

NEW ISSUE – BOOK-ENTRY-ONLY

NOT RATED

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from gross income of the owners thereof 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 alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**TOWNSHIP OF READINGTON,
IN THE COUNTY OF HUNTERDON, NEW JERSEY**

\$6,163,000 BOND ANTICIPATION NOTES

consisting of:

**\$3,702,000 General Improvement Bond Anticipation Note
and**

**\$2,461,000 Tax Appeal Refunding Bond Anticipation Note
(BANK-QUALIFIED) (NON-CALLABLE)**

Dated Date: September 25, 2025

Maturity Date: September 24, 2026

Interest Rate: _____%

Re-Offer Yield: _____%

CUSIP No. _____

The \$6,163,000 Bond Anticipation Notes, consisting of the \$3,702,000 General Improvement Bond Anticipation Note (the "General Improvement Bond Anticipation Note") and the \$2,461,000 Tax Appeal Refunding Bond Anticipation Note (the "Tax Appeal Refunding Bond Anticipation Note" and, together with the General Improvement Bond Anticipation Note, the "Notes"), of the Township of Readington, in the County of Hunterdon, New Jersey (the "Township"), will be issued to (i) currently refund the Township's \$5,102,000 Bond Anticipation Note, dated and issued on October 1, 2024 and maturing on September 30, 2025 (together with \$280,000 in principal reduction payments from the 2025 budget); (ii) provide \$1,341,000 in new money to fund the payment of various tax appeal judgments and settlements with various taxpayers in the Township; and (iii) pay costs and expenses in connection with the authorization, sale and issuance of the Notes.

The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York, which will act as securities depository for the Notes ("DTC"). Interest on the Notes will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See "THE NOTES – Book-Entry-Only System" herein.

The Notes are valid and legally 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 for the payment of the Notes and the interest thereon without limitation as to rate or amount.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to the making of an informed investment decision.

The Notes will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its counsel, Christopher Corsini, Esquire, of Savo, Schalk, Gillespie, O'Grodnick & Fisher, Somerville, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. It is expected that the Notes will be available for delivery through DTC in Brooklyn, New York, on or about September 25, 2025.

BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE UNTIL 11:00 A.M. ON THURSDAY, SEPTEMBER 4, 2025, VIA EMAIL: BMORRIS@MUNIADVISORS.COM OR PARITY. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

**TOWNSHIP OF READINGTON,
IN THE COUNTY OF HUNTERDON, NEW JERSEY**

TOWNSHIP COMMITTEE

Adam Mueller, Mayor
Vincent Panico, Deputy Mayor
John Albanese
Jonathan Heller
Juergen Huelsebusch

TOWNSHIP CLERK

Ann Marie Lehberger

CHIEF FINANCIAL OFFICER

Alicia Noon

TOWNSHIP ATTORNEY

Christopher Corsini, Esquire
Savo, Schalk, Gillespie, O'Grodnick & Fisher
Somerville, New Jersey

AUDITOR

Holman Frenia Allison, P.C.
Lakewood, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

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

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

The 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 Underwriter or, as to information from sources other than itself, by the Township. 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. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Township.

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

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof, and, accordingly, expresses no opinion with respect thereto.

"CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed on the cover hereof is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Township does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

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**OFFICIAL STATEMENT
Relating to**

**TOWNSHIP OF READINGTON,
IN THE COUNTY OF HUNTERDON, NEW JERSEY**

**\$6,163,000 BOND ANTICIPATION NOTES
consisting of:
\$3,702,000 General Improvement Bond Anticipation Note
and
\$2,461,000 Tax Appeal Refunding Bond Anticipation Note**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Readington (the "Township"), in the County of Hunterdon (the "County"), New Jersey (the "State"), in connection with the sale and issuance of the \$6,163,000 Bond Anticipation Notes, consisting of the \$3,702,000 General Improvement Bond Anticipation Note (the "General Improvement Bond Anticipation Note") and the \$2,461,000 Tax Appeal Refunding Bond Anticipation Note (the "Tax Appeal Refunding Bond Anticipation Note" and, together with the General Improvement Bond Anticipation Note, the "Notes"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement contains specific information relating to the Notes including a general description, 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. This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE NOTES

General Description

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes.

The principal of and interest due on the Notes will be paid to the registered owners by the Township as paying agent (the "Paying Agent"). Principal of and interest due on the Notes will be credited to the registered owner as of the business day immediately preceding the maturity date of the Notes (the "Record Date" for the payment of principal of and interest on the Notes).

The Notes are issuable as fully registered book-entry obligations in the form of one certificate in the principal amount of each series of the Notes. The Notes may be purchased in book-entry only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York ("DTC"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Notes, payments of the principal of and interest on the Notes will be made by the Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC.

Redemption

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

Book-Entry Only System

The following description of the procedures and record keeping with respect to beneficial ownership interest in the Notes, payment of principal of and interest and other payments due on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

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

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

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Redemption proceeds, if applicable, and principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records.

Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not of DTC, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if applicable, 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 or its paying agent, if any, 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 securities depository with respect to the Notes at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township does not take any responsibility for the accuracy thereof.

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuation of Book-Entry Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified securities depository. If the Township fails to find such a securities depository, or if the Township determines, in its 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.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the "Local Bond Law") and the bond ordinances adopted by the Township Committee of the Township referred to in the charts below. Additionally, bond ordinance 05-2023 is issued pursuant to a resolution duly adopted by the Local Finance Board, Division of Local Government Services, Department of Community Affairs, State of New Jersey, on March 8, 2023, after a hearing held thereon, consenting to the issuance of the Notes. The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution

or delivery by the Township. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

The proceeds from the sale and issuance of the Notes will be used to: (i) currently refund the Township's \$5,102,000 Bond Anticipation Note, dated and issued on October 1, 2024 and maturing on September 30, 2025 (together with \$280,000 in principal reduction payments from the 2025 budget); (ii) provide \$1,341,000 in new money to fund the payment of various tax appeal judgments and settlements with various taxpayers in the Township; and (iii) pay costs and expenses in connection with the authorization, sale and issuance of the Notes.

General Improvement Bond Anticipation Note		
Bond Ordinance No.	<u>Description</u>	Aggregate Amount to be Issued
13-2022	Various capital improvements, finally adopted May 2, 2022.	\$1,686,000
13-2023	Various capital improvements, finally adopted June 5, 2023.	<u>2,016,000</u>
	<u>Total:</u>	\$3,702,000

Tax Appeal Refunding Bond Anticipation Note		
Bond Ordinance No.	<u>Description</u>	Aggregate Amount to be Issued
05-2023	Payment of amounts owing to various taxpayers for tax liabilities resulting from settlements and judgments of property tax appeals, finally adopted April 3, 2023.	\$2,461,000
	<u>Total:</u>	\$2,461,000

SECURITY AND SOURCE OF PAYMENT

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

MARKET PROTECTION

The Township does not anticipate issuing any bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes, as necessary, during the balance of calendar year 2025.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. 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, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health 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 to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. 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 municipalities, including the Township. The Township cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$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. The Township received \$1,658,263.91 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Cybersecurity

The Township relies upon a large and 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.

Climate Change

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local

infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. The Township has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation, is \$4,119,245,853.

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

The Township has not exceeded its statutory debt limit. As of December 31, 2024, the statutory net debt as a percentage of average equalized valuation was 0.965%. As noted above, the statutory limit is 3½%.

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

The Township may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be

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

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

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

The local unit is authorized to issue "emergency notes" and "special emergency notes" pursuant to the Local Budget Law.

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

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

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

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

No budget or budget amendment may be adopted unless the Director shall have previously certified his or her approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of

delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a “reserve for uncollected taxes” in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

Under legislation enacted to address the COVID-19 pandemic, P.L. 2020, c. 60 (A4175), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director of the Division of Local Government Services and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the fiscal year. Appropriation reserves may also be transferred during the first three months of the fiscal year to the previous year’s budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a “CAP” budget, no transfers may be made from excluded from “CAP” appropriations to within “CAP” appropriations nor can transfers be made between excluded from “CAP” appropriations, except that transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the

lesser of 2.5% or the "Index Rate" if the Index Rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

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

Tax Assessment and Collection Procedure

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

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

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time State aid is certified, by the Township's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

By State statute, tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing tax title liens is included in Appendix "A".

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2023 for the Township is on file with the Township Clerk and is available for review during business hours.

TAX MATTERS

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

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

order to assure that interest on the Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel"), is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Notes is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Premium

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds the Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable note premium, which is not deductible from gross income for federal income tax purposes. Amortizable note premium, as it amortizes, will reduce the owner's tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the disposition of the Notes, even though the Notes are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Notes. Premium amortizes over the term of the Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult their own tax advisors with respect to the calculation of the amount of note premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

Bank-Qualification

The Notes will be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated and that are designated by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Notes

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

Changes in Federal Tax Law Regarding the Notes

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

LITIGATION

To the knowledge of the Township Attorney, Christopher Corsini, Esquire, of Savo, Schalk, Gillespie, O'Grodnick & Fisher, Somerville, New Jersey (the "Township Attorney"), there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes 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 Township Attorney, except as set forth herein, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

The Township has covenanted for the benefit of the holders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"). Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Township shall provide in a timely manner not in excess of ten (10)

business days after the occurrence of the event, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access dataport ("EMMA"), notice of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township;
- (13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Township, any of which affect holders of the Notes, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

The term "Financial Obligation" as used in subparagraphs (15) and (16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Notice of failure of the Township to provide required information on or before the date specified in this undertaking shall be sent in a timely manner to EMMA.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under this undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Township prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings or the undertakings set forth herein, provided such amendment is, in the opinion of Bond Counsel, in compliance with the Rule.

In the event that the Township fails to comply with the Rule requirements or the written contracts or undertakings specified in the undertaking, the Township shall not be liable for monetary damages, remedy being specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

In accordance with the Rule and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file its adopted budget for the year ended December 31, 2020. Additionally, the Township failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with EMMA. The Township appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

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

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes is subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form as set forth in Appendix “C”. Certain legal matters will be passed on for the Township by the Township Attorney.

MUNICIPAL ADVISOR

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

UNDERWRITING

_____ (the “Underwriter”) has agreed, subject to certain customary conditions precedent to closing, to purchase the Notes at a purchase price of \$ _____. The purchase price reflects the principal amount of the Notes, plus original issue premium in the amount of \$ _____, less Underwriter’s discount in the amount of \$ _____. The Notes are being offered to the public at the yield set forth on the cover page of this Official Statement, which yield may be changed from time to time by the Underwriter without notice. The Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Notes for their own account or any account managed by them, at prices lower than the public offering price.

FINANCIAL STATEMENTS

Appendix “B” contains certain unaudited financial data of the Township extracted from the unaudited Annual Financial Statement prepared by the Township, for the Township’s fiscal year ending December 31, 2024, and certain audited financial data of the Township for the Township’s fiscal year ending December 31, 2023. The audited financial data was extracted from the report prepared by PKF O’Connor Davies, LLP, Woodcliff Lake, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial data appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto.

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 Underwriter by a certificate signed by the Mayor and the Chief Financial Officer of the Township that, to their 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.

The Auditor takes responsibility for the audited financial statements presented in Appendix "B" to the extent specified in its Independent Auditor's Report and has not participated in the preparation of this Official Statement.

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

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Alicia Noon, Chief Financial Officer, Township of Readington, 509 Route 523, Whitehouse Station, New Jersey 08889, (908) 534-4051, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF READINGTON

By: _____
Alicia Noon,
Chief Financial Officer

Dated: September __, 2025

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APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
ABOUT THE TOWNSHIP OF READINGTON**

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INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The official history of the Township dates back to June 15, 1730 when it was formed by Royal Charter out of portions of Amwell Township. Originally created as Readings or Readings Town, the Township adopted its current name in 1798. During the early Eighteenth Century, Dutch settlers began more modern development in the area, and many of their descendants still live in the Township. The Township is situated approximately 50 miles west of New York City. The Township is an area of approximately 47.8 square miles, making it geographically the largest Township in the County and one of the largest in the State. Surrounding municipalities include Raritan Township, Clinton Township, Tewksbury Township, and Branchburg Township. The population has steadily increased since 1960 due to the accessibility to major employers within New Jersey and the demand for semi-rural lifestyle.

Form of Government

The Township is governed by a Township Committee (the “Committee”). Five Committee members are elected at large, and the Committee selects one of its members to serve as Mayor each year. By law, the Committee has responsibility for all legislative matters ranging from the enactment of all ordinances and resolutions to general citizen representation. A number of special advisory boards and committees, as well as input from citizens who attend official meetings, assist the Committee with policy formulation. The governing body meets on the first and third Monday of each month. The meetings are open to the public and public discussion and comments are allowed. Administrative responsibilities of the Township are vested in a full-time Township Administrator (the “Administrator”). Charged with the day-to-day operations of the Township, the Administrator directs all Township services, supervises all departments and enforcement of municipal ordinances. Appointed by and serving at the pleasure of the Committee, the Administrator is a professionally trained individual whose basic responsibility is the efficient and economic operation of the Township government.

