97</u>
	<u>\$ 50,828,703.25</u>

Disbursements	\$ 40,668,933.03
Reserve for:	
Encumbrances	873,296.31
Uncollected Taxes	2,059,935.32
Prepaid Health Premiums	(5,765.35)
Interfund - Grant Fund	<u>2,946,411.09</u>
	<u>\$ 46,542,810.40</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**TRUST FUND**

**Exhibit B**

**STATEMENTS OF ASSETS, LIABILITIES,**

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
<b><u>Animal Control Trust Fund</u></b>		
Cash	\$ 29,786.42	\$ 50,395.64
<b><u>Other Trust Fund</u></b>		
Cash	20,096,673.83	20,634,488.06
Promissory Note Receivable	400,000.00	400,000.00
	<u>20,496,673.83</u>	<u>21,034,488.06</u>
	<u>\$ 20,526,460.25</u>	<u>\$ 21,084,883.70</u>
<b><u>Liabilities and Reserves</u></b>		
<b><u>Animal Control Trust Fund</u></b>		
Due State of New Jersey	\$ 31.20	\$
Reserve for Animal Control Trust Fund	29,755.22	50,395.64
	<u>29,786.42</u>	<u>50,395.64</u>
<b><u>Other Trust Fund</u></b>		
Miscellaneous Reserves	19,464,511.64	20,226,739.27
Reserve for Promissory Note Receivable	400,000.00	400,000.00
Interfund - Current Fund	632,162.19	407,748.79
	<u>20,496,673.83</u>	<u>21,034,488.06</u>
	<u>\$ 20,526,460.25</u>	<u>\$ 21,084,883.70</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**GENERAL CAPITAL FUND**

Exhibit C

**STATEMENTS OF ASSETS, LIABILITIES,**

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 26,010,180.58	\$ 22,228,203.00
Grants Receivable	655,333.05	580,800.00
Loan Receivable	343,874.81	340,884.81
Deferred Charges to Future Taxation:		
Funded	46,117,495.70	51,629,774.56
Unfunded	34,943,862.84	22,575,362.84
Capital Lease	1,500,590.00	2,016,890.00
Installment Note	1,813,579.54	1,945,098.18
	<u>\$ 111,384,916.52</u>	<u>\$ 101,317,013.39</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>		
General Serial Bonds	\$ 45,915,000.00	\$ 51,350,000.00
Green Trust Loan	202,495.70	279,774.56
Bond Anticipation Notes	18,172,500.00	9,767,500.00
Installment Note Payable	1,813,579.54	1,945,098.18
Interfund - Current Fund		102,500.00
Improvement Authorizations:		
Funded	5,941,691.15	8,448,517.20
Unfunded	32,201,977.07	22,214,461.77
Reserve for Encumbrances	2,197,457.45	1,300,542.67
Capital Improvement Fund	203,443.58	464,943.58
Down Payments on Improvements	95,737.00	95,737.00
M.C.I.A. Lease Payable	1,500,590.00	2,016,890.00
Reserve for:		
Debt Service	758,105.31	462,387.81
Historical Preservation	9,203.20	9,203.20
Improvements	21,376.00	21,376.00
Grants Receivable	326,722.50	
Reserve for Receivables:		
Loans Receivable	343,874.81	340,884.81
Fund Balance	<u>1,681,163.21</u>	<u>2,497,196.61</u>
	<u>\$ 111,384,916.52</u>	<u>\$ 101,317,013.39</u>

There were bonds and notes authorized but not issued on December 31, 2023 and 2022 of \$16,771,362.84 and \$12,807,862.84, respectively

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**GENERAL CAPITAL FUND**

**Exhibit C-1**

**STATEMENT OF CHANGE IN FUND BALANCE**

**REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

Balance December 31, 2022		\$ 2,497,196.61
Increased by:		
Receipts:		
Premium on Sale of Notes		<u>175,035.20</u>
		2,672,231.81
Decreased by:		
Capital Fund Balance to Current Fund	\$ 526,068.60	
Capital Fund Balance to Open Space Trust Fund	<u>465,000.00</u>	
		<u>991,068.60</u>
Balance December 31, 2023		<u><u>\$ 1,681,163.21</u></u>

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



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**WATER-SEWER UTILITY FUND**

Exhibit D

**STATEMENTS OF ASSETS, LIABILITIES,**

Sheet 1 of 2

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Operating Fund:		
Cash and Cash Equivalents	\$ 3,306,595.25	\$ 11,859,639.94
Investments	7,976,331.82	30,044.79
Cash - Change Fund	100.00	100.00
	<u>11,283,027.07</u>	<u>11,889,784.73</u>
Receivables with Full Reserves:		
Water Charges Receivable	302,000.94	326,506.76
Sewer Charges Receivable	469,265.96	456,385.02
Bankruptcy Utility Charges	491.67	491.67
	<u>771,758.57</u>	<u>783,383.45</u>
Total Operating Fund	<u>12,054,785.64</u>	<u>12,673,168.18</u>
Capital Fund:		
Cash and Cash Equivalents	9,031,684.83	9,450,775.82
Connection Fees Receivable	18,576.00	18,576.00
Fixed Capital	60,998,214.19	54,941,484.54
Fixed Capital Authorized and Uncompleted	24,443,791.38	28,255,289.75
Interfund - Water-Sewer Utility Operating	50,000.00	
Total Capital Fund	<u>94,542,266.40</u>	<u>92,666,126.11</u>
	<u>\$ 106,597,052.04</u>	<u>\$ 105,339,294.29</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**WATER-SEWER UTILITY FUND**

Exhibit D

**STATEMENTS OF ASSETS, LIABILITIES,**

Sheet 2 of 2

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

<b><u>Liabilities, Reserves and Fund Balance (Continued)</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Operating Fund:		
Appropriation Reserves	\$ 723,184.23	\$ 1,382,584.41
Reserve for Encumbrances	607,778.13	275,506.46
Accounts Payable		2,236.50
Interfunds:		
Current Fund	2,602.17	
Water-Sewer Utility Capital Fund	50,000.00	
Prepaid Water-Sewer Rents	56,465.53	27,583.45
Accrued Interest on Bonds and Notes	129,174.79	40,777.29
	<u>1,569,204.85</u>	<u>1,728,688.11</u>
Reserve for Receivables	771,758.57	783,383.45
Operating Fund Balance	9,713,822.22	10,161,096.62
Total Operating Fund	<u>12,054,785.64</u>	<u>12,673,168.18</u>
Capital Fund:		
Improvement Authorizations:		
Funded	1,316,669.54	1,719,872.65
Unfunded	8,438,112.71	8,783,513.95
Reserve for Encumbrances	2,817,998.60	2,272,743.30
Capital Improvement Fund	529,752.57	479,752.57
Reserve for Amortization	58,507,792.39	54,713,129.35
Deferred Reserve for Amortization	4,094,552.16	6,356,095.19
Serial Bonds	10,170,000.00	11,550,000.00
Bond Anticipation Notes	7,072,000.00	4,880,000.00
M.C.I.A. Lease Payable	231,410.00	310,110.00
Reserve for Infrastructure Contribution	83,964.29	83,964.29
Reserve for Accounts Receivable	18,576.00	18,576.00
Fund Balance	1,261,438.14	1,498,368.81
Total Capital Fund	<u>94,542,266.40</u>	<u>92,666,126.11</u>
	<u>\$ 106,597,052.04</u>	<u>\$ 105,339,294.29</u>