Transportation

Routes 78, 22, 202, 31 and County Road 523 pass directly through the Township. The Whitehouse Station railway station is located in the Whitehouse Station area of the Township and connects residents to New Jersey Transit’s Raritan Valley Line, which runs from the Borough of High Bridge to Pennsylvania Station in the City of Newark, with connections available to New York City and the Northeast Corridor rail line. Solberg Airport is also located within the Township and services single and twin-engine piston aircraft, hot air balloons and business turbines for business and personal travel.

¹ Source: The Township, unless otherwise indicated.

Public Works and Utilities

Other than the Police Department, the largest amount spent in the Township's budget is for the operation and maintenance of roads, streets and central facilities for recycling. The Department of Public Works (the "Department") provides maintenance services to all Township public roads, storm sewers, sanitary sewer distribution lines, traffic and street sign posting, sight distance and road shoulder clearing, street sweeping, pothole patching, chip seal, and snow and ice removal. The Township is responsible for approximately 141 miles of roads.

The Township continues its Capital Improvement Bonding program where the Department contracts out (or by local work force) drainage and reconstruction upgrades on the main road surface. All major subdivisions are required to install infrastructure improvements before final approval is given. All improvements are Class I standard with full depth of pavement, drainage and necessary curbing. A two-year maintenance bond is held on all improvements, after the roads are taken into the system by the Township.

The Township has continually strived to improve the condition and safety of its roadways through a program of various improvements. Specific attention is given to visibility, drainage, grading and widening. The Township also continues to apply for and receives New Jersey Department of Transportation funds as they become available for such types of improvements.

Gas service is provided by Public Service Electric & Gas and Elizabethtown Gas. Jersey Central Power and Light provides the Township's electrical service. Water service is provided by New Jersey American Water, while sewer service is provided by the Readington/Lebanon Sewerage Authority and the Raritan Township Municipal Utilities Authority. Comcast provides cable television to residents while CenturyLink provides local phone service.

Education

The Readington Township Public Schools serve students in grades kindergarten through grade eight. Students in public school for grades 9 - 12 attend the Hunterdon Central Regional High School. Other municipalities that send students to Hunterdon Central Regional High School are Delaware Township, East Amwell Township, Flemington Borough and Raritan Township.

Free Public Library

The Readington Library is located in the former Whitehouse Railroad Station (the "Station"). Designed in a style known as Richardson Romanesque, the Station was completed in 1892. As New Jersey's railroads gradually declined in the 1960's and early 1970's, the Station fell into disrepair. Ticket sales were discontinued and the Station locked to prevent vandalism. During 1980, it became evident that New Jersey Transit was interested in leasing the Station to the Committee. Volunteer labor helped restore the building and money to provide materials was raised through the combined efforts of the Committee, the Hunterdon County Library and various fundraisers sponsored by local service organizations. On December 17, 1981, the Library officially opened for business and has been increasing its collection, patrons and circulation steadily. Since the building was restored and not renovated, the Whitehouse Station has been included on the National Register of Historic Buildings. Also, there is a free public library located in the Three Bridges section of the Township.

Culture and Recreation

The Township has a number of recreational facilities. The Township is home to eight parks with athletic fields and courts, picnic tables and playgrounds. The Recreation Department provides year-round sports and activities for the residents of the Township. In addition, the Township Committee established a Historic Preservation Committee and a Museum Committee to protect buildings and artifacts.

Economic Development

The Township's growth is guided by a long-term master plan that was adopted by the Planning Board of January 20, 1990. The plan provides for the comprehensive and rational development of the remaining vacant land of the Township. It also provides a long-term framework and pattern for land use, roads and community facilities. Every six years, the Planning Board and Township Committee must review and update the Township's Master Plan and development regulations as required by the New Jersey Municipal Land Use Law.

The Township previously was home to the global headquarters of Merck & Co., one of the largest pharmaceutical companies in the world. Merck & Co. recently moved their global headquarters out of the Township and relocated their headquarters in Summit, New Jersey in 2015. During the summer of 2018 Merck & Co. sold its campus to UNICOM Corp. UNICOM Corp. has been occupying the property since October 2018.

In addition, the headquarters of Quick Chek, a convenience store with over 120 locations in New York and New Jersey, is located in the Township. The Township also benefits from its proximity to major highways and business centers in New Jersey.

Pension and Retirement Systems

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

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

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

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024	8,158	7,832	326	4.0%
2023	8,118	7,799	319	3.9%
2022	7,937	7,679	258	3.3%
2021	7,756	7,315	441	5.7%
2020	7,665	7,063	602	7.9%
<u>County</u>				
2024	69,379	66,924	2,455	3.5%
2023	68,966	66,649	2,317	3.4%
2022	67,555	65,500	2,055	3.0%
2021	65,422	62,168	3,254	5.0%
2020	64,773	60,205	4,568	7.1%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

Income (as of 2023)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$150,021	\$139,453	\$101,050
Median Family Income	179,659	166,462	123,892
Per Capita Income	76,674	71,070	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5 -Year Estimates

Population

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

	<u>Township</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	16,371	1.51%	131,708	2.14%	9,500,851	2.28%
2020	16,128	0.01	128,947	0.47	9,288,994	5.65
2010	16,126	2.04	128,349	5.21	8,791,894	4.49
2000	15,803	17.93	121,989	13.19	8,414,350	8.85
1990	13,400	23.45	107,776	23.37	7,730,188	4.96

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2024 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Unicom Science Technology Park Inc.	\$87,784,900	2.63%
Oak St Real Est Cap	62,000,000	1.86%
Readington Commons	50,000,000	1.50%
LFARMS ATTN: Steve Roth	20,605,000	0.62%
Whitehouse Mall	11,500,000	0.34%
Individual Property Owner #1	9,956,200	0.30%
Transcontinental Gas Pipeline	9,592,600	0.29%
Commerce Park Ventures	9,307,000	0.28%
Branchburg Rte 22 LLC	8,580,000	0.26%
Mill Rd Dairy Holdings LLC	6,973,200	0.21%
Total	<u>\$276,298,900</u>	<u>8.28%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024U	\$87,694,255	\$87,029,373	99.24%
2023	85,957,067	85,154,983	99.07%
2022	84,326,662	83,591,684	99.13%
2021	81,098,136	80,356,461	99.09%
2020	80,300,355	79,347,661	98.81%

U: Unaudited

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024U	\$138,669	\$666,914	\$805,583	0.92%
2023	134,164	801,369	935,532	1.09%
2022	129,665	699,022	923,329	1.09%
2021	125,311	643,001	801,738	0.99%
2020	121,105	802,224	680,545	0.85%

U: Unaudited

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024U	\$0
2023	0
2022	0
2021	0
2020	0

U: Unaudited

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2024	\$0.508	\$0.020	\$1.044	\$0.600	\$0.449	\$2.621
2023	0.508	0.020	1.032	0.612	0.427	2.599
2022	0.508	0.020	0.998	0.603	0.403	2.532
2021R	0.488	0.020	0.985	0.592	0.362	2.447
2020	0.599	0.020	1.216	0.739	0.467	3.041

R=Revaluation of property effective January 1, 2021

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$3,350,854,300	\$4,609,787,178	72.69%	\$264,500	\$4,610,051,678
2024	3,337,066,300	4,590,818,957	72.69	295,200	4,591,114,157
2023	3,288,972,900	4,011,431,760	81.99	526,900	4,011,958,660
2022	3,310,837,200	3,755,486,842	88.16	592,163	3,756,079,005
2021R	3,307,440,100	3,534,722,774	93.57	592,163	3,535,314,937

R=Revaluation of property effective January 1, 2021

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2024	\$18,163,100	\$2,673,478,900	\$140,259,100	\$368,001,800	\$85,348,400	\$51,815,000	\$3,337,066,300
2023	19,261,400	2,659,724,300	143,715,700	369,283,500	83,473,000	13,515,000	3,288,972,900
2022	17,487,300	2,651,788,600	143,424,300	412,961,800	83,360,200	1,815,000	3,310,837,200
2021R	19,277,900	2,648,491,100	144,143,600	412,302,300	81,410,200	1,815,000	3,307,440,100
2020	18,043,200	2,110,606,200	124,746,100	317,972,400	53,912,800	3,512,200	2,628,792,900

R=Revaluation of property effective January 1, 2021

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Township's Current Fund budget for the current and past four (4) fiscal years ending December 31. This summary should be used in conjunction with the tables from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$1,950,000	\$1,960,000	\$1,940,000	\$1,093,242	\$943,250
Miscellaneous Revenues	3,181,155	3,942,237	3,940,526	6,041,244	7,079,300
Receipts from Delinquent Taxes	675,000	640,000	680,000	700,000	700,000
Amount to be Raised by Taxation	<u>16,155,011</u>	<u>16,828,426</u>	<u>16,715,901</u>	<u>16,950,897</u>	<u>18,891,123</u>
Total Revenue:	<u>\$21,961,166</u>	<u>\$23,370,663</u>	<u>\$23,276,427</u>	<u>\$24,785,384</u>	<u>\$27,613,673</u>
<u>Appropriations</u>					
General Appropriations	\$16,174,866	\$16,956,406	\$17,070,193	\$17,971,010	\$18,687,116
Operations (Excluded from CAPS)	85,000	97,920	872,713	539,568	1,821,966
Deferred Charges and Statutory Expenditures	100,000	107,059	250,000	100,000	142,500
Judgments	0	0	0	0	0
Capital Improvement Fund	567,000	550,865	393,590	702,000	1,396,000
Municipal Debt Service	3,984,300	4,605,640	3,915,940	4,584,514	4,676,092
Reserve for Uncollected Taxes	<u>1,050,000</u>	<u>1,052,773</u>	<u>773,991</u>	<u>888,292</u>	<u>890,000</u>
Total Appropriations:	<u>\$21,961,166</u>	<u>\$23,370,663</u>	<u>\$23,276,427</u>	<u>\$24,785,384</u>	<u>\$27,613,673</u>

Source: Annual Adopted Budgets of the Township

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Fund Balance

Current Fund

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

<u>Fund Balance - Current Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$1,337,237	\$943,250
2023	2,267,322	1,093,242
2022	3,492,592	1,940,000
2021	3,645,973	1,960,000
2020	3,541,288	1,950,000

U: Unaudited

Source: Annual Audit Reports of the Township

Sewer Utility Operating Fund

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

<u>Fund Balance - Sewer Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$449,432	\$398,000
2023	926,293	830,000
2022	938,431	469,186
2021	1,017,295	193,000
2020	688,310	154,400

U: Unaudited

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$31,048,000
Bond Anticipation Notes	5,102,000
Bonds and Notes Authorized but Not Issued	3,599,862
Other Bonds, Notes and Loans	0
Total:	<u>\$39,749,862</u>

Local School District Debt

Serial Bonds	\$5,720,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$5,720,000</u>

Regional School District Debt

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$0</u>

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$0</u>

TOTAL GROSS DEBT

\$45,469,862

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	5,720,000
Regional School District Debt	0
Self-Liquidating Debt	0
Total:	<u>\$5,720,000</u>

TOTAL NET DEBT

\$39,749,862

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$5,720,000	100.00%	\$5,720,000
Regional School District	0	0.00%	0
County	72,292,160	15.71%	<u>11,357,526</u>
Net Indirect Debt			\$17,077,526
Net Direct Debt			<u>39,749,862</u>
Total Net Direct and Indirect Debt			<u>\$56,827,388</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$4,119,245,853
Permitted Debt Limitation (3 1/2%)	144,173,605
Less: Net Debt	<u>39,749,862</u>
Remaining Borrowing Power	<u>\$104,423,743</u>
Percentage of Net Debt to Average Equalized Valuation	0.965%
 Gross Debt Per Capita based on 2020 population of 16,128	 \$2,819
Net Debt Per Capita based on 2020 population of 16,128	\$2,465

Source: Annual Audit Reports of the Township

Litigation

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

² Township percentage of total regional school district debt based on Township's share of the total equalized valuation in the Regional School District. Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

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APPENDIX B

**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
OF THE TOWNSHIP OF READINGTON**

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**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP
FOR THE YEAR ENDED DECEMBER 31, 2024**

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ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2024 (UNAUDITED)

POPULATION LAST CENSUS 16,128
NET VALUATION TAXABLE 2024 3,337,066,300
MUNICODE 1022

FIVE DOLLARS PER DAY PENALTY IF NOT FILED BY:
COUNTIES - JANUARY 26, 2025
MUNICIPALITIES - FEBRUARY 10, 2025

ANNUAL FINANCIAL STATEMENT REQUIRED TO BE FILED UNDER NEW JERSEY STATUTES
ANNOTATED 40A:5-12, AS AMENDED, COMBINED WITH INFORMATION REQUIRED PRIOR TO
CERTIFICATION OF BUDGETS BY THE DIRECTOR OF THE DIVISION OF LOCAL GOVERNMENT
SERVICES.