There were bonds and notes authorized but not issued on December 31, 2023 and 2022 of \$5,366,251.02 and \$5,387,439.75, respectively

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-1**

**STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

Balance December 31, 2022	\$ 1,498,368.81
Increased by:	
Premium on Sale of Notes	<u>68,069.33</u>
	1,566,438.14
Decreased by:	
Anticipated as Revenue in Utility Operating	<u>305,000.00</u>
Balance December 31, 2023	<u><u>\$ 1,261,438.14</u></u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-2**

**STATEMENTS OF OPERATIONS AND**

**CHANGE IN FUND BALANCE - REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Year 2023</u>	<u>Year 2022</u>
<b><u>Revenue and Other Income Realized</u></b>		
Fund Balance Utilized	\$ 3,785,232.00	\$ 3,176,605.26
Rents:		
Water Charges	4,677,151.72	4,626,494.84
Sewer Charges	8,038,561.08	7,817,433.89
Miscellaneous:		
Water Connection Fees	25,238.59	597,174.76
Sewer Connection Fees	27,168.92	424,591.68
Interest on Deposits	396,808.29	69,723.30
Fire Hydrant Service	228,137.37	220,095.89
Miscellaneous Revenue Anticipated	163,232.09	156,731.25
Fund Balance:		
Utility Capital Fund	305,000.00	32,340.74
Other Credits to Income:		
Accounts Payable Cancelled	2,236.50	
Unexpended Balance of Appropriation Reserves	1,276,678.12	692,002.18
Total Income	<u>18,925,444.68</u>	<u>17,813,193.79</u>
<b><u>Budget and Other Expenditures</u></b>		
Budget:		
Operating	12,683,575.00	12,118,806.00
Capital Improvements	353,000.00	363,000.00
Debt Service	2,134,255.08	1,542,853.43
Statutory Expenditures	416,657.00	389,793.23
	<u>15,587,487.08</u>	<u>14,414,452.66</u>
Excess in Revenues	3,337,957.60	3,398,741.13
Fund Balance January 1	<u>10,161,096.62</u>	<u>9,938,960.75</u>
	13,499,054.22	13,337,701.88
Decreased by:		
Utilization by:		
Water-Sewer Operating Budget	<u>3,785,232.00</u>	<u>3,176,605.26</u>
Fund Balance December 31	<u>\$ 9,713,822.22</u>	<u>\$ 10,161,096.62</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**WATER-SEWER UTILITY OPERATING FUND**

Exhibit D-3

**STATEMENT OF REVENUES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b><u>Anticipated Budget</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
Fund Balance Anticipated	\$ 3,785,232.00	\$ 3,785,232.00	\$
Water Rents	4,000,000.00	4,677,151.72	677,151.72
Sewer Rents	7,100,000.00	8,038,561.08	938,561.08
Miscellaneous:			
Water Connection Fees	250,000.00	25,238.59	(224,761.41)
Sewer Connection Fees	25,000.00	27,168.92	2,168.92
Interest on Deposits	60,000.00	396,808.29	336,808.29
Fire Hydrant Service	79,000.00	228,137.37	149,137.37
Miscellaneous Other	80,500.00	163,232.09	82,732.09
Fund Balance:			
Utility Capital Fund	305,000.00	305,000.00	
	<b><u>\$ 15,684,732.00</u></b>	<b><u>\$ 17,646,530.06</u></b>	<b><u>\$ 1,961,798.06</u></b>

**Analysis of Miscellaneous Other**

Interest on Delinquent Accounts	\$ 61,217.91
Meter Installation	17,887.26
Reconnect and Disconnect Fees	2,170.61
NSF Check Fees	3,691.00
Miscellaneous Other	77,322.90
Bankruptcy Receivable Realized	942.41
	<b><u>\$ 163,232.09</u></b>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Operating					
Salaries and Wages	\$ 1,721,000.00	\$ 1,721,000.00	\$ 1,712,398.81	\$ 8,601.19	
Other Expenses	11,076,575.00	10,962,575.00	10,559,784.22	402,790.78	
Capital Improvements					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Capital Outlay	313,000.00	303,000.00		303,000.00	
Debt Service					
Payment of Bond Principal	1,380,000.00	1,380,000.00	1,380,000.00		
Payment of Bond Anticipation Notes	75,000.00	75,000.00	75,000.00		
Interest on Bonds	350,000.00	406,000.00	363,305.10		42,694.90
Interest on Notes	215,000.00	273,000.00	272,120.15		879.85
M.C.I.A. - Principal	80,000.00	80,000.00	30,700.00		49,300.00
M.C.I.A. - Interest	17,500.00	17,500.00	13,129.83		4,370.17
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	275,000.00	275,000.00	275,000.00		
Social Security System (O.A.S.I.)	131,657.00	141,657.00	132,864.74	8,792.26	
	<u>\$ 15,684,732.00</u>	<u>\$ 15,684,732.00</u>	<u>\$ 14,864,302.85</u>	<u>\$ 723,184.23</u>	<u>\$ 97,244.92</u>
Reserve for Encumbrances			\$ 607,778.13		
Disbursements			13,555,367.47		
Accrued Interest on Bonds and Notes			648,555.08		
Interfunds:					
Current Fund			2,602.17		
Water-Sewer Utility Capital Fund			50,000.00		
			<u>\$ 14,864,302.85</u>		

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**GENERAL FIXED ASSETS ACCOUNT GROUP**

**Exhibit F**

**STATEMENTS OF ASSETS AND LIABILITIES**

**REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
General Fixed Assets:		
Land	\$ 122,689,279.74	\$ 120,058,652.33
Buildings and Improvements	12,053,800.00	12,053,800.00
Equipment	4,228,396.12	4,293,886.56
Motor Vehicles and Equipment	<u>12,346,571.55</u>	<u>11,761,906.83</u>
	<u>\$ 151,318,047.41</u>	<u>\$ 148,168,245.72</u>
 <b><u>Liabilities</u></b>		
Investment in General Fixed Assets	<u>\$ 151,318,047.41</u>	<u>\$ 148,168,245.72</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**PAYROLL FUND**

**Exhibit G**

**STATEMENTS OF ASSETS AND LIABILITIES**

**REGULATORY BASIS**

**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Cash	\$ <u>179,347.26</u>	\$ <u>149,296.04</u>
<b><u>Liabilities</u></b>		
Due to Various Agencies	\$ <u>179,347.26</u>	\$ <u>149,296.04</u>

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



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

The Governmental Accounting Standards Board (“GASB”) Statement 14, as amended by GASB Statements No. 39, 61 and 90, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units during 2023.

**B. Descriptions of Funds**

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

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

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

**Animal Control Trust Fund** - animal license revenues and expenditures.

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Descriptions of Funds (Continued)**

**Water-Sewer Utility Assessment Trust Fund** - used to account for the financing of local utility improvements deemed to benefit the properties against which assessments are levied.

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

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

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

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

**C. Basis of Accounting**

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

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

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

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

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

**Deferred Charges** - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2023 is set forth in Notes 4.

**Compensated Absences** - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2023 is set forth in Note 9.

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

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

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Freehold Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2022 and decreased by the amount deferred at December 31, 2023.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

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

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

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

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

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Cash and Cash Equivalents (Continued)**

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

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

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

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

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

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

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

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

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

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

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

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

During 2023 and 2022 the following changes occurred in the fixed assets of the Township:

	Balance Jan. 1, 2023	Expended from			Transfers/ Cancelled	Balance Dec. 31, 2023
		Current/ Capital Funds	Utility Fund	Less: Disposals		
General Fixed Assets Account Group:						
Land	\$ 120,058,652	\$ 2,630,628	\$	\$	\$	\$ 122,689,280
Buildings and Improvements	12,053,800					12,053,800
Equipment	4,293,887	65,953		131,444		4,228,396
Motor Vehicles and Equipment	11,761,907	585,183		518		12,346,572
	<u>148,168,246</u>	<u>3,281,764</u>		<u>131,962</u>		<u>151,318,048</u>
Water-Sewer Utility Capital Fund:						
Fixed Capital	54,941,484			580	6,057,310	60,998,214
Fixed Capital Authorized and Uncompleted	28,255,290		4,940,000		(8,751,498)	24,443,792
	<u>83,196,774</u>		<u>4,940,000</u>	<u>580</u>	<u>(2,694,188)</u>	<u>85,442,006</u>
	<u>\$ 231,365,020</u>	<u>\$ 3,281,764</u>	<u>\$ 4,940,000</u>	<u>\$ 132,542</u>	<u>\$ (2,694,188)</u>	<u>\$ 236,760,054</u>

	Balance Jan. 1, 2022	Expended from			Balance Dec. 31, 2022
		Current/ Capital Funds	Utility Fund	Less: Disposals	
General Fixed Assets Account Group:					
Land	\$ 104,754,000	\$ 15,304,652	\$	\$	\$ 120,058,652
Buildings and Improvements	12,053,800				12,053,800
Equipment	4,325,359	32,255		63,727	4,293,887
Motor Vehicles and Equipment	11,268,135	517,845		24,073	11,761,907
	<u>132,401,294</u>	<u>15,854,752</u>		<u>87,800</u>	<u>148,168,246</u>
Water-Sewer Utility Capital Fund:					
Fixed Capital	54,941,484				54,941,484
Fixed Capital Authorized and Uncompleted	26,893,290		1,362,000		28,255,290
	<u>81,834,774</u>		<u>1,362,000</u>		<u>83,196,774</u>
	<u>\$ 214,236,068</u>	<u>\$ 15,854,752</u>	<u>\$ 1,362,000</u>	<u>\$ 87,800</u>	<u>\$ 231,365,020</u>

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Financial Statements**

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

**E. Budgets and Budgetary Accounting**

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

**F. Impact of Recently Issued Accounting Principles**

**Recent Accounting Pronouncements**

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

**G. Accounting and Financial Reporting for Pensions**

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounting and financial Reporting for Pensions (Continued)**

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

In May of 2023, the New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units 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, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

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

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

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

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

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

**I. Leases**

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



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Leases (Continued)**

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

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

**NOTE 2. CASH AND CASH EQUIVALENTS**

**A. Deposits**

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

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$91,024,438 and the bank balance amount was \$91,329,451. Of this amount \$334,970 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$90,994,482.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments**

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
  - (2) Government money market mutual funds.
  - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
  - (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts.
  - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
  - (6) Municipal investment pools.
  - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
  - (8) Agreements for the repurchase of fully collateralized securities, if:
    - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
    - (b) the custody of collateral is transferred to a third party;
    - (c) the maturity of the agreement is not more than 30 days;
    - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
    - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments (Continued)**

At year-end, the carrying value of the Township's investments and the investment balance was \$29,349,843 of which and is reflected in the financial statements was follows:

	<u>Current Fund</u>	<u>Utility Operating Fund</u>	<u>Total</u>
Notes of Other Government Entities	\$ 1,380,608	\$	\$ 1,380,608
U.S Treasury Notes	19,907,934	7,976,332	27,884,266
	<u>\$ 21,288,542</u>	<u>\$ 7,976,332</u>	<u>\$ 29,264,874</u>

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

<u>Municipality</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Freehold Township Fire District No. 1	2/01/2024	3.800%	\$ 500,000
Dover Township	5/24/2024	5.150%	880,608
			<u>\$ 1,380,608</u>

**U.S. Government Bonds**

The Township has unrealized gains on investments in U.S. Government Bonds, \$182,816 and \$152,026 for the Current Fund and Water-Sewer Utility Fund, respectively, which have been caused by interest rate fluctuations.

<u>Securities</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Government Bonds:			
Current Fund	\$ 19,907,934	\$ 20,090,750	\$ 182,816
Water-Sewer Utility Fund	7,976,332	8,128,358	152,026
Total Government Bonds	<u>\$ 27,884,266</u>	<u>\$ 28,219,108</u>	<u>\$ 334,842</u>

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**U.S. Government Bonds (Continued)**

At December 31, 2023, the Township had the following recurring fair value measurements:

	<u>Dec. 31, 2023</u>	<u>Fair Value Measurements Using</u>		
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Debt Securities:				
U.S. Treasuries	\$ <u>28,219,108</u>	\$ <u>28,219,108</u>	\$ <u>-</u>	\$ <u>-</u>

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

**C. Cash Management Plan**

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

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

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

**D. Credit Risk Categories**

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

Insured:	
FDIC	\$ 334,970
GUDPA	99,994,482
Investments	<u>29,264,874</u>
	\$ <u>129,594,326</u>

**Custodial Credit Risk - Deposits**

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**D. Credit Risk Categories (Continued)**

State law limits investments as noted above.