TOWNSHIP of READINGTON, County of HUNTERDON

DO NOT USE THESE SPACES

	Date	Examined By:	
1			Preliminary Check
2			Examined

I hereby certify that the debt shown on Sheets 31 to 34, 49 to 51 and 63 to 65a are
complete, were computed by me and can be supported upon demand by a register or
other detailed analysis.

Signature Alicia Noon
Title CFO

(This MUST be signed by Chief Financial Officer, Comptroller, Auditor or Registered Municipal Accountant.)

REQUIRED CERTIFICATION BY THE CHIEF FINANCIAL OFFICER:

I hereby certify that I am responsible for filing this verified Annual Financial Statement, ~~(which I have prepared)~~ or
(which I have not prepared) ~~[eliminate one]~~ and information required also included herein and that this Statement is an
exact copy of the original on file with the clerk of the governing body, that all calculations, extensions and additions
are correct, that no transfers have been made to or from emergency appropriations and all statements contained herein
are in proof; I further certify that this statement is correct insofar as I can determine from all the books and records
kept and maintained in the Local Unit.

Further, I do hereby certify that I, Alicia Noon, am the Chief Financial
Officer, License # N-1883, of the TOWNSHIP of
READINGTON, County of HUNTERDON and that the
statements annexed hereto and made a part hereof are true statements of the financial condition of the Local Unit as at
December 31, 2024, completely in compliance with N.J.S.A. 40A:5-12, as amended. I also give complete assurance as
to the veracity of required information included herein, needed prior to certification by the Director of Local Government
Services, including the verification of cash balances as of December 31, 2024.

Signature Alicia Noon
Title CFO
Address 509 Route 23, Whitehouse Station, NJ 08889
Phone Number 908-823-0209
Fax Number 908-823-0638

IT IS HEREBY INCUMBENT UPON THE CHIEF FINANCIAL OFFICER, WHEN NOT PREPARED
BY SAID, AT A MINIMUM MUST REVIEW THE CONTENTS OF THIS ANNUAL FINANCIAL
STATEMENT WITH THE PREPARER, SO AS TO BE FAMILIAR WITH THE REPRESENTATIONS
AND ASSERTIONS MADE HEREIN.

Sheet 1

STATEMENT OF GENERAL BUDGET REVENUES 2024

Source	Budget -01	Realized -02	Excess or Deficit* -03
Surplus Anticipated	1,093,242.44	1,093,242.44	-
Surplus Anticipated with Prior Written Consent of Director of Local Government Services			-
Miscellaneous Revenue Anticipated:	xxxxxxxx	xxxxxxxx	xxxxxxxx
Adopted Budget	6,041,244.16	6,136,986.17	95,742.01
Added by N.J.S.A. 40A:4-87 (List on 17a)	423,576.99	423,576.99	-
			-
			-
Total Miscellaneous Revenue Anticipated	6,464,821.15	6,560,563.16	95,742.01
Receipts from Delinquent Taxes	700,000.00	789,536.15	89,536.15
Amount to be Raised by Taxation:	xxxxxxxx	xxxxxxxx	xxxxxxxx
(a) Local Tax for Municipal Purposes	16,950,896.97	xxxxxxxx	xxxxxxxx
(b) Addition to Local District School Tax		xxxxxxxx	xxxxxxxx
(c) Minimum Library Tax		xxxxxxxx	xxxxxxxx
Total Amount to be Raised by Taxation	16,950,896.97	17,382,504.67	431,607.70
	25,208,960.56	25,825,846.42	616,885.86

ALLOCATION OF CURRENT TAX COLLECTIONS

	Debit	Credit
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22)	xxxxxxxx	87,029,372.94
Amount to be Raised by Taxation	xxxxxxxx	xxxxxxxx
Local District School Tax	34,837,861.00	xxxxxxxx
Regional School Tax	20,022,826.00	xxxxxxxx
Regional High School Tax	-	xxxxxxxx
County Taxes	14,969,277.34	xxxxxxxx
Due County for Added and Omitted Taxes	37,723.60	xxxxxxxx
Special District Taxes	-	xxxxxxxx
Municipal Open Space Tax	667,472.30	xxxxxxxx
Municipal Arts and Culture Tax	-	xxxxxxxx
Reserve for Uncollected Taxes	xxxxxxxx	888,291.97
Deficit in Required Collection of Current Taxes (or)	xxxxxxxx	-
Balance for Support of Municipal Budget (or)	17,382,504.67	xxxxxxxx
*Excess Non-Budget Revenue (see footnote)	-	xxxxxxxx
*Deficit Non-Budget Revenue (see footnote)	xxxxxxxx	-
*These items are applicable only when there is no "Amount to be Raised by Taxation" in the "Budget" column of the statement at the top of this sheet. In such instances, any excess or deficit in the above allocation would apply to "Non-Budget Revenue" only.	87,917,664.91	87,917,664.91

(Continued)

Source	Budget	Realized	Excess or Deficit
Hunterdon County Parks Grant	50,000.00	50,000.00	-
Hunterdon County Main St Traffic Light	65,000.00	65,000.00	-
Hunterdon County Historic Preservation	6,430.07	6,430.07	-
Community Energy Planning Grant	10,000.00	10,000.00	-
National Opioid	34,647.92	34,647.92	-
Police Contr Defibrillator	4,999.00	4,999.00	-
Police Contr Special Camera	2,500.00	2,500.00	-
Afforestation Grant	250,000.00	250,000.00	-
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			-
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PAGE TOTALS	423,576.99	423,576.99	-

CFO Signature: Alicia Noon

STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2024

2024 Budget As Adopted		24,785,383.57
2024 Budget - Added by N.J.S.A. 40A:4-87		423,576.99
Appropriated for 2024 (Budget Statement Item 9)		25,208,960.56
Appropriated for 2024 by Emergency Appropriation (Budget Statement Item 9)		142,500.00
Total General Appropriations (Budget Statement Item 9)		25,351,460.56
Add: Overexpenditures (see footnote)		11,876.14
Total Appropriations and Overexpenditures		25,363,336.70
Deduct Expenditures:		
Paid or Charged [Budget Statement Item (L)]	22,763,464.14	
Paid or Charged - Reserve for Uncollected Taxes	888,291.97	
Reserved	1,711,149.09	
Total Expenditures		25,362,905.20
Unexpended Balances Canceled (see footnote)		431.50

FOOTNOTES - RE: OVEREXPENDITURES

Every appropriation overexpended in the budget document must be marked with an * and must agree in the aggregate with this item.

RE: UNEXPENDED BALANCES CANCELED

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled".

SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL DISTRICT SCHOOL PURPOSES

(EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)

2024 Authorizations		
N.J.S.A. 40A:4-46 (After adoption of Budget)		
N.J.S.A. 40A:4-20 (Prior to adoption of Budget)		
Total Authorizations		-
Deduct Expenditures:		
Paid or Charged		
Reserved		
Total Expenditures		-

RESULTS OF 2024 OPERATIONS

CURRENT FUND

	Debit	Credit
Excess of Anticipated Revenues:	xxxxxxxx	xxxxxxxx
Miscellaneous Revenues anticipated	xxxxxxxx	95,742.01
Delinquent Tax Collections	xxxxxxxx	89,536.15
	xxxxxxxx	
Required Collection of Current Taxes	xxxxxxxx	431,607.70
Unexpended Balances of 2024 Budget Appropriations	xxxxxxxx	431.50
Miscellaneous Revenue Not Anticipated	xxxxxxxx	336,137.63
Miscellaneous Revenue Not Anticipated:		
Proceeds of Sale of Foreclosed Property (Sheet 27)	xxxxxxxx	-
Payments in Lieu of Taxes on Real Property	xxxxxxxx	-
Sale of Municipal Assets	xxxxxxxx	-
Unexpended Balances of 2023 Appropriation Reserves	xxxxxxxx	921,336.62
Prior Years Interfunds Returned in 2024	xxxxxxxx	284.14
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)	xxxxxxxx	xxxxxxxx
Balance - January 1, 2024	-	xxxxxxxx
Balance - December 31, 2024	xxxxxxxx	-
Deficit in Anticipated Revenues:	xxxxxxxx	xxxxxxxx
Miscellaneous Revenues Anticipated	-	xxxxxxxx
Delinquent Tax Collections	-	xxxxxxxx
		xxxxxxxx
Required Collection on Current Taxes	-	xxxxxxxx
Interfund Advances Originating in 2024	1,707,627.09	xxxxxxxx
Refund of Prior Year Revenue	4,290.90	
Deficit Balance - To Trial Balance (Sheet 3)	xxxxxxxx	-
Surplus Balance - To Surplus (Sheet 21)	163,157.76	xxxxxxxx
	1,875,075.75	1,875,075.75

SCHEDULE OF MISCELLANEOUS REVENUES NOT ANTICIPATED

Source	Amount Realized
PREVIOUS PAGE TOTALS	-
Cable Franchise Fee	
Tax Collector	1,020.00
Police Outside Duty - Administrative Fee	52,883.72
Police Outside Duty - Vehicle Use	59,232.50
2% Administrative Fee - Senior Citizens/Veterans Deductions	
Payment in Lieu of Taxes	27,406.89
Credit Card Convenience Fee	7,683.27
Klein Recycling	319.60
Miscellaneous Refunds	51,299.07
Saums Rental	
Charlton Rental	8,040.00
Darts Mill Rental	5,400.00
Other Miscellaneous	43,911.84
Insurance Reimbursement	39,723.00
LEA Rebate	39,217.74
Total Amount of Miscellaneous Revenues Not Anticipated (Sheet 19)	336,137.63

SURPLUS - CURRENT FUND YEAR 2024

	Debit	Credit
1. Balance - January 1, 2024	xxxxxxxxxx	2,267,321.77
2.	xxxxxxxxxx	
3. Excess Resulting from 2024 Operations	xxxxxxxxxx	163,157.76
4. Amount Appropriated in the 2024 Budget - Cash	1,093,242.44	xxxxxxxxxx
5. Amount Appropriated in 2024 Budget - with Prior Written Consent of Director of Local Government Services	-	xxxxxxxxxx
6.		xxxxxxxxxx
7. Balance - December 31, 2024	1,337,237.09	xxxxxxxxxx
	2,430,479.53	2,430,479.53

ANALYSIS OF BALANCE AS AT DECEMBER 31, 2024 (FROM CURRENT FUND - TRIAL BALANCE)

Cash		7,076,523.09
Investments		550.00
Sub Total		7,077,073.09
Deduct Cash Liabilities Marked with "C" on Trial Balance		5,957,659.41
Cash Surplus		1,119,413.68
Deficit in Cash Surplus		-
Other Assets Pledged to Surplus:*		
(1) Due from State of N.J. Senior Citizens and Veterans Deduction	45,932.45	
Deferred Charges #	171,890.96	
Cash Deficit #	-	
Total Other Assets		217,823.41
* IN THE CASE OF A "DEFICIT IN CASH SURPLUS", "OTHER ASSETS"		1,337,237.09

WOULD ALSO BE PLEDGED TO CASH LIABILITIES.
MAY NOT BE ANTICIPATED AS NON-CASH SURPLUS IN 2025 BUDGET.
(1) MAY BE ALLOWED UNDER CERTAIN CONDITIONS.

NOTE: Deferred charges for authorizations under N.J.S.A. 40A:4-55 (Tax Map, etc.), N.J.S.A. 40A:4-55 (Flood Damage, etc.), N.J. 40A:4-55.1 (Roads and Bridges, etc.) and N.J.S.A. 40A:4-55.13 (Public Exigencies, etc.) to the extent of emergency notes issued and outstanding for such purposes, together with such emergency notes, may be omitted from this analysis.

(FOR MUNICIPALITIES ONLY)
CURRENT TAXES - 2024 LEVY

1. Amount of Levy as per Duplicate (Analysis) # or (Abstract of Ratables)	\$	<u>87,472,247.95</u>
	\$	<u>-</u>
2. Amount of Levy - Special District Taxes	\$	<u>-</u>
3. Amount Levied for Omitted Taxes under N.J.S.A. 54:4-63.12 et seq.	\$	<u>-</u>
4. Amount Levied for Added Taxes under N.J.S.A. 54:4-63.1 et seq.	\$	<u>222,006.66</u>
5a. Subtotal 2024 Levy	\$	<u>87,694,254.61</u>
5b. Reductions Due to Tax Appeals**	\$	<u>-</u>
5c. Total 2024 Tax Levy	\$	<u><u>87,694,254.61</u></u>
6. Transferred to Tax Title Liens	\$	<u>4,505.50</u>
7. Transferred to Foreclosed Property	\$	<u>-</u>
8. Remitted, Abated or Canceled	\$	<u>5,294.81</u>
9. Discount Allowed	\$	<u>-</u>
10. Collected in Cash: In 2023	\$	<u>1,565,195.91</u>
In 2024*	\$	<u>85,371,246.70</u>
Homestead Benefit Credit	\$	<u>-</u>
State's Share of 2024 Senior Citizens and Veterans Deductions Allowed	\$	<u>92,930.33</u>
Total To Line 14	\$	<u><u>87,029,372.94</u></u>
11. Total Credits	\$	<u><u>87,039,173.25</u></u>
12. Amount Outstanding December 31, 2024	\$	<u>655,081.36</u>
13. Percentage of Cash Collections to Total 2024 Levy, (Item 10 divided by Item 5c) is		<u>99.24%</u>

Note : If municipality conducted Accelerated Tax Sale or Tax Levy Sale check here ☐ and complete sheet 22a

14. Calculation of Current Taxes Realized in Cash:

Total of Line 10	\$	<u>87,029,372.94</u>
Less: Reserve for Tax Appeals Pending State Division of Tax Appeals	\$	<u>-</u>
To Current Taxes Realized in Cash (Sheet 17)	\$	<u><u>87,029,372.94</u></u>

Note A: In showing the above percentage the following should be noted:
Where Item 5 shows \$1,500,000.00, and Item 10 shows \$1,049,977.50,
the percentage represented by the cash collections would be
\$1,049,977.50 divided by \$1,500,000, or .699985. The correct percentage to
be shown as Item 13 is 69.99% and not 70.00%, nor 69.999%.

Note: On Item 1 if Duplicate (Analysis) Figure is used; be sure to include
Senior Citizens and Veterans Deductions.

* Include overpayments applied as part of 2024 collections.

** Tax appeals pursuant to R.S. 54:3-21 et seq and/or R.S. 54:48-1 et seq approved by resolution of the governing
body prior to introduction of municipal budget

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP
FOR THE YEAR ENDED DECEMBER 31, 2023**

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Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Committee
Township of Readington
Whitehouse Station, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Township of Readington, New Jersey ("Township"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance for the years then ended, and the statement of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Township as of December 31, 2023 and 2022, and the regulatory basis revenues, expenditures, and changes in fund balances for the years then ended, and the statement of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2023 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government Services, State of New Jersey ("Division") described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2023 and 2022, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and requirements prescribed by the Division. Our responsibilities under those standards and requirements are further described in the Auditors' 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 audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is required to evaluate whether there are conditions of 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and 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.

In performing an audit in accordance with GAAS and 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 judgement, 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.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
May 22, 2024



Gary Higgins, CPA
Registered Municipal Accountant, No. 405

TOWNSHIP OF READINGTON
CURRENT AND GRANT FUNDS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

A
Sheet # 1

ASSETS AND DEFERRED CHARGES	<u>2023</u>	<u>2022</u>
CURRENT FUND		
Cash and Cash Equivalents	\$ 10,211,776.74	\$ 10,446,827.40
Change Funds	550.00	650.00
Due from State of N.J. - Senior Citizens' and Veterans' Deductions	<u>45,235.00</u>	<u>44,419.25</u>
	<u>10,257,561.74</u>	<u>10,491,896.65</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes	801,368.67	699,022.13
Tax Title Liens Receivable	134,163.61	129,665.32
Revenue Accounts Receivable	4,805.41	4,960.45
Due from Animal Control Trust Fund	284.14	
Due from Trust Other Fund	132,375.07	
Due from Open Space Fund	<u>32,158.98</u>	
	<u>1,105,155.88</u>	<u>833,647.90</u>
Deferred Charges - Special Emergency	<u>100,000.00</u>	<u>200,000.00</u>
Total Current Fund	<u>11,462,717.62</u>	<u>11,525,544.55</u>
GRANT FUND		
Due from Current Fund	983,707.85	1,418,195.91
Grants Receivable	<u>225,803.39</u>	<u>182,536.10</u>
Total Grant Fund	<u>1,209,511.24</u>	<u>1,600,732.01</u>
Total	<u>\$ 12,672,228.86</u>	<u>\$ 13,126,276.56</u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT AND GRANT FUNDS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

A
Sheet # 2

	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE		
CURRENT FUND		
Liabilities		
Appropriation Reserves	\$ 1,188,857.37	\$ 615,049.78
Encumbrances Payable	237,039.34	222,845.70
Reserve for Revaluation	50,224.50	50,224.50
Prepaid Taxes	1,565,195.91	505,763.87
Miscellaneous Fees Payable	1,675.00	10,733.00
County Taxes Payable	75,921.28	73,934.45
Regional School Taxes Payable		1,999,997.00
Reserve for Tax Sale Premiums	367,000.00	335,500.00
Reserve for Tax Appeals	8,002.00	1,808,002.00
Tax Overpayments	50,764.61	84,119.71
Due to Grant Fund	983,707.85	1,418,195.91
Due to Sewer Operating Fund	173,358.91	
Due to General Capital Fund	3,240,200.64	
Due to Other Trust Fund	-	776.50
Reserve for Municipal Relief Funds	148,292.56	74,161.98
	<u>8,090,239.97</u>	<u>7,199,304.40</u>
Reserve for Receivables and Other Assets	1,105,155.88	833,647.90
Fund Balance	<u>2,267,321.77</u>	<u>3,492,592.25</u>
Total Current Fund	<u>11,462,717.62</u>	<u>11,525,544.55</u>
GRANT FUND		
Encumbrances Payable	19,165.51	59,779.75
Due to General Capital Fund	17,093.00	17,093.00
Reserve for Appropriated Grants	1,149,516.83	1,493,948.52
Reserve for Unappropriated Grants	23,735.90	29,910.74
Total Grant Fund	<u>1,209,511.24</u>	<u>1,600,732.01</u>
Total	<u><u>\$ 12,672,228.86</u></u>	<u><u>\$ 13,126,276.56</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>A-1</u>	
	<u>2023</u>	<u>2022</u>
Revenues and Other Income Realized		
Fund Balance Utilized	\$ 1,940,000.00	\$ 1,960,000.00
Miscellaneous Revenue Anticipated	4,138,738.44	4,933,283.80
Delinquent Taxes	729,399.04	659,736.78
Current Taxes	85,154,983.45	83,591,683.68
Non-Budget Revenue	110,217.07	209,121.62
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	318,805.78	869,006.94
Cancellation of Grant Receivable	-	7,923.00
Cancellation of Unappropriated Grants	-	0.41
Interfunds Returned	-	114.00
Total Revenues and Other Income	<u>92,392,143.78</u>	<u>92,230,870.23</u>
Expenditures:		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	7,385,950.00	7,325,465.00
Other Expenses	8,610,287.08	8,636,647.23
Capital Improvements	393,590.00	550,865.00
Municipal Debt Service	3,859,921.61	4,604,315.32
Deferred Charges and Statutory Expenditures	2,350,155.00	2,214,084.00
County Taxes	14,046,900.66	13,319,292.95
County Share of Added and Omitted Taxes	75,920.99	73,934.16
Local Open Space Tax	657,900.00	662,060.00
Local Open Space Added Taxes	3,568.23	3,690.64
Regional School Taxes	20,120,246.00	19,969,552.00
Local District School Taxes	33,939,660.00	33,064,275.00
Senior Citizen's Deductions Disallowed for Prior Year Taxes	500.00	
Unallocated Disbursement	54,470.79	
Return of Prior Year Revenue	13,525.71	69.68
Interfund Advanced	164,818.19	-
Total Expenditures	<u>91,677,414.26</u>	<u>90,424,250.98</u>
Statutory Excess in Fund Balance	714,729.52	1,806,619.25
Fund Balance, Beginning of Year	<u>3,492,592.25</u>	<u>3,645,973.00</u>
	4,207,321.77	5,452,592.25
Decreased by:		
Utilization as Anticipated Revenue	<u>1,940,000.00</u>	<u>1,960,000.00</u>
Fund Balance, End of Year	<u><u>\$ 2,267,321.77</u></u>	<u><u>\$ 3,492,592.25</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-2
Sheet # 1

	<u>Anticipated Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	\$ 1,940,000.00		\$ 1,940,000.00	
Miscellaneous Revenues				
Licenses:				
Alcoholic Beverages	20,000.00		23,200.00	\$ 3,200.00
Fees and Permits	180,000.00		165,926.00	(14,074.00)
Municipal Court - Fines and Costs	50,000.00		84,882.10	34,882.10
Interest and Costs on Taxes	155,000.00		163,871.89	8,871.89
Interest on Investments and Deposits	89,000.00		420,050.45	331,050.45
Anticipated Utility Operating Surplus	250,000.00		250,000.00	-
Energy Receipts Tax	1,431,538.00		1,431,538.38	0.38
Garden State Trust Fund	3,962.00		4,879.00	917.00
Municipal Relief Funds	74,162.00		74,161.98	(0.02)
Uniform Construction Code Fees	675,000.00		536,221.80	(138,778.20)
Interlocal Agreement - Readington Township Board of				
Education - Police	200,000.00		51,534.55	(148,465.45)
Recycling Tonnage Grant	14,445.12		14,445.12	-
County History Partnership Grant	3,800.00		3,800.00	-
Alcohol Education, Rehabilitation, & Enforcement Fund		\$ 4,413.01	4,413.01	-
National Opioid Settlement	28,121.53	10,066.56	38,188.09	-
New Jersey American Water Environmental Grant Program		10,000.00	10,000.00	-
Body Armor Fund	1,789.21		1,789.21	-
Local Recreation Improvement Grant		50,000.00	50,000.00	-
Clean Communities		64,006.65	64,006.65	-
Stormwater Assistance Grant		15,000.00	15,000.00	-
Reserve for Payment of Debt	89,422.61		89,422.61	-
Reserve for Road Improvements - General Capital Fund	83,019.48		83,019.48	-
Uniform Safety Act	30,000.00		35,642.66	5,642.66
Adult Recreation Cannabis Tax	561,266.00		522,745.46	(38,520.54)
Total Miscellaneous Revenues	<u>\$ 3,940,525.95</u>	<u>\$ 153,486.22</u>	<u>\$ 4,138,738.44</u>	<u>\$ 44,726.27</u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-2
Sheet # 2

	<u>Anticipated Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess</u>
<u>General Revenue</u>				
Receipts from Delinquent Taxes	<u>\$ 680,000.00</u>		<u>\$ 729,399.04</u>	<u>\$ 49,399.04</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>16,715,900.91</u>	<u>-</u>	<u>17,084,778.57</u>	<u>368,877.66</u>
Budget Totals	<u>\$ 23,276,426.86</u>	<u>\$ 153,486.22</u>	<u>23,892,916.05</u>	<u>\$ 463,002.97</u>
Non-Budget Revenues			<u>110,217.07</u>	
Total Revenue			<u>\$ 24,003,133.12</u>	

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-2
Sheet # 3

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenues from Collections	\$ 85,154,983.45
Allocated to Regional School, Local School District, County, and Open Space Taxes	<u>68,844,195.88</u>
	16,310,787.57
 Add: Appropriation "Reserve for Uncollected Taxes"	 <u>773,991.00</u>
 Amount for Support of Municipal Budget Appropriations	 <u><u>\$ 17,084,778.57</u></u>

ANALYSIS OF REALIZED DELINQUENT TAXES

Delinquent Taxes	<u><u>\$ 729,399.04</u></u>
------------------	-----------------------------

ANALYSIS OF REALIZED INTEREST ON INVESTMENTS AND DEPOSITS

Received in Current Fund	\$ 355,433.04
Due from Animal Control Trust Fund	284.14
Due from Other Trust Fund	24,951.91
Due from General Capital Fund	<u>39,381.36</u>
	<u><u>\$ 420,050.45</u></u>

Miscellaneous Revenue Not Anticipated:

Cable Franchise Fee	\$ 25,339.80
Tax Collector	2,203.11
Police Outside Employment - Administrative Fee	25,282.40
Police Outside Employment - Vehicle Use	8,443.75
2% Administrative Fee - Senior Citizens/Veterans Deductions	1,868.69
Payment in Lieu of Taxes	24,403.39
Credit Card Convenience Fee	257.76
Klein Recycling	618.65
Miscellaneous Refunds	4,093.43
Saums Rental	1,500.00
Charlton Rental	8,040.00
Darts Mill Rental	2,700.00
Other Miscellaneous	<u>5,466.09</u>
	<u><u>\$ 110,217.07</u></u>