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

**E. Interest Rate Risk**

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

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

As of December 31, 2023, the Township's investments had the following maturities:

	<b>Investment Maturities (In Years)</b>				
	<b><u>Cost Value</u></b>	<b><u>1 Year</u></b>	<b><u>1-5 Years</u></b>	<b><u>6-10 Years</u></b>	<b><u>Over 10 Years</u></b>
Debt Securities:					
U.S. Treasuries	\$ <u>29,264,874</u>	\$ <u>29,264,874</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2023 and 2022 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major funds, in the aggregate, are as follows:

<b><u>December 31, 2023</u></b>	<b><u>Current Fund</u></b>	<b><u>Grant Fund</u></b>	<b><u>General Capital Fund</u></b>	<b><u>Utility Operating Fund</u></b>	<b><u>Utility Capital Fund</u></b>	<b><u>Total (Memo Only)</u></b>
State	\$	\$ 397,801	\$ 274,533	\$	\$	\$ 672,334
Federal		1,486,326				1,458,414
Taxes and User Fees	1,628,474			771,759		2,400,233
Other	<u>290,848</u>	<u>29,976</u>	<u>724,675</u>		<u>18,576</u>	<u>1,064,075</u>
	\$ <u>1,919,322</u>	\$ <u>1,914,103</u>	\$ <u>999,208</u>	\$ <u>771,759</u>	\$ <u>18,576</u>	\$ <u>5,595,056</u>
<b><u>December 31, 2022</u></b>	<b><u>Current Fund</u></b>	<b><u>Grant Fund</u></b>	<b><u>General Capital Fund</u></b>	<b><u>Utility Operating Fund</u></b>	<b><u>Utility Capital Fund</u></b>	<b><u>Total (Memo Only)</u></b>
State	\$	\$ 277,424	\$ 400,000	\$	\$	\$ 677,424
Federal		216,575				216,575
Taxes and User Fees	1,285,767			783,383		2,069,150
Other	<u>171,142</u>		<u>521,685</u>		<u>18,576</u>	<u>711,403</u>
	\$ <u>1,456,909</u>	\$ <u>493,999</u>	\$ <u>921,685</u>	\$ <u>783,383</u>	\$ <u>18,576</u>	\$ <u>3,674,552</u>

**NOTE 4. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

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

**NOTE 5. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheets at December 31, 2023:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
Current Fund	\$ 634,764	\$ 1,328,434
Grant Fund	1,328,434	
Other Trust Fund		632,162
Water-Sewer Utility Operating Fund		52,602
Water-Sewer Utility Capital Fund	<u>50,000</u>	
Total	\$ <u>2,013,198</u>	\$ <u>2,013,198</u>

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 5. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

The purpose of these interfunds is short-term borrowing.

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

**NOTE 6. SCHOOL TAXES**

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

		<b>Balance December 31</b>			
		<b>Local District School Taxes</b>		<b>Regional District School Taxes</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Balance of Tax	\$	38,515,297	\$ 37,453,172	\$ 15,137,178	\$ 14,577,794
Deferred		<u>25,566,589</u>	<u>25,566,589</u>		
Tax Payable	\$	<u>12,948,708</u>	<u>\$ 11,886,583</u>	<u>\$ 15,137,178</u>	<u>\$ 14,577,794</u>

**NOTE 7. DEBT**

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

**A. Long-term Debt**

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 7. DEBT (CONTINUED)**

**A. Long-term Debt (Continued)**

**General Capital Fund**

1.50% to 3.50% Open Space Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2014	\$ 65,000
2.00% to 3.25% General Obligation Bonds Issued December 1, 2014, installment maturities to December 1, 2026	1,490,000
2.00% to 4.00% General Obligation Bonds Issued December 1, 2015, installment maturities to November 1, 2027	3,015,000
1.00% to 3.00% General Obligation Refunding Bonds Issued November 8, 2017, installment maturities to September 15, 2028	3,665,000
1.00% to 4.00% General Obligation Bonds Issued November 4, 2019, installment maturities to October 15, 2031	6,675,000
.50% to 2.00% General Obligation Bonds Issued October 28, 2021, installment maturities to October 15, 2032	9,965,000
4.00% General Obligation Bonds issued October 26, 2022, installment maturities to October 15, 2032	8,210,000
3.50% to 4.00% Open Space Bonds issued October 26, 2022, installment maturities to October 15, 2027	<u>12,830,000</u>
	<b>\$ <u>45,915,000</u></b>

**Water-Sewer Utility Capital Fund**

1.50% to 3.50% Utility Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2024	\$ 170,000
2.00% to 4.00% Utility Bonds Issued December 11, 2015, installment maturities to November 1, 2027	1,995,000
1.00% to 4.00% Utility Bonds Issued November 4, 2019, installment maturities to October 15, 2031	1,600,000
.50% to 2.00% Utility Bonds Issued October 28, 2021, installment maturities to October 15, 2033	1,465,000
4.00% Utility Bonds issued October 26, 2022, installment Maturities to October 15, 2032	<u>4,940,000</u>
	<b>\$ <u>10,170,000</u></b>



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 7. DEBT (CONTINUED)**

**A. Long-term Debt (Continued)**

The General Capital Fund bonds mature serially in installments to the year 2037 and the Water-Sewer Utility Capital Fund bonds mature serially in installments to the year 2033. Aggregate debt service requirements are as follows:

**General Capital Fund**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 5,375,000	\$ 1,346,411
2025	5,425,000	1,222,607
2026	5,565,000	1,078,931
2027	5,155,000	919,856
2028	4,450,000	761,338
2029-33	15,690,000	2,040,925
2034-37	<u>4,255,000</u>	<u>399,950</u>
Total	\$ <u>45,915,000</u>	\$ <u>7,770,018</u>

**Water-Sewer Utility Capital Fund**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,465,000	\$ 310,845
2025	1,325,000	272,025
2026	1,355,000	234,363
2027	1,395,000	193,200
2028	<u>900,000</u>	<u>148,750</u>
Total	\$ <u>10,170,000</u>	\$ <u>1,456,683</u>

**Green Trust Loan Program**

The Township has six low interest loans (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. Loans of \$400,000, \$600,000 and \$300,000 for Opatut Park Development were finalized in October 2005, September 2007, and February 2008, respectively. The Township must repay each loan in semi-annual installments over twenty years. The balance December 31, 2023 was \$202,496. Loan payments are due through 2027.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 7. DEBT (CONTINUED)**

**A. Long-term Debt (Continued)**

**Green Trust Loan Program (Continued)**

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 78,832	\$ 3,658
2025	67,980	2,073
2026	37,305	831
2027	<u>18,379</u>	<u>276</u>
Total	\$ <u>202,496</u>	\$ <u>6,838</u>

**Installment Purchase Agreements**

The Township has entered into the following Installment Purchase Agreements

The Township has entered into an Installment Purchase Agreement in August 2022 for the preservation and conservation of agricultural land. The purchase agreement is for \$2,200,000 at 2.1% for fifteen years (through 2035). Annual payments are due August 15th of each year. The balance at December 31, 2023 is \$1,813,580.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 134,307	\$ 36,797
2025	137,155	33,950
2026	140,063	31,041
2027	143,033	28,072
2028	146,066	25,039
2029-33	778,120	77,404
2034-35	<u>334,836</u>	<u>7,374</u>
Total	\$ <u>1,813,580</u>	\$ <u>239,677</u>