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-3
Sheet # 1

Appropriation	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
OPERATIONS WITHIN "CAPS"					
General Administration					
Salaries and Wages	\$ 429,900.00	\$ 430,000.00	\$ 429,996.14	\$ 3.86	
Other Expenses					
Elections	9,500.00	9,500.00	8,753.81	746.19	
Miscellaneous Other Expenses	131,100.00	125,800.00	125,782.15	17.85	
Mayor and Township Committee					
Salaries and Wages	47,000.00	47,000.00	46,231.12	768.88	
Other Expenses	1,900.00	1,900.00	1,900.00	-	
Revenue Administration					
Salaries and Wages	104,000.00	104,000.00	104,000.00	-	
Other Expenses	15,200.00	15,200.00	13,942.98	1,257.02	
Financial Administration					
Salaries and Wages	258,500.00	258,500.00	241,049.34	17,450.66	
Other Expenses	17,100.00	17,790.00	17,021.65	768.35	
Audit Services					
Other Expenses	35,000.00	34,310.00	34,310.00	-	
Assessment of Taxes					
Salaries and Wages	124,200.00	121,700.00	119,720.63	1,979.37	
Other Expenses					
Revision of Tax Map	3,515.00	3,515.00	1,454.00	2,061.00	
Miscellaneous Other Expenses	6,650.00	6,650.00	5,634.12	1,015.88	
Legal Services and Costs					
Other Expenses	620,000.00	710,000.00	694,400.79	15,599.21	
Municipal Court					
Salaries and Wages	132,300.00	138,300.00	138,158.21	141.79	
Other Expenses	15,200.00	14,700.00	14,482.10	217.90	
Public Defender					
Other Expenses	10,000.00	12,500.00	12,246.50	253.50	
Engineering Services and Costs					
Other Expenses	156,750.00	218,750.00	201,233.14	17,516.86	
Museum Committee					
Salaries and Wages	26,624.00	26,624.00	23,778.00	2,846.00	
Other Expenses	14,250.00	14,250.00	14,007.30	242.70	
Historical Preservation Commission					
Other Expenses	5,500.00	5,500.00	2,726.10	2,773.90	

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-3
Sheet # 2

Appropriation	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
Planning Board					
Salaries and Wages	\$ 12,789.00	\$ 12,789.00	\$ 12,789.00	-	
Other Expenses	7,220.00	7,220.00	7,189.24	\$ 30.76	
Board of Adjustment					
Salaries and Wages	117,789.00	117,789.00	116,145.04	1,643.96	
Other Expenses	8,550.00	8,550.00	7,895.78	654.22	
Environmental Health Commission					
Other Expenses					
Consultants	114,000.00	99,000.00	83,695.52	15,304.48	
Miscellaneous Other Expenses	2,375.00	2,375.00	983.58	1,391.42	
Insurance					
General Liability	530,882.00	488,882.00	488,645.00	237.00	
Employee Group Insurance	2,397,961.00	2,482,961.00	2,465,715.26	17,245.74	
Worker's Compensation	230,126.00	230,126.00	230,089.00	37.00	
Health Benefit Waiver	10,000.00	-	-	-	
Police					
Salaries and Wages	3,354,840.00	3,354,840.00	3,319,825.27	35,014.73	
Other Expenses	237,230.00	212,230.00	186,898.19	25,331.81	
Emergency Management Services					
Salaries and Wages	7,850.00	7,850.00	7,273.06	576.94	
Other Expenses	7,600.00	7,600.00	2,740.79	4,859.21	
Aid to Volunteer Ambulance Companies					
Whitehouse First Aid Organization	90,000.00	90,000.00	89,021.64	978.36	
Fire					
Other Expenses					
Aid to Volunteer Fire Co.	161,526.00	161,526.00	161,526.00		
Purchase of Equipment Volunteer Fire Co.	99,507.00	107,007.00	102,229.32	4,777.68	
Training Fire Department Personnel	16,000.00	16,000.00	16,000.00	-	
Uniform Fire Safety Act					
Salaries and Wages	15,235.00	15,235.00	12,184.60	3,050.40	
Supplemental Fire Service Program					
Other Expenses	9,375.00	9,375.00	6,211.82	3,163.18	
Municipal Prosecutor					
Other Expenses	45,000.00	52,000.00	46,679.03	5,320.97	
Road, Repair and Maintenance					
Salaries and Wages	1,425,734.00	1,353,434.00	1,285,340.07	68,093.93	
Other Expenses	346,750.00	346,750.00	303,482.29	43,267.71	
Waste Collection/Recycling					
Other Expenses	875,000.00	875,000.00	743,116.54	131,883.46	
Snow Removal					
Other Expenses	99,450.00	99,450.00	54,700.66	44,749.34	
Tree Care					
Other Expenses	32,500.00	32,500.00	32,500.00	-	
Buildings and Grounds					
Salaries and Wages	304,784.00	306,784.00	306,338.89	445.11	
Other Expenses	99,750.00	107,250.00	106,166.89	1,083.11	
Board of Health					
Salaries and Wages	30,000.00	30,000.00	26,668.55	3,331.45	
Other Expenses	38,000.00	38,000.00	26,265.59	11,734.41	

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-3
Sheet # 3

Appropriation	Appropriations		Expended		Unexpended Balances Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
Vehicle Maintenance					
Salaries and Wages	\$ 231,727.00	\$ 231,727.00	\$ 92,688.02	\$ 139,038.98	
Other Expenses	220,125.00	220,125.00	214,536.21	5,588.79	
Administration of Public Assistance					
Salaries and Wages	139,000.00	140,000.00	139,932.40	67.60	
Other Expenses	4,750.00	4,750.00	1,902.63	2,847.37	
Expense of Participation of Free County Library					
Salaries and Wages	150,772.00	150,772.00	136,225.02	14,546.98	
Other Expenses	5,225.00	5,225.00	5,121.40	103.60	
Animal Control Regulations					
Other Expenses	2,850.00	2,850.00	830.00	2,020.00	
Senior Citizens Transportation					
Other Expenses	5,700.00	5,700.00	3,850.92	1,849.08	
Recreation Services and Programs					
Salaries and Wages	195,574.00	195,574.00	167,200.74	28,373.26	
Other Expenses	4,908.00	4,908.00	2,399.50	2,508.50	
Maintenance of Parks					
Other Expenses	112,575.00	112,575.00	107,341.73	5,233.27	
Construction Code Official					
Salaries and Wages	328,032.00	283,032.00	279,770.37	3,261.63	
Other Expenses	79,000.00	43,000.00	40,286.71	2,713.29	
Utility Expense and Bulk Purchases					
Fire Hydrant Service	115,150.00	115,150.00	105,427.82	9,722.18	
Electricity	110,000.00	110,000.00	108,165.61	1,834.39	
Street Lighting	44,000.00	44,000.00	35,447.43	8,552.57	
Telephone	75,000.00	85,000.00	82,506.32	2,493.68	
Natural Gas	45,000.00	18,000.00	13,283.56	4,716.44	
Gasoline	196,138.00	196,138.00	125,258.03	70,879.97	
Celebration of Public Events					
Other Expenses	7,500.00	7,500.00	1,885.14	5,614.86	
Total Operations Within "CAPS"	14,965,038.00	14,965,038.00	14,163,204.26	801,833.74	
Contingent	5,000.00	5,000.00	1,380.00	3,620.00	
Total Operations Including Contingent Within "CAPS"	14,970,038.00	14,970,038.00	14,164,584.26	805,453.74	
Detail:					
Salaries and Wages	7,436,650.00	7,185,950.00	6,865,382.07	320,567.93	
Other Expenses	7,533,388.00	7,784,088.00	7,299,202.19	484,885.81	

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-3
Sheet # 4

Appropriation	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS (Continued)					
DEFERRED CHARGES & STATUTORY EXPENDITURES					
Statutory Expenditures - Contributions to:					
Social Security System (O.A.S.I.)	\$ 602,570.00	\$ 602,570.00	\$ 535,435.11	\$ 67,134.89	
Public Employees' Retirement System	529,263.00	529,263.00	529,263.00	-	
Defined Contribution Retirement Program	20,000.00	20,000.00		20,000.00	
Unemployment Insurance	10,000.00	10,000.00	3,577.01	6,422.99	
Police and Firemen's Retirement System of N.J.	938,322.00	938,322.00	938,322.00	-	
Total Deferred Charges and Statutory Expenditures	2,100,155.00	2,100,155.00	2,006,597.12	93,557.88	
Total General Appropriations for Municipal Purposes Within "CAPS"	17,070,193.00	17,070,193.00	16,171,181.38	899,011.62	
OPERATIONS - EXCLUDED FROM "CAPS"					
Length of Service Awards Program (LOSAP)	80,000.00	80,000.00	72,000.00	8,000.00	
Employee Group Health	305,792.00	305,792.00	305,792.00		
Police and Firemen's Retirement System of N.J.	105,078.00	105,078.00	105,078.00		
Gasoline	28,862.00	28,862.00	28,862.00		
Workers Compensation	4,824.00	4,824.00	4,824.00		
Interlocal Agreement - Readington Township Board of Education - Police	200,000.00	200,000.00	-	200,000.00	
Interlocal Agreement - Raritan Township Fire Subcode and Fire Prevention	100,000.00	100,000.00	18,155.25	81,844.75	
Matching Funds for Grants	1.00	1.00		1.00	
Recycling Tonnage Grant	14,445.12	14,445.12	14,445.12		
National Opioid Settlement	28,121.53	38,188.09	38,188.09		
Local Recreation Improvement Grant		50,000.00	50,000.00		
Alcohol Education, Rehabilitation, & Enforcement Fund		4,413.01	4,413.01		
New Jersey American Water Environmental Grant Program		10,000.00	10,000.00		
Hunterdon County History Partnership	3,800.00	3,800.00	3,800.00		
Body Armor Replacement Fund	1,789.21	1,789.21	1,789.21		
Stormwater Assistance Grant		15,000.00	15,000.00		
Clean Communities		64,006.65	64,006.65		
Total Operations - Excluded from "CAPS"	872,712.86	1,026,199.08	736,353.33	289,845.75	
Detail:					
Salaries and Wages	200,000.00	200,000.00	-	200,000.00	
Other Expenses	672,712.86	826,199.08	736,353.33	89,845.75	

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

A-3
Sheet # 5

Appropriation	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	\$ 93,590.00	\$ 93,590.00	\$ 93,590.00		
Road Repairs and Improvements	300,000.00	300,000.00	300,000.00		
Total Capital Improvements	393,590.00	393,590.00	393,590.00		
MUNICIPAL DEBT SERVICE					
Payment of Bond Principal	2,445,000.00	2,445,000.00	2,445,000.00		
Interest on Bonds	1,141,450.00	1,141,450.00	1,087,153.76		\$ 54,296.24
Interest on Notes	268,590.00	268,590.00	268,590.00		-
Green Trust Loan Program:					
Loan Repayments of Principal and Interest	60,900.00	60,900.00	59,177.85		1,722.15
Total Municipal Debt Service	3,915,940.00	3,915,940.00	3,859,921.61		56,018.39
DEFERRED CHARGES					
Special Emergency	100,000.00	100,000.00	100,000.00		
Deferred Charges to Future Taxation - Unfunded:					
Ordinance 03-04/04-27	33,000.00	33,000.00	33,000.00		
Ordinance 22-34	117,000.00	117,000.00	117,000.00		
Total Deferred Charges	250,000.00	250,000.00	250,000.00		
Total Appropriations Excluded from "CAPS"	5,432,242.86	5,585,729.08	5,239,864.94	\$ 289,845.75	56,018.39
Sub-Total General Appropriations	22,502,435.86	22,655,922.08	21,411,046.32	1,188,857.37	56,018.39
RESERVE FOR UNCOLLECTED TAXES	773,991.00	773,991.00	773,991.00		
Total General Appropriations	\$ 23,276,426.86	\$ 23,429,913.08	\$ 22,185,037.32	\$ 1,188,857.37	\$ 56,018.39
Original Budget		\$ 23,276,426.86			
Appropriation by 40A:4-87		153,486.22			
		<u>\$ 23,429,913.08</u>			
Cash Disbursed			\$ 20,722,694.90		
Reserve for Uncollected Taxes			773,991.00		
Transferred to Grants Fund			201,642.08		
Due to General Capital Fund			150,000.00		
Encumbrances			236,709.34		
Deferred Charges			100,000.00		
			<u>\$ 22,185,037.32</u>		

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

B

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Animal Control Trust Fund</u>		
Cash and Cash Equivalents	\$ 17,133.23	\$ 16,868.68
	<u>17,133.23</u>	<u>16,868.68</u>
<u>Other Trust Fund</u>		
Cash and Cash Equivalents	4,681,879.92	4,267,209.02
Due from Current Fund		776.50
	<u>4,681,879.92</u>	<u>4,267,985.52</u>
<u>Open Space Trust Fund</u>		
Cash and Cash Equivalents	839,384.61	581,899.19
Due from General Capital Fund	30,883.98	
	<u>870,268.59</u>	<u>581,899.19</u>
	<u>\$ 5,569,281.74</u>	<u>\$ 4,866,753.39</u>

LIABILITIES AND RESERVES

<u>Animal Control Trust Fund</u>		
Due to Current Fund	\$ 284.14	
Prepaid Licenses	8,776.80	\$ 8,335.20
Due to State of New Jersey	904.20	859.80
Reserve for Animal Control Expenditures	7,168.09	7,673.68
	<u>17,133.23</u>	<u>16,868.68</u>
<u>Other Trust Fund</u>		
Due to Current Fund	132,375.07	
Miscellaneous Reserves	4,549,504.85	4,267,985.52
	<u>4,681,879.92</u>	<u>4,267,985.52</u>
<u>Open Space Trust Fund</u>		
Reserve for Open Space/Parks/Recreation	789,319.92	556,395.19
Due to Current Fund	32,158.98	
Reserve for Wildlife Management	48,789.69	25,504.00
	<u>870,268.59</u>	<u>581,899.19</u>
	<u>\$ 5,569,281.74</u>	<u>\$ 4,866,753.39</u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
OPEN SPACE TRUST FUND

STATEMENT OF REVENUES -REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

B-1

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Realized</u>	<u>Variance</u>
Amount to be Raised by Taxation	\$ 657,900.00	\$ 661,468.23	\$ 3,568.23
Non-Budget Revenue - interest	-	29,342.39	29,342.39
	<u>\$ 657,900.00</u>	<u>\$ 690,810.62</u>	<u>\$ 32,910.62</u>

TOWNSHIP OF READINGTON
OPEN SPACE TRUST FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

B-2

	<u>2023 Budget</u>	<u>2023 Paid or Charged</u>	<u>Variance</u>
Debt Service			
Payment of Bond Principal	\$ 400,000.00	\$ 400,000.00	
Reserve for Future Use	257,900.00	57,885.89	\$ 200,014.11
	<u>\$ 657,900.00</u>	<u>\$ 457,885.89</u>	<u>\$ 200,014.11</u>
Expended		\$ 422,158.68	
Due to Current Fund		<u>35,727.21</u>	
		<u>\$ 457,885.89</u>	

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

C

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 3,488,209.20	\$ 3,156,163.34
Grants Receivable	104,730.00	115,330.69
Due from Current Fund	3,240,200.64	
Due from Federal and State Grant Fund	17,093.00	17,093.00
Deferred Charges to Future Taxation:		
Funded	34,396,869.94	22,891,787.81
Unfunded	<u>7,464,612.00</u>	<u>18,146,312.00</u>
 Total Assets	 <u><u>\$ 48,711,714.78</u></u>	 <u><u>\$ 44,326,686.84</u></u>
LIABILITIES AND FUND BALANCE		
General Serial Bonds	\$ 34,368,000.00	\$ 22,803,000.00
Bond Anticipation Notes	3,892,000.00	15,348,000.00
Green Acres Loans Payable	28,869.94	88,787.81
Capital Improvement Fund	13,436.04	8,445.04
Improvement Authorizations:		
Funded	2,445,111.19	677,690.14
Unfunded	4,083,415.15	2,845,619.45
Contracts Payable	947,481.70	2,272,177.13
Reserve for Emergency Vehicles	4,240.00	4,240.00
Reserve for Road Improvements	-	83,019.48
Reserve for Debt Service	2,769,754.26	89,422.61
Reserve for Green Trust	25,601.22	25,588.42
Due to Open Space Trust Fund	30,883.98	
Fund Balance	<u>102,921.30</u>	<u>80,696.76</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 48,711,714.78</u></u>	 <u><u>\$ 44,326,686.84</u></u>
 Bonds and Notes Authorized But Not Issued	 <u><u>\$ 3,572,612.00</u></u>	 <u><u>\$ 2,798,312.00</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

C-1

Balance, December 31, 2022		\$ 80,696.76
Increased by:		
Premium on Notes	\$ 17,008.04	
Premium on Bonds	<u>5,216.50</u>	
		<u>22,224.54</u>
Balance, December 31, 2023		<u><u>\$ 102,921.30</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

D

	<u>2023</u>	<u>2022</u>
ASSETS		
OPERATING FUND		
Cash	\$ 1,246,831.41	\$ 1,462,747.11
Due from Current Fund	173,358.91	
Receivables with Full Reserves:		
Consumer Accounts Receivable	159,215.33	118,826.22
Sewer Utility Liens	<u>950.60</u>	<u>490.60</u>
Total Operating Fund	<u>\$ 1,580,356.25</u>	<u>\$ 1,582,063.93</u>
LIABILITIES, RESERVES AND FUND BALANCE		
OPERATING FUND		
Liabilities		
Appropriation Reserves	\$ 208,679.59	\$ 269,274.61
Accounts Payable - Vendors	54,912.07	29,550.89
Sewer Overpayments	487.74	1,403.91
Prepaid Rents	3,759.71	5,266.85
Reserve for Sewer Expansion	<u>226,058.56</u>	<u>218,819.84</u>
	493,897.67	524,316.10
Reserve for Receivables	160,165.93	119,316.82
Fund Balance	<u>926,292.65</u>	<u>938,431.01</u>
Total Operating Fund	<u>\$ 1,580,356.25</u>	<u>\$ 1,582,063.93</u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2023 AND 2022

D-1

	<u>2023</u>	<u>2022</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 469,186.00	\$ 193,000.00
Rents	1,521,860.52	1,529,212.71
Miscellaneous Revenue Anticipated	58,486.21	25,019.44
User Fees from Contracts	517,216.26	493,612.78
Other Credits to Income:		
Sewer Overpayments Cancelled	143.00	754.87
Unexpended Balance of Appropriation Reserves	199,341.65	124,356.05
	<u>2,766,233.64</u>	<u>2,365,955.85</u>
Total Income		
EXPENDITURES		
Operating	371,153.00	240,000.00
Capital Outlay	35,000.00	90,000.00
Statutory Expenditures	10,033.00	-
Service Fees	1,643,000.00	1,553,000.00
	<u>2,059,186.00</u>	<u>1,883,000.00</u>
Total Expenditures		
Statutory Excess to Fund Balance	707,047.64	482,955.85
Fund Balance, Beginning of Year	938,431.01	1,017,295.00
	1,645,478.65	1,500,250.85
Decreased by:		
Utilized as Anticipated Revenue:		
Creation of Sewer Expansion Reserve		218,819.84
Sewer Utility Operating Budget	469,186.00	193,000.00
Current Fund Budget	250,000.00	150,000.00
	<u>\$ 926,292.65</u>	<u>\$ 938,431.01</u>
Fund Balance, End of Year		

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

D-2

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Surplus Anticipated	\$ 469,186.00	\$ 469,186.00	
Sewer User Charges	1,435,000.00	1,521,860.52	\$ 86,860.52
User Fees from Other Contracts	400,000.00	517,216.26	117,216.26
Miscellaneous	5,000.00	58,486.21	53,486.21
	<u>\$ 2,309,186.00</u>	<u>\$ 2,566,748.99</u>	<u>\$ 257,562.99</u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

D-3

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 131,153.00	\$ 131,153.00	\$ 73,632.94	\$ 57,520.06
Other Expenses	240,000.00	240,000.00	239,554.86	445.14
Service Fees - RLSA	1,253,000.00	1,343,000.00	1,341,162.00	1,838.00
Service Fees - RTMUA	300,000.00	300,000.00	179,571.31	120,428.69
Total Operating	<u>1,924,153.00</u>	<u>2,014,153.00</u>	<u>1,833,921.11</u>	<u>180,231.89</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	<u>125,000.00</u>	<u>35,000.00</u>	<u>10,952.38</u>	<u>24,047.62</u>
Surplus (General Budget)	<u>250,000.00</u>	<u>250,000.00</u>	<u>250,000.00</u>	
STATUTORY EXPENDITURES				
Social Security System (O.A.S.I)	<u>10,033.00</u>	<u>10,033.00</u>	<u>5,632.92</u>	<u>4,400.08</u>
Total Statutory Expenditures	<u>10,033.00</u>	<u>10,033.00</u>	<u>5,632.92</u>	<u>4,400.08</u>
	<u>\$ 2,309,186.00</u>	<u>\$ 2,309,186.00</u>	<u>\$ 2,100,506.41</u>	<u>\$ 208,679.59</u>
Cash Disbursements			\$ 2,045,594.34	
Accounts Payable - Vendors			<u>54,912.07</u>	
			<u>\$ 2,100,506.41</u>	

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2023 and 2022

E

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 35,550,258.00	\$ 35,550,258.00
Buildings and Building Improvements	8,655,005.00	8,453,199.00
Equipment	<u>15,311,896.00</u>	<u>13,623,551.00</u>
	<u>\$ 59,517,159.00</u>	<u>\$ 57,627,008.00</u>
Investment in Fixed Assets	<u>\$ 59,517,159.00</u>	<u>\$ 57,627,008.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of Readington, Hunterdon County, New Jersey (the "Township") was incorporated in 1798 and operates under an elected Mayor and Council form of government. The five Committee members are elected at-large, for staggered terms of three years. The Committee elects a Mayor and Deputy Mayor each for a term of one year. The Mayor is the Chief Executive Officer of the Township and as such presides over all public meetings and makes appointments to various boards. The Township Council exercises all legislative powers including the final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Township Administrator is appointed by the Township Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB statement No. 14 as amended by GASB Statement No. 61 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The municipalities in the State of New Jersey do not prepare financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and thus do not comply with all of the GASB pronouncements.

The financial statements of the Township have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is a regulatory basis of accounting other than US GAAP. 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 separate funds, which differ from the fund structure required by US GAAP.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by N.J.S.A. 40A:5-5.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Basis of Presentation

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds – Trust funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in Trust Funds.

Animal Control Trust Fund – This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A. 4:19-15.11.

Other Trust Fund – This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Open Space Trust Fund – This fund is used to account for the resources which have accumulated from a dedicated tax to be used for the preservation of open space, recreation and farmland.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Sewer Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Township's sanitary sewerage system and the assets and liabilities related to such activities.

General Fixed Assets Account Group – This account group is used to account for all general fixed assets of the Township. The Township's infrastructure is not reported in the account group.

Basis of Accounting

The Township follows the regulatory basis of accounting. Under this method of accounting, revenues, except for Federal and State Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units.

The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8%

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Sewer Utility Rents - Utility charges are levied quarterly based upon a consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Sewer Utility Operating Fund. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e. when they are both levied and available).

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received, for purposes normally financed through the Current Fund, are recognized when anticipated in the Township's budget. US GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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 per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Trust Funds (Except Open Space Trust Fund)
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. In addition, the governing body approved several budget transfers during 2023.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves, unless cancelled by the governing body. US 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, as well as expenditures related to compensated absences and claims and judgments, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31 are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under US GAAP.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and 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 US GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. US GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Interfund Receivables - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. US GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The cost 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. US GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. US GAAP requires that all investments be reported at fair value.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. US GAAP requires such amounts to be

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Township has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$5,000.00 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are 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 are not capitalized.

Fixed Assets purchased after December 31, 2016 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

Fixed Assets purchased prior to December 31, 2016 are stated as follows:

- | | |
|---------------------------------------|---|
| ▪ Land and Buildings - Assessed Value | ▪ Machinery and Equipment - Estimated Historical Cost |
|---------------------------------------|---|

No depreciation has been provided for in the financial statements.

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

US GAAP requires that capital assets be recorded in proprietary-type funds, as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, US GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Long-term debt - The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in Note 3 to the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - the requirements of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB 68 financial information published by the New Jersey Department of Treasury, Division of Pensions and Benefits. As of the date of audit, the 2022 Public Employees' Retirement System Report and the 2022 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 8 for these disclosures.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Post-Employment Benefits Other Than Pensions - The requirements of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)" that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow GAAP, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASBs. AS it relates to the State of New Jersey multi-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of the audit, the 2022 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 9 for these disclosures.

Length of Service Awards Program (LOSAP) - Financial reporting standards established by the DLGS/Division exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Township's LOSAP Program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the volunteers, is not reported as part of the Township's basic financial statements. As the LOSAP Plan's assets remain the property of the Township until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Township's basic financial statements. See Note 18 regarding the availability of LOSAP Plan financial information.

Use of Estimates -The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Basic Financial Statements

GASB also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with US GAAP. The Township presents the financial statements listed in the table of contents, which are required by the Division, to be referenced to the supplementary schedules. This practice differs from reporting requirements under US GAAP.

Reclassifications - Certain reclassifications may have been made to the December 31, 2022 balances to conform to the December 31, 2023 presentation.