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 7. DEBT (CONTINUED)**

**A. Long-term Debt (Continued)**

**Installment Purchase Agreements (Continued)**

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

<u>Year</u>	<u>General Capital Fund</u>	<u>Water-Sewer Utility Capital Fund</u>
2015	\$ 1,065,000	\$
2017	1,312,000	
2019	1,109,410	309,590
2021	1,158,780	143,220

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

<u>Year</u>	<u>General Capital Fund</u>		<u>Water-Sewer Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 462,850	\$ 71,113	\$ 75,150	\$ 12,057
2025	348,320	48,289	40,680	7,981
2026	304,340	31,240	42,660	5,860
2027	120,680	18,308	20,320	3,891
2028	94,590	12,678	21,410	2,812
2029-31	169,810	13,762	31,190	2,339
Total	\$ <u>1,500,590</u>	\$ <u>195,390</u>	\$ <u>231,410</u>	\$ <u>34,940</u>

The Township had \$534,012 in unexpended funds in the 2019 Acquisition Fund held by the Monmouth County Improvement Authority. An amount of \$241,150 was applied to lease payments in 2023. The balance of \$292,862 will be applied to future lease payments.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 7. DEBT (CONTINUED)**

**B. Short-Term Debt**

On December 31, 2023, the Township's outstanding Bond Anticipation Notes were as follows:

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Balance Dec. 31, 2023</u>	<u>Interest Rate</u>
15-10	Various Improvements	1,065,000.00	5.00%
16-12	Various Improvements	7,500.00	5.00%
17-06	Various Improvements	540,000.00	5.00%
		160,000.00	5.00%
19-10	Various Improvements	292,500.00	5.00%
20-10	Various Improvements	1,200,000.00	5.00%
		120,000.00	5.00%
21-06	Various Improvements	2,000,000.00	5.00%
		2,600,000.00	5.00%
22-14	Various Improvements	1,750,000.00	5.00%
23-11	Various Improvements	8,437,500.00	5.00%
		<u>\$ 18,172,500.00</u>	
<u>Ordinance Number</u>	<u>Water-Sewer Utility Capital Fund</u>	<u>Balance Dec. 31, 2023</u>	<u>Interest Rate</u>
12-13	Various Improvements to the Water-Sewer System	\$ 32,000	5.00%
18-08	Various Improvements to the Water-Sewer System	644,510	5.00%
19-11	Various Improvements to the Water-Sewer System	93,065	5.00%
		50,000	5.00%
2020-11	Various Improvements to the Water-Sewer System	125,000	5.00%
2021-07	Various Improvements to the Water-Sewer System	2,387,425	5.00%
		143,000	5.00%
		235,000	5.00%
2022-15	Various Improvements to the Water-Sewer System	1,362,000	5.00%
20236-13	Various Improvements to the Water-Sewer System	<u>2,000,000</u>	5.00%
		<u>\$ 7,072,000</u>	

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 7. DEBT (CONTINUED)**

**C. Bonds and Notes Authorized but not Issued**

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

	<u>2023</u>	<u>2022</u>
General Capital Fund	\$ 16,771,363	\$ 12,807,863
Water-Sewer Utility Capital Fund	5,366,251	5,387,440

**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2023 was .802%. The Township's remaining borrowing power is 2.698%.

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

**E. Summary of Debt Activity**

During 2023 and 2022 the following changes occurred in the issued and outstanding debt of the Township:

	<u>Balance</u> <u>Jan. 1, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Due within</u> <u>One Year</u>
General Capital Fund:					
Serial Bonds	\$ 51,350,000	\$	\$ 5,435,000	\$ 45,915,000	\$ 5,375,000
Bond Anticipation Notes	9,767,500	8,605,000	200,000	18,172,500	18,172,500
Green Trust Loans	279,775		77,279	202,496	78,832
Water-Sewer Utility Capital Fund:					
Serial Bonds	11,550,000		1,380,000	10,170,000	1,465,000
Bond Anticipation Notes	4,880,000	2,267,000	75,000	7,072,000	7,072,000
	\$ <u>77,827,275</u>	\$ <u>10,872,000</u>	\$ <u>7,167,279</u>	\$ <u>81,531,996</u>	\$ <u>32,163,332</u>

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Due within</u> <u>One Year</u>
General Capital Fund:					
Serial Bonds	\$ 32,763,000	\$ 22,570,000	\$ 3,983,000	\$ 51,350,000	\$ 5,435,000
Bond Anticipation Notes	12,540,000	6,275,000	9,047,500	9,767,500	9,767,500
Green Trust Loans	355,531		75,756	279,775	77,279
Water-Sewer Utility Assessment Fund:					
Serial Bonds					
Water-Sewer Utility Capital Fund:					
Serial Bonds	7,260,000	5,415,000	1,125,000	11,550,000	1,380,000
Bond Anticipation Notes	8,675,000	1,555,000	5,350,000	4,880,000	4,880,000
	\$ <u>61,593,531</u>	\$ <u>35,815,000</u>	\$ <u>19,581,256</u>	\$ <u>77,827,275</u>	\$ <u>21,539,779</u>

**TOWNSHIP OF FREEHOLD - COUNTYH OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUJED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 8. TAXES AND SEWER CHARGES COLLECTED IN ADVANCE**

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

	<u>2023</u>	<u>2022</u>
Prepaid Taxes	\$ 1,006,274	\$ 1,139,290
Prepaid Water-Sewer Utility Charges	54,466	27,583

**NOTE 9. ACCRUED SICK PAY BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$807,936 and \$899,033 at December 31, 2023 and 2022, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. At December 31, 2023 the Township had \$253,707 reserved for accrued sick pay benefits in the Trust Other Fund.

**NOTE 10. FUND BALANCES**

The fund balances at December 31, 2023 which have been appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2024 of the succeeding year is as follows:

	<u>2023</u>	<u>2022</u>
Current Fund	\$ 9,101,328	\$ 8,641,877
Water-Sewer Utility Fund	4,038,243	3,785,232

**NOTE 11. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 11. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

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

**NOTE 12. CONTINGENT LIABILITIES**

**State and Federal Financial Assistance**

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023, the Township estimates that no material liabilities will result from such audits.

**Tax Appeals**

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

**Major Tax Assessments**

Taxpayers in 2023 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Value</u>	<u>Value</u>
Freemall Associates	\$ 262,500,000	3.09%

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 12. CONTINGENT LIABILITIES (CONTINUED)**

**Pending Litigation**

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

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

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

**NOTE 13. GROUND LEASE**

In 2005 the Township authorized a ground lease for a parcel of land utilized for the construction of affordable senior housing. The loan amount is \$299,000 bearing an interest rate of one percent (1%) per annum. There are stipulations in the lease agreements for the repayment of the ground lease to the Township. The balance receivable at December 31, 2023 and 2022 is \$343,875 and \$340,885, respectively.