2. DEPOSITS AND INVESTMENTS

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

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

2. DEPOSITS AND INVESTMENTS (continued)

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. Although the Township does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank for periods ending December 31, 2023 and 2022. At December 31, 2023 and 2022, the book value of the Township's deposits was \$20,485,765.11 and \$19,932,364.74, respectively.

The Township's deposits, which are displayed on the various fund Balance Sheet as "cash and cash equivalents", are categorized as:

	Book Balance	
	December 31, 2023	December 31, 2022
Cash (Demand Accounts)	\$ 20,485,215.11	\$ 19,931,714.74
Change Funds (On-Hand)	550.00	650.00
	<u>\$ 20,485,765.11</u>	<u>\$ 19,932,364.74</u>

	Bank Balance	
	December 31, 2023	December 31, 2022
FDIC Insured	\$ 500,000.00	\$ 750,000.00
GUDPA Insured	20,457,589.76	19,578,274.46
Uninsured	161,703.27	127,957.01
	<u>\$ 21,119,293.03</u>	<u>\$ 20,456,231.47</u>

\$161,703.27 and \$127,957.01 was held in the Township's agency accounts and are not covered by GUDPA at December 31, 2023 and 2022, respectively.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

2. DEPOSITS AND INVESTMENTS (continued)

Investments

New Jersey Statutes permit the Township to purchase the following types of securities:

- a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- b. Government money market mutual funds;
- c. 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;
- d. 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;
- e. Bonds or other obligations, having a maturity date more than 397 days from the date of purchase, issued by New Jersey School Districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the division of Local Government Services in the Department of Community Affairs for investment by local units;
- f. Local government investment pools;
- g. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- h. Agreements for the repurchase of fully collateralized securities if:
 - i. The underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - ii. The custody of collateral is transferred to a third party;
 - iii. The maturity of the agreement is not more than 30 days;
 - iv. The underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - v. A master repurchase agreement providing for the custody and security of collateral is executed.

The Township did not have any investments as of December 31, 2023 and 2022.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

3. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the General Capital Fund. All 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, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt as of December 31, is summarized as follows:

	December 31,	
	2023	2022
<u>Issued:</u>		
General:		
Bonds, Notes and Loans	\$ 38,288,869.94	\$ 38,239,787.81
Total Issued	38,288,869.94	38,239,787.81
Less: Reserve for Debt Service	2,769,754.26	89,422.61
Subtotal	35,519,115.68	38,150,365.20
<u>Authorized but not Issued:</u>		
General:		
Bonds and Notes	3,572,612.00	2,798,312.00
Total Authorized but not Issued	3,572,612.00	2,798,312.00
Total Bonds, Notes and Loans Issued and Authorized but Not Issued	<u>\$ 39,091,727.68</u>	<u>\$ 40,948,677.20</u>

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.038% at December 31, 2023.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 6,380,000.00	\$ 6,380,000.00	
General Debt	41,861,481.94	2,769,754.26	\$ 39,091,727.68
Total General Debt	<u>\$ 48,241,481.94</u>	<u>\$ 9,149,754.26</u>	<u>\$ 39,091,727.68</u>

Net debt, \$39,092,595.63 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,767,213,792.00 equals 1.038%.

The Township's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2023 as follows:

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 131,852,482.72
Net Debt	(39,091,727.68)
Remaining Statutory Borrowing Power	<u>\$ 92,760,755.04</u>

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

3. MUNICIPAL DEBT (continued)

General Obligation Bonds

The Township levies taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2023 and 2022 are as follows:

	2023	2022
General Obligation Bonds		
\$7,945,000, 2014 Refunding Bonds, due in annual installments of \$935,000 to \$940,000 through July 2025, interest at 4.00% to 5.00%	\$ 1,875,000.00	\$ 2,825,000.00
\$9,573,000, 2015 General Improvement Bonds, due in annual installments of \$750,000 to \$1,000,000 through February 2028, interest at 3.00%	4,548,000.00	5,273,000.00
\$14,184,000, 2017 General Improvement Bonds; due in annual installments of \$350,000 to \$450,000 through February 2026, interest at 5.00%	1,150,000.00	1,500,000.00
\$6,750,000, 2017 Refunding Bonds; due in annual installments of \$150,000 to \$865,000 through February 2031, interest at 3.00% to 5.00%	6,060,000.00	6,430,000.00
\$6,278,000, 2018 General Improvement Bonds; due in annual installments of \$245,000 to \$300,000 through March 2026, interest at 4.00%	795,000.00	1,030,000.00
\$6,121,000, 2020 General Improvement Bonds; due in annual installments of \$225,000 to \$350,000 through March 2041, interest at 2.00% to 4.00%	5,530,000.00	5,745,000.00
\$14,410,000, 2023 General Improvement Bonds; due in annual installments of \$385,000 to \$760,000 through April 2043, interest at 3.00% to 4.00%	14,410,000.00	
	<u>\$ 34,368,000.00</u>	<u>\$ 22,803,000.00</u>

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

3. MUNICIPAL DEBT (continued)

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2023 is as follows:

Year	General Capital		Grand Total
	Principal	Interest	
2024	\$ 3,320,000.00	\$ 1,269,654.00	\$ 4,589,654.00
2025	3,443,000.00	1,115,859.00	4,558,859.00
2026	3,590,000.00	1,024,144.00	4,614,144.00
2027	2,880,000.00	840,569.00	3,720,569.00
2028	2,900,000.00	726,319.00	3,626,319.00
2029-2033	8,035,000.00	2,406,294.00	10,441,294.00
2034-2038	5,425,000.00	1,354,070.00	6,779,070.00
2039-2043	4,775,000.00	418,188.00	5,193,188.00
	<u>\$ 34,368,000.00</u>	<u>\$ 9,155,097.00</u>	<u>\$ 43,523,097.00</u>

Changes in Long-Term and Short-Term Municipal Debt

The Township's long-term capital debt activity for 2023 and 2022 is as follows:

	Balance 12/31/2022	Additions	Matured	Balance 12/31/2023	Due Within One Year
Serial Bonds:					
General Capital Fund	\$ 22,803,000.00	\$ 14,410,000.00	\$ 2,845,000.00	\$ 34,368,000.00	\$ 3,320,000.00
Loans Payable:					
General Capital - Green Acres Loan	88,787.81		59,917.87	28,869.94	28,869.94
Total	<u>\$ 22,891,787.81</u>	<u>\$ 14,410,000.00</u>	<u>\$ 2,904,917.87</u>	<u>\$ 34,396,869.94</u>	<u>\$ 3,348,869.94</u>

	Balance 12/31/2021	Additions	Matured	Balance 12/31/2022	Due Within One Year
Serial Bonds:					
General Capital Fund	\$ 25,553,000.00		\$ 2,750,000.00	\$ 22,803,000.00	\$ 2,845,000.00
Loans Payable:					
General Capital - Green Acres Loan	135,933.00		47,145.19	88,787.81	59,050.00
Total	<u>\$ 25,688,933.00</u>	<u>\$ -</u>	<u>\$ 2,797,145.19</u>	<u>\$ 22,891,787.81</u>	<u>\$ 2,904,050.00</u>

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

3. MUNICIPAL DEBT (continued)

Green Acres Loans:

The Township has entered into various loan agreements with the State of New Jersey for the financing related to the acquisition of various properties and infrastructure improvements. The Township levies ad valorem taxes to pay debt service on loans issued. The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2023 is as follows:

Year	Green Acres Loan		Total
	Principal	Interest	
2024	\$ 28,869.94	\$ 437.50	\$ 29,307.44
	<u>\$ 28,869.94</u>	<u>\$ 437.50</u>	<u>\$ 29,307.44</u>

Bond Anticipation Notes:

Bond anticipation notes were issued in the General Capital Fund at an interest rate of 4.50% and mature on October 2, 2024. At December 31, 2023 and 2022, there were notes outstanding of \$3,892,000.00 and \$15,348,000.00, respectively. The activity in notes issued in the General Capital Fund for the year ended December 31, 2023 are as follows:

Beginning Balance	Increase	Decrease	Ending Balance
<u>\$15,348,000.00</u>	<u>\$ 3,892,000.00</u>	<u>\$ 15,348,000.00</u>	<u>\$ 3,892,000.00</u>

4. FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years ended December 31, 2023 and 2022:

	Balance December 31, 2022	Additions	Disposals	Balance December 31, 2023
Land and Land Improvements	\$ 35,550,258.00			\$ 35,550,258.00
Buildings and Improvements	8,453,199.00	\$ 201,806.00		8,655,005.00
Equipment	13,623,551.00	1,746,063.00	\$ 57,718.00	15,311,896.00
	<u>\$ 57,627,008.00</u>	<u>\$1,947,869.00</u>	<u>\$ 57,718.00</u>	<u>\$ 59,517,159.00</u>

	Balance December 31, 2021	Additions	Disposals	Balance December 31, 2022
Land and Land Improvements	\$ 34,862,968.00	\$ 687,290.00		\$ 35,550,258.00
Buildings and Improvements	8,453,199.00			8,453,199.00
Equipment	12,932,759.00	841,763.00	\$ 150,971.00	13,623,551.00
	<u>\$ 56,248,926.00</u>	<u>\$1,529,053.00</u>	<u>\$ 150,971.00</u>	<u>\$ 57,627,008.00</u>

The Township current year additions exceeded disposals resulting in an increase in general fixed assets.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

5. DUE TO/FROM OTHER FUNDS

As of December 31, 2023 and 2022, interfund receivables and payables that resulted from various interfund transactions are as follows:

	2023		2022	
	Interfund Receivable	Interfund Payable	Interfund Receivable	Interfund Payable
Current Fund:				
Regular	\$ 164,818.19	\$ 4,397,267.40		\$ 776.50
Grant	983,707.85	17,093.00		1,418,195.91
Grant Fund			\$ 1,418,195.91	17,093.00
Animal Control Fund		284.14		
Other Trust		132,375.07	776.50	
Open Space Trust Fund	30,883.98	32,158.98		
General Capital Fund	3,257,293.64	30,883.98	17,093.00	
Sewer Operating	173,358.91			
	<u>\$ 4,610,062.57</u>	<u>\$ 4,610,062.57</u>	<u>\$ 1,436,065.41</u>	<u>\$ 1,436,065.41</u>

The above balances are the result of expenditures being paid by one fund on behalf of another. The Township expects all interfund balances to be liquidated within one year.

6. FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Sewer Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of Local Government Services, if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year, were as follows:

Current Fund			Sewer Utility Operating Fund		
	Balance	Utilized In Budget of Succeeding Year		Balance	Utilized In Budget of Succeeding Year
Year	December 31st	Year	Year	December 31st	Year
2023	\$ 2,267,321.77	\$ 1,174,500.00 (A)	\$ 926,292.65	\$ 830,000.00 (A)	
2022	3,492,592.25	1,940,000.00	938,431.01	469,186.00	
2021	3,645,973.00	1,960,000.00	1,017,295.00	193,000.00	

(A) These amounts were included in the 2024 introduced budget. The 2024 budget has not been adopted as of the date of the report.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

7. COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement. It is estimated that the current cost of such unpaid compensation would approximate \$389,604.24 and \$415,003.30 to employees and officials of the Township as of December 31, 2023 and 2022, respectively, upon their retirements or other separations.

8. EMPLOYEE RETIREMENT SYSTEMS

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by the New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2022:

	2022
Inactive plan members or beneficiaries currently receiving benefits	187,372
Inactive plan members entitled to but not yet receiving benefits	1,782
Active plan members	239,902
Total	429,056

Contributing Employers – 1,691

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2022, the Township's total payroll for all employees was \$7,249,230.20. For the year ended December 31, 2022, total PERS covered payroll was \$3,240,234.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 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 contributions are based on an amortization of the unfunded accrued liability. Funding or 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.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employee Retirement System (continued)

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Township payments to PERS for the year ending December 31, 2022 consisted of the following:

	<u>2022</u>
Total Regular Billing	\$ 528,561.00

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible 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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members with 25 years or more of service credit before age 62 and tier 5 members 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 retirement age of his/her 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.

At June 30, 2022, the PERS reported a net pension liability of \$15,219,184,920.00 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$6,333,864.00 or 0.0419700908%, which was a decrease of 0.0033630043% from its proportion measured as of June 30, 2021.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employee Retirement System (continued)

At December 31, 2022 the Township had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB Statement No. 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 45,715.00	\$ 40,314.00
Changes of assumptions	19,624.00	948,430.00
Net difference between projected and actual investment earnings on pension plan investments	262,153	
Changes in proportion	332,390.00	734,741.00
Township contributions subsequent to the measurement date	529,263.00	
	<u>\$ 1,189,145.00</u>	<u>\$ 1,723,485.00</u>

\$529,263.00 shown as deferred outflows of resources related to PERS resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense as follows, if GASB Statement No. 68 was recognized:

Year ended December 31,	Amount
2023	\$ (748,916.00)
2024	(310,708.00)
2025	(214,861.00)
2026	215,501.00
2027	(4,619.00)
Total	<u>\$ (1,063,603.00)</u>

Actuarial Assumptions- The total collective pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	<u>2022</u>
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 6.55%
	based on years of service
Investment Rate of Return	7.00%

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employees' Retirement System (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-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.