**NOTE 14. UNEMPLOYMENT COMPENSATION INSURANCE**

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

<u>Year</u>	<u>Contributions</u>			<u>Reimbursed to State</u>	<u>Balance December 31</u>
	<u>Interest</u>	<u>Township</u>	<u>Employee</u>		
2023	\$ 6,486	\$ 65,000	\$ 7,764	\$ 70,960	\$ 288,170
2022	894	130,000	18,492	32,804	279,880
2021	315		55,376	26,382	166,299



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 15. RISK MANAGEMENT**

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

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

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**General Information about the OPEB Plan**

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

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Employees and Retirees Covered** - At December 31, 2022, the following employees were covered by the Township plan:

<u>Participant Data</u>	<u>Amount</u>
Active Employees	138
Retired Employees:	
Retirees	137
Beneficiaries	0
Spouses	<u>92</u>
Total	<u>229</u>

**Actuarial Assumptions and Other Inputs** - This valuation has been conducted as of December 31, 2022 based on census, plan design and premium information provided by the Township. Census includes 229 retired participants (including spouses and beneficiaries) and 138 active participants. The Measurement Date, for each fiscal year is as of the end of the prior year. Thus, the Total OPEB Liability for fiscal year ending December 31, 2023 of \$103,847,390 is measured at December 31, 2022 as allowed under GASB 75.

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

<b>Actuarial Cost Method</b>	Individual Entry Age Normal as a level percentage of pay
<b>Discount Rate</b>	Based on Government Obligation Index published by Bond Buyer 3.72% as December 31, 2023
<b>Inflation Rate</b>	2.30%
<b>Salary Increases</b>	Sample rates for employees who are covered under the New Jersey Police and Firemen's Retirement System ("NJPFERS"):

<b>Age</b>	<b>FY 2016-2026</b>	<b>FY2026+</b>
25	8.89%	9.98%
30	5.97%	6.97%
35	4.17%	5.17%
40	3.33%	4.33%
45	2.90%	3.90%
50	2.75%	3.75%
55	2.60%	3.60%
60	2.35%	3.35%
64+	2.10%	3.10%

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

<b>Age</b>	<b>FY 2016-2026</b>	<b>FY2026+</b>
20	4.15%	5.15%
25	3.90%	4.90%
30	3.65%	4.65%
35	3.40%	4.40%
40	3.15%	4.15%
45	2.90%	3.90%
50	2.65%	3.65%
55	2.40%	3.40%
60	2.15%	3.15%
65+	1.65%	2.65%

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions and Other Inputs (Continued)**

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

<u>Year</u>	<u>Trend for Costs Prior to Age 65</u>	<u>Trend for Costs After Age 65</u>
2023	6.40%	6.30%
2024	6.80%	6.70%
2025	6.20%	6.20%
2026	5.60%	5.60%
2027	5.00%	5.00%
2028	4.80%	4.80%
2029	4.60%	4.60%
2030	4.40%	4.40%
2031	4.20%	4.20%
2032	4.10%	4.10%
2033	4.10%	4.10%
2034	4.10%	4.10%
2035	4.10%	4.10%
2036	4.10%	4.10%
2037	4.10%	4.10%
2038	4.10%	4.10%
2039	4.10%	4.10%
2040	4.10%	4.10%
2041	4.10%	4.10%
2042	4.10%	4.10%

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions and Other Inputs (Continued)**

	<b>Medical Claims</b>			
	<b>Retirees</b>		<b>Spouses</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
50	28,437	35,903	32,662	37,477
55	32,351	34,742	36,524	39,986
60	37,205	37,377	41,434	42,849
64	44,443	41,198	47,778	46,157
65	11,561	10,100	11,561	10,100
70	13,013	11,285	13,013	11,285
75	14,528	12,170	14,528	12,170

**2023 Annual Premiums - Medical**

<b>Coverage</b>	<b>Younger than 65</b>	<b>Older than 65</b>
Single	\$12,059	\$8,063
2 Adults	\$25,359	\$16,920
Family	\$34,234	\$26,408
Parent & Child	\$18,938	\$15,260

**2022 Annual Premiums - Prescription**

<b>Coverage</b>	
Single	\$8,515
2 Adults	\$15,279
Family	\$20,627
Parent & Child	\$11,186

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions and Other Inputs (Continued)**

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

**Rates of Turnover** Sample Rates for employees who are covered under the New Jersey Police  
 and Firemen’s Retirement System (“NJPFSS”):

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

Sample Rates for employees who are covered under the New Jersey Public  
 Employees’ Retirement System (“NJPERS”):

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions and Other Inputs (Continued)**

Rates of Retirement	NJPFRS		NJPERS	
	Age	<25 YOS	25+ YOS	Rate
	45	52.98%	15.40%	
	46	52.98%	15.40%	
	47	52.98%	15.40%	
	48	56.77%	15.40%	
	49	56.77%	15.40%	
	50	56.77%	15.40%	
	51	56.77%	15.40%	
	52	56.77%	15.40%	
	53	59.04%	17.48%	
	54	59.04%	17.48%	
	55	59.04%	17.48%	11.70%
	56	66.42%	17.48%	11.70%
	57	77.49%	17.48%	11.70%
	58	77.49%	17.48%	11.70%
	59	77.49%	22.78%	21.00%
	60	77.49%	22.78%	7.80%
	61	77.49%	22.78%	8.40%
	62	77.49%	22.78%	13.44%
	63	77.49%	22.78%	10.50%
	64	77.49%	37.80%	10.50%
	65	100.00%	100.00%	16.54%
	66			15.75%
	67			13.65%
	68			11.55%
	69			11.55%
	70			100.00%

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions and Other Inputs (Continued)**

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

**Discount Rate** - The discount rate is the single rate that reflects (1) the actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return and (2) the actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. For the total OPEB liability calculation as of December 31, 2023, the discount rate utilized was 3.72%.