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 Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 in the following table:

2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market 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>	

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employees' Retirement System (continued)

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2022 was 7.00%. 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 will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed below as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease 6.00%	At Current Discount Rate 7.00%	At 1% Increase 8.00%
PERS	\$ 8,137,160.00	\$ 6,333,864.00	\$ 4,799,187.00

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2022 was \$32,568,122,309.00. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2022 was \$25,810,084,045.00.

Additional information

Collective Local Group balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	\$ 1,660,772,008.00
Collective deferred inflows of resources	3,236,303,935.00
Collective net pension liability	15,219,184,920.00
 Township's Proportion	 0.0419700908%

Collective pension expense for the Local Group for the measurement period ended June 30, 2022 was \$1,032,778,934.00. The average of the expected remaining service lives of all plan members is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employees' Retirement System (continued)

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2022 are \$1,288,896,120.00.

Special Funding Situation

Under N.J.S.S. 43:15A-15, the Township is responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the state to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 365, P.L. 2001, and Chapter 133, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 in the State is treated as a non-employer contributing entity. Accordingly, the townships proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the states proportionate share is 100% for PERS under this legislation.

At December 32, 2022, the State's proportionate share of the net pension liability attributable to the Township for the PERS special funding situation is \$0. For the year ended December 31, 2022, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PERS special funding situation is \$13,327, which is equal to the actual contribution the State made on behalf of the Township of \$13,327. At December 31, 2022 (measurement date June 30, 2022) the State's share of the PERS Net pension liability attributable through the Township was 0.0421377679 percent. The State's proportionate share attributable to the Township was developed based on actual contributions made to PERS allocated to employers based upon covered payroll. These on- behalf contributions have not been reported on the Township's financial statements.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2022:

	2022
Inactive plan members or beneficiaries currently receiving benefits	47,518
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	42,188
Total	89,766

Contributing Employers – 582

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

In accordance with Chapter 98, P.L. 2017, PFRS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from the lottery proceeds are assumed to be contributed to the System on a monthly basis.

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers' contributions are expected to be received on April 1st, 21 months after the associated valuation date.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2022, the Township's total payroll for all employees was \$7,249,230.20. For the year ended December 31, 2022, total PFRS covered payroll was \$2,611,068.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

Township payments to PFRS for the year ending December 31, 2022 consisted of the following:

	<u>2022</u>
Total Regular Billing	\$ 906,591.00

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

At June 30, 2022, the PFRS reported a net pension liability of \$13,483,472,009.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$9,183,113.00, or 0.0802273900% which was an increase of 0.0024394227% from its proportion, measured as of June 30, 2021.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

At December 31, 2022 the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB Statement No. 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 415,652.00	\$ 562,591.00
Changes of assumptions	25,167.00	1,155,972.00
Net difference between projected and actual investment earnings on pension plan investments	840,903.00	
Changes in proportion	802,122.00	2,021.00
Township contributions subsequent to the measurement date	1,043,400.00	
	<u>\$ 3,127,244.00</u>	<u>\$1,720,584.00</u>

\$1,043,400.00 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows if GASB Statement No. 68 were followed:

Year ended December 31,	Amount
2023	\$ (231,020.00)
2024	(81,930.00)
2025	(79,502.00)
2026	661,981.00
2027	93,731.00
Total	<u>\$ 363,260.00</u>

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

Actuarial Assumptions- The total collective pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

	2022
Inflation rate:	
Prices	2.75%
Wage	3.25%
Salary Increases:	
Through	All future years 3.25% - 15.25% based on years of service

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with 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.

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 Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2022 are summarized in the following table:

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market 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 as of June 30, 2022 was 7.00%. 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 local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PFRS	\$ 12,600,223.00	\$ 9,183,113.00	\$ 6,338,352.00

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2022 was \$30,708,653,410.00.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

Additional information

Collective Local Group balances at June 30, 2022 are as follows:

Collective deferred outflows of resources	\$ 2,163,793,985.00
Collective deferred inflows of resources	2,805,919,493.00
Collective net pension liability	13,483,472,009.00
Township's Proportion	0.0802273900%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 was \$165,943,124.00. The average of the expected remaining service lives of all plan members is 6.22, 6.17, 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2022 for police and fire is 0.08022720%. The non-employer contributing entities' contribution for the year ended June 30, 2022 was \$203,465.00, which was greater than the proportionate share of the pension expense attributable to the Township's PFRS of \$188,558.00. The State's proportionate share of net pension liability attributable to the Township as of June 30, 2022 was \$1,634,325.00.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000.00 to be eligible or to continue participation. The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000.00 annually. At June 30, 2022, the membership in the DCRP, based on the information within the Division's database, was 60,336.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.50% for PERS, 10.00% for PFRS and 5.50% for DCRP of employees' base wages.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

9. POST-RETIREMENT HEALTH COVERAGE

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Contributions

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

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Plan Membership and Contributing Employers

Plan membership and contributing employers/nonemployers consisted of the following at June 30, 2022:

	<u>June 30, 2022</u>
Inactive plan members or beneficiaries currently receiving benefits	33,684
Active plan members	<u>65,360</u>
Total	<u>99,044</u>
Contributing employers	590
Contributing nonemployers	1

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$16,090,925,144.00 at June 30, 2022.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	<u>June 30, 2022</u>
Total OPEB Liability	\$ 16,090,925,144.00
Plan Fiduciary Net Position (Deficit)	<u>(58,670,334.00)</u>
Net OPEB Liability	<u>\$ 16,149,595,478.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to all periods (2022) in the measurement:

	<u>June 30, 2022</u>
Inflation	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25%

Preretirement and postretirement mortality rates were based on the Pub-2010 General and Safety Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale.

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

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

9. POST-RETIREMENT HEALTH COVERAGE (continued)

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

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. The GASB statement does not require a particular source for information to determine health care trends, but it does recommend selecting a source that is “publicly available, objective, and unbiased”.

Discount Rate - The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers and the net OPEB liability of the Township as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2022 - Collective	\$18,720,632,230.00	\$16,149,595,478.00	\$14,080,955,857.00
	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2022 -Township	\$ 21,318,495.00	\$ 18,390,675.00	\$ 16,034,970.00

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the participating employers and the net OPEB liability of the Township as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2022 - Collective	\$ 13,700,188,049.00	\$ 16,149,595,478.00	\$ 19,286,596,671.00
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2022 -Township	\$ 15,601,363.00	\$ 18,390,675.00	\$ 21,962,998.00

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

10. 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. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Township is a member of the Public Alliance Insurance Coverage Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund (the "Funds"). The Funds are both an insured and self-administered group of municipalities established for the purpose of providing insurance for property damage, general liability, motor vehicles and equipment liability, and worker's compensation. The Funds are risk-sharing public entity pools. The Funds coverage amounts are on file with the Township.

The Funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year no have there been any settlements in excess of insurance coverage in any of the prior three years.

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 unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Opening</u> <u>Balance</u>	<u>Employer/Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2023	\$ 85,066.77	\$ 1,255.52	\$ 819.90	\$85,502.39
2022	75,220.00	10,737.64	890.87	85,066.77
2021	66,771.00	9,369.00	920.00	75,220.00

11. CONTINGENT LIABILITIES

The Township is involved in various claims and lawsuits incidental to its operations. In the opinion of management and legal counsel the ultimate resolution of these matters will not have a material effect on the financial position of the Township except as follows:

388 Rt. 22 Readington Realty Holding, LLC v Township of Readington, et. Al., Superior Court of New Jersey, Law Division, Docket No. HNT-L-751-10. In this matter Plaintiff seeks a judgment for damages and attorney fees. The original claim was for over \$15,000,000. There is only partial insurance, and the Township is defending the matter. With the agreement of the Township's insurance carrier, the damages claim was settled for \$1,000,001. The attorney fee claim is being litigated now. The exact amount of attorney fees claimed by the plaintiff is not currently known. It is estimated to be about \$2,000,000. The insurance company is responsible for one half of any judgement. The current projection is the claim can be resolved for about \$1,000,000, although this is merely an estimate and unanticipated events, facts or ruling may require reevaluating this estimate.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

11. CONTINGENT LIABILITIES (continued)

applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be material.

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve for this contingency in the amount of \$8,002.00 and \$1,808,002.00 as of December 31, 2023 and 2022, respectively. The Township has the ability to secure additional financing or utilize a portion of its budget to satisfy any liability in excess of the amount reserved.

12. ECONOMIC DEPENDENCY

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

13. TAX ABATEMENTS

The Township has entered into four property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. The agreements are authorized under various New Jersey state statutes. These tax abatement agreements are not material and therefore individual disclosures will not be presented.

14. SELECTED TAX INFORMATION

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A 6% penalty may be assessed for any unpaid taxes in excess of \$10,000.00 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	<u>\$ 2.599</u>	<u>\$ 2.532</u>	<u>\$ 2.447</u>
<u>Appointment of Tax Rate</u>			
Municipal	.508	.508	.488
Municipal Open Space	.020	.020	.020
County	.427	.403	.362
Local School	1.032	.998	.985
Regional School District	.612	.603	.592

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

14. SELECTED TAX INFORMATION (continued)

Assessed Valuations

2023	<u>\$ 3,289,499,800.00</u>		
2022		<u>\$ 3,311,429,363.00</u>	
2021			<u>\$ 3,308,032,263.00</u>

Comparison of Tax Levies and Collections

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2023	\$ 85,957,067.10	\$ 85,154,983.45	99.06%
2022	84,326,661.55	83,591,683.68	99.12%
2021	81,098,136.00	80,356,461.00	99.03%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total</u>	<u>Percentage of Levy</u>
2023	\$ 801,368.67	\$ 134,163.61	\$ 935,532.28	1.09%
2022	699,022.13	129,665.32	828,687.45	0.98%
2021	643,001.00	125,311.00	768,312.00	0.95%

15. CONSUMER ACCOUNTS RECEIVABLE

The Township maintains a utility fund for the billing and collection of sewer rents. A comparison of sewer billings and collections for the past three years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collections</u>	<u>Percentage of Collection*</u>
2023	\$1,562,709.63	\$1,521,860.52	97.38%
2022	2,054,214.31	2,022,825.49	98.47%
2021	1,543,879.00	1,564,088.00	101.31%

* Collections of prior year balances are included in the above sum amounts.

16. DEFERRED CHARGES

During 2019, the Township adopted a special emergency ordinance in its Current Fund due to a revaluation of real property in the amount of \$500,000.00. The deferred charge associated with the special emergency is required to be raised in the Township's annual budget over five years which commenced with the 2020 budget. The balance at December 31, 2023 is \$100,000.00

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 and 2022

17. FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2023 and 2022, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

18. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Township of Readington Length of Service Award Program (the Plan) was created by a Township ordinance adopted on May 3, 1999 pursuant to 457(e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Readington approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Company and the Whitehouse Rescue Squad, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year.

While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of Readington has contributed \$1,000.00 for each eligible member for 2023 and 2022. The total Township contributions were \$61,000.00 and \$76,000.00 for 2023 and 2022, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are not presented in this report as part of the Township's Trust Fund.

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022**

19. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2023 through the date of May 22, 2024, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined no subsequent events have occurred which require disclosure in the financial statements.

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2025

Township Committee of the
Township of Readington, in the
County of Hunterdon, New Jersey

Dear Committee Members:

We have acted as bond counsel to the Township of Readington, in the County of Hunterdon, New Jersey (the "Township"), in connection with the issuance by the Township of its \$6,163,000 Bond Anticipation Notes, consisting of the \$3,702,000 General Improvement Bond Anticipation Note (the "General Improvement Bond Anticipation Note") and the \$2,461,000 Tax Appeal Refunding Bond Anticipation Note (the "Tax Appeal Refunding Bond Anticipation Note"; and together with the General Improvement Bond Anticipation Note, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The General Improvement Bond Anticipation Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Township listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The General Improvement Bond Anticipation Note is a temporary obligation issued in anticipation of the issuance of bonds.

The Tax Appeal Refunding Bond Anticipation Note is issued pursuant to the Local Bond Law of the State of New Jersey and the refunding bond ordinance of the Township listed in the Certificate of Determination and Award prepared in connection with this issue, in all respects duly approved and published as required by law. The Tax Appeal Refunding Bond Anticipation Note is issued in anticipation of the issuance of refunding bonds authorized pursuant to N.J.S.A 40A:2-51 *et seq.*

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Township without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Notes in order to preserve the tax-exempt status of the Notes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Notes. Further, in our opinion, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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