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Changes in the Total OPEB Liability** - The changes to the total OPEB Liability during the year ending December 31, 2023 were as follows:

Balance, January 1, 2022	\$ <u>129,681,636</u>
Changes for the Year	
Service Cost	2,267,424
Interest Cost	2,669,093
Economic/demographic losses	
Changes of Assumptions	(25,983,471)
Benefits Paid (implicit)	<u>(4,787,292)</u>
Net Changes	<u>(25,834,246)</u>
Balance, December 31, 2023	\$ <u><u>103,847,390</u></u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (2.72 percent) or 1-percentage pointer higher (4.72 percent) that the current discount rate:

	<u>At 1% Decrease (2.72%)</u>	<u>At Discount Rate (3.72%)</u>	<u>At 1% Increase (4.72%)</u>
Total OPEB Liability	\$ 118,120,054	\$ 103,847,390	\$ 92,159,866

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 91,499,318	\$ 103,847,390	\$ 119,048,190

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

For the year ended December 31, 2023, the Township's OPEB expense was estimated to be \$8,522,205. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 32,260,080	\$
Changes of Assumptions	<u>10,399,551</u>	<u>29,886,015</u>
	<u>\$ 42,659,631</u>	<u>\$ 29,886,015</u>

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

2023	\$ 3,585,688
2024	3,360,532
2025	3,501,755
2026	4,046,215
2027	1,962,165
Thereafter	<u>(3,682,739)</u>
	<u>\$ 12,773,616</u>

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Other Supplementary Information**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service Cost	\$ 2,267,424	\$ 2,183,286	\$ 2,004,797	\$ 2,401,504
Interest Cost	2,669,093	2,247,325	2,391,949	2,854,662
Economic/demographic losses	-0-	22,761,063	27,178,330	81,599
Changes of Assumptions	(25,983,471)	1,110,907	(8,679,194)	15,843,548
Benefits Paid (implicit)	(4,787,292)	(4,861,571)	(3,869,583)	(2,359,031)
Net Change in Total OPEB Liability	<u>(25,834,246)</u>	<u>23,441,010</u>	<u>19,026,299</u>	<u>18,822,282</u>
Total OPEB Liability, Beginning	\$ 129,681,636	\$ 106,240,626	\$ 87,214,327	\$ 68,392,045
Total OPEB Liability, Ending	\$ 103,847,390	\$ 129,681,636	\$ 106,240,626	\$ 87,214,327
Covered Payroll	\$ 16,321,341	\$ 15,606,899	\$ 15,327,541	\$ 15,835,032
Total OPEB Liability as a % of Covered Payroll	636.27%	830.93%	693.14%	550.77%

**Schedule of Funding Progress**

Year Ended	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability	\$ 103,847,390	\$ 129,681,636	\$ 106,240,626	\$ 87,214,327
Fiduciary Net Position	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net OPEB Liability	<u>\$ 103,847,390</u>	<u>\$ 129,681,636</u>	<u>\$ 106,240,626</u>	<u>\$ 87,214,327</u>
Funded Ratio	-0-	-0-	-0-	-0-
Covered Payroll	\$ 16,321,341	\$ 15,606,899	\$ 15,327,541	\$ 15,835,032
Net OPEB Liability as a % of Covered Payroll	636.27%	830.93%	693.14%	550.77%

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS**

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

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

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

The following represents the membership tiers for PERS:

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

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 the State's pension contribution was more than the actuarial determined amount. For fiscal year 2021 the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2013 and will be adjusted by the rate of return on the actuarial value of assts. Township contributions to PERS amounted to \$1,220,113 for 2022.

**Net Pension Liability and Pension Expense** - At December 31, 2022, the Township's proportionate share of the PERS net pension liability is valued to be \$15,478,795. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was .10257%, which was a decrease of .00161% from its proportion measured as of June 30, 2021.

**Collective Balances at December 31, 2022 and December 31, 2021**

	<b><u>Dec. 31, 2022</u></b>	<b><u>Dec. 31, 2021</u></b>
Actuarial Valuation Date (including roll forward)	July 1, 2022	July 1, 2021
Deferred Outflows of Resources	\$ 1,318,591	\$ 1,098,421
Deferred Inflows of Resources	2,721,682	7,911,596
Net Pension Liability	15,478,795	12,342,129
Township's Portion of the Plan's Total		
Net Pension Liability	0.10257%	0.10418%

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2022, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2022 measurement date was a net credit of \$819,569. This credit is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,220,113 to the plan in 2022.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 111,719	\$ 98,520
Changes of assumptions	47,958	2,317,788
Net difference between projected and actual earnings on pension plan investments	640,653	
Changes in proportion	<u>518,261</u>	<u>305,374</u>
	\$ <u>1,318,591</u>	\$ <u>2,721,682</u>

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

<b><u>Year Ending December 31</u></b>	<b><u>PERS</u></b>
2023	\$ (1,285,178)
2024	(633,869)
2025	(287,313)
2026	762,273
2027	<u>40,996</u>
	\$ <u>(1,403,091)</u>

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	5.04
Differences between Projected and Actual Investment		
Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

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

	<b><u>PERS</u></b>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Actuarial Assumptions (Continued)**

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-2020.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Long-Term Expected Rate of Return (Continued)**

	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b><u>Decrease</u></b> <b><u>(6.00%)</u></b>	<b><u>Discount</u></b> <b><u>(7.00%)</u></b>	<b><u>Increase</u></b> <b><u>(8.00%)</u></b>
Township's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 19,923,039	\$ 15,478,795	\$ 11,696,564

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

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

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

The following represents the membership tiers for PFRS:

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

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

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

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022 the State's pension contribution was more than the actuarial determined amount. For fiscal year 2021 the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assts. Township contributions to PFRS amounted to \$2,470,600 for 2022.

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

**Net Pension Liability and Pension Expense** - At December 31, 2022, the Township's proportionate share of the PFRS net pension liability is valued to be \$21,933,144. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was .19162%, which was a decrease of .02036% from its proportion measured as of June 30, 2021.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Collective Balances at December 31, 2022 and December 31, 2021**

	<b><u>Dec. 31, 2022</u></b>	<b><u>Dec. 31, 2021</u></b>
Actuarial Valuation Date (including roll forward)	July 1, 2022	July 1, 2021
Deferred Outflows of Resources	\$ 3,870,566	\$ 1,539,348
Deferred Inflows of Resources	7,165,247	14,772,586
Net Pension Liability	21,933,144	15,494,246
Township's Portion of the Plan's Total Net Pension Liability	0.19162%	0.21198%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2022, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2022 measurement date was a net credit of \$1,005,925. This credit is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$2,470,600 to the plan in 2022.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 992,753	\$ 1,343,703
Changes of assumptions	60,110	2,760,950
Net difference between projected and actual earnings on pension plan investments	2,008,432	
Changes in proportion	809,271	3,060,594
	<b><u>\$ 3,870,566</u></b>	<b><u>\$ 7,165,247</u></b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

<b><u>Year Ending December 31</u></b>	<b><u>PFRS</u></b>		
2023	\$ (1,547,272)		
2024	(1,151,321)		
2025	(1,118,098)		
2026	944,736		
2027	(436,821)		
Thereafter	<u>14,095</u>		
	<u>\$ (3,294,681)</u>		
		<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between Expected and Actual Experience			
Year of Pension Plan Deferral:			
June 30, 2017	5.59	-	-
June 30, 2018	5.73	-	-
June 30, 2019	-	5.92	-
June 30, 2020	5.90	-	-
June 30, 2021	-	6.17	-
June 30, 2022	6.22	-	-
Changes of Assumptions			
Year of Pension Plan Deferral:			
June 30, 2017	-	5.59	-
June 30, 2018	-	5.73	-
June 30, 2019	-	5.92	-
June 30, 2020	-	5.90	-
June 30, 2021	6.17	-	-
June 30, 2022	-	6.22	-

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90
June 30, 2021	6.17	6.17
June 30, 2022	6.22	6.22

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

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Special Funding Situation (Continued)**

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$3,903,457 as of December 31, 2022. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2022 was .19162%, which was a decrease of .02036% from its proportion measured as of June 30, 2021, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 21,933,144
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>3,903,457</u>
Total Net Pension Liability	\$ <u>25,836,601</u>

At December 31, 2022, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2022 measurement date was \$450,356.

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

	<b><u>PFRS</u></b>
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 16.25%
	Based on years of service
Investment Rate of Return	7.00%
Mortality Rate Table	PubS-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2018 - June 30, 2021



**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Actuarial Assumptions (Continued)**

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

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Long-Term Expected Rate of Return (Continued)**

	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 17. PENSION OBLIGATIONS (CONTINUED)**

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

**Sensitivity of the Township’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b><u>Decrease (6.00%)</u></b>	<b><u>Discount (7.00%)</u></b>	<b><u>Increase (8.00%)</u></b>
Township’s Proportionate Share of the Net Pension Liability and the State’s Proportionate Share of the Net Pension Liability associated with the Township	\$ 31,547,151	\$ 21,933,144	\$ 13,929,438

**C. Defined Contribution Retirement Program**

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

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

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

**NOTE 18. LEASES**

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

Cell Tower - Crown Castle. The current lease term, which includes six sub-leases, expires March 29, 2030 with no available extensions. The subleases have escalations between 2.75% and 6.50%. Payments in 2023 totaled \$61.818.

**TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 19. SUBSEQUENT EVENTS**

The Township has evaluated subsequent events occurring after the financial statement date through May 31, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation the Township has determined that the following subsequent events need to be disclosed:

On May 14, 2024 the Township adopted ordinance O-24-6 authorizing various capital improvements appropriating \$12,254,072 and authorizing the issuance of \$11,641,368 of bonds or notes to finance part of the cost thereof.

On May 14, 2024 the Township adopted ordinance O-24-7 authorizing various water/sewer capital improvements appropriating \$7,022,000 and authorizing the issuance of \$7,022,000 of bonds or notes to finance the cost thereof.

**APPENDIX C**  
**FORMS OF**  
**CONTINUING DISCLOSURE CERTIFICATES**

## CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** is made as of October 1, 2024 by the Township of Freehold, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

### WITNESSETH:

**WHEREAS**, the Issuer is issuing its General Obligation Bonds, Series 2024, dated October 22, 2024 in the aggregate principal amount of \$14,167,000 (the “Bonds”) on the date hereof; and

**WHEREAS**, the Bonds are being issued pursuant to bond ordinances and a resolution adopted by the Issuer and a certificate signed by the Issuer on October 8, 2024; 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 26, 2024 (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 8, 2024, 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 8, 2024 pertaining to the Bonds.

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

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

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

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

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

“State” means the State of New Jersey.

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

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

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



## ARTICLE II

### CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

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

(a) Not later than October 1 of each year, commencing October 1, 2025 for the fiscal year ending December 31, 2024, an Annual Report to the MSRB; Notwithstanding the foregoing, if the fiscal year is not a calendar year then the Issuer shall provide the Annual Report by not later than the first day of the tenth month of each fiscal year;

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

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

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

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

- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a “financial obligation” (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

Section 2.3 Form of Annual Report.

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

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

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

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

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

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

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

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

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

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

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

### **ARTICLE III**

#### **DISCLOSURE DEFAULT AND REMEDIES**

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

## Section 3.2 Remedies on Default.

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

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

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

## ARTICLE IV

### MISCELLANEOUS

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

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

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

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

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

#### Section 4.5 Amendments, Changes and Modifications.

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

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

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

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

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

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

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

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

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

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

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

[SEAL]

**TOWNSHIP OF FREEHOLD, NEW JERSEY**

By: \_\_\_\_\_  
Jeffrey Elsasser, Chief Financial Officer

## **CONTINUING DISCLOSURE UNDERTAKING**

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of October 1, 2024 by the Township of Freehold, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$21,932,500 principal amount of Bond Anticipation Notes, Series 2024, consisting of \$14,872,500 General Improvement Notes, Series 2024, and \$7,060,000 Water/Sewer Utility Notes, Series 2024 (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 Gibbons P.C. or other nationally recognized bond counsel or counsel expert in federal securities laws.

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

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

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

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

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

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

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

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

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

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

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

**TOWNSHIP OF FREEHOLD, NEW JERSEY**

By: \_\_\_\_\_  
Name: Jeffrey Elsasser  
Title: Chief Financial Officer

**APPENDIX D**  
**PROPOSED FORMS OF OPINIONS OF**  
**BOND COUNSEL**

[FORM OF OPINION OF GIBBONS P.C.]

October \_\_, 2024

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

Dear Mayor and Committee Members:

We have examined certified copies of the proceedings of the Committee of the Township of Freehold, in the County of Monmouth, State of New Jersey (the “Township”), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale by the Township of its \$14,167,000 General Obligation Bonds, Series 2024, consisting of \$9,000,000 General Improvement Bonds, Series 2024 (the “General Improvement Bonds”), and \$5,167,000 Water/Sewer Utility Bonds, Series 2024 (the “Water/Sewer Utility Bonds,” and together with the General Improvement Bonds, 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 24, 2024 (the “Resolution”) and various bond ordinances of the Township, in all respects duly adopted by the Committee of the Township.

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

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water/Sewer Utility Bonds</u>
2025	\$580,000	\$337,000
2026	595,000	345,000
2027	610,000	355,000
2028	630,000	365,000
2029	650,000	370,000
2030	670,000	385,000
2031	685,000	395,000
2032	710,000	405,000

2033	730,000	415,000
2034	750,000	430,000
2035	775,000	440,000
2036	795,000	455,000
2037	820,000	470,000

The Bonds are subject to redemption prior to maturity.

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

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

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

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

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

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

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to

take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

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

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

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

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

Very truly yours,

GIBBONS P.C.

[FORM OF OPINION OF GIBBONS P.C.]

October \_\_, 2024

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

Dear Mayor and Committee Members:

We have examined certified copies of the proceedings of the Mayor and Committee of the Township of Freehold, in the County of Monmouth, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of \$21,932,500 aggregate principal amount of the Township's Bond Anticipation Notes, Series 2024, consisting of \$14,872,500 General Improvement Notes, Series 2024 and \$7,060,000 Water/Sewer Utility Notes, Series 2024, dated October 22, 2024 (collectively, the "Notes"). The Notes are issued in registered form, are dated October 22, 2024, and bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ Hundredths per centum (\_\_\_\_\_% ) per annum and are payable at maturity on October 21, 2025. The Notes are not subject to redemption prior to maturity.

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

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

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

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, and other applicable provisions of law,



and that the Notes have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Township.

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

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

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

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

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

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

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

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

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

Very truly yours,

Gibbons P.C.