

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 6, 2025

NEW ISSUES
Book-Entry-Only

Ratings: Moody’s: “Aa1”(Bonds)
Moody’s: “MIG 1” (Notes)
(See “CREDIT RATINGS” herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Bonds and the Notes (each defined herein) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Bonds and the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Bonds and the Notes is not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Bonds and the Notes for certain bondholders and noteholders.

TOWNSHIP OF ROCKAWAY
IN THE COUNTY OF MORRIS, NEW JERSEY
\$9,711,000* GENERAL BONDS OF 2025

TOWNSHIP OF ROCKAWAY
IN THE COUNTY OF MORRIS, NEW JERSEY
\$4,919,205 BOND ANTICIPATION NOTES

(CALLABLE) (NOT BANK QUALIFIED)

(NON-CALLABLE) (NOT BANK QUALIFIED)

Dated: Date of Delivery

Dated: Date of Delivery

Due: December 1, as shown on the inside front cover

Due: December 4, 2026

The \$9,711,000* General Bonds of 2025 (the “Bonds”) of the Township of Rockaway, in the County of Morris, New Jersey (the “Township”), will be issued in book-entry-only form with no physical distribution of bond certificates. The Bonds will be issued in registered form and bond certificates for each maturity and will be issued to The Depository Trust Company, Brooklyn, New York (“DTC”), registered in the name of its nominee, Cede & Co. See “BOOK-ENTRY SYSTEM” herein.

The \$4,919,205 Bond Anticipation Notes of the Township (the “Notes”) are payable as to principal and interest at maturity upon presentation and surrender at the office of the Chief Financial Officer of the Township (the “Paying Agent”). The Notes will be issued in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co. as nominee of DTC. See “BOOK-ENTRY SYSTEM” herein.

Interest on the Bonds will be payable semiannually on June 1 and December 1 in each year until maturity or earlier redemption, commencing June 1, 2026. Principal of and interest on the Bonds will be paid to DTC by the Township. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding May 15 and November 15 (the “Record Dates” for the payment of interest on the Bonds). Principal of and interest on the Notes will be paid to DTC by the Township at the date of maturity of the Notes. The Bonds and the Notes will bear interest at the rates per annum indicated on the inside front cover page hereof, commencing from their date of delivery.

The Bonds shall be subject to redemption prior to their stated maturities as described herein (see “DESCRIPTION OF THE BONDS - Redemption” herein). The Notes are not subject to redemption prior to their stated maturity.

The Bonds and 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 real property within the Township without limitation as to rate or amount; provided, however, that the rights of the holders of the Bonds and the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See “BONDHOLDERS’ AND NOTEHOLDERS’ REMEDIES IN THE EVENT OF DEFAULT” and “MUNICIPAL BANKRUPTCY” herein.

The Bonds and the Notes are offered when, as and if issued and delivered to the underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Hawkins Delafield & Wood LLP, Newark, New Jersey. Certain legal matters will be passed upon for the Township by the Township Attorney, Iacofano & Perrone, Morristown, 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 Bonds and the Notes. Delivery of the Bonds and the Notes is anticipated to take place on or about December 5, 2025.

Dated: November __, 2025

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the Township within the meaning and for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

**THE TOWNSHIP OF ROCKAWAY,
IN THE COUNTY OF MORRIS, NEW JERSEY**

\$9,711,000* GENERAL BONDS OF 2025

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIPS**

<u>Year</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$501,000	%	%	
2027	515,000			
2028	570,000			
2029	595,000			
2030	625,000			
2031	650,000			
2032	680,000			
2033	715,000			
2034	740,000			
2035	765,000			
2036	795,000			
2037	825,000			
2038	860,000			
2039	875,000			

\$4,919,205 BOND ANTICIPATION NOTES

MATURITY DATE: December 4, 2026 **INTEREST RATE:** % **YIELD:** % **CUSIP**:** _____

* Preliminary, subject to change.

** 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 S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of bondholders and noteholders only at the time of issuance of the Bonds and the Notes and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE TOWNSHIP OF ROCKAWAY,
IN THE COUNTY OF MORRIS, NEW JERSEY**

MAYOR

Joseph Jackson

TOWNSHIP COUNCIL

Howard Morrison, Council President
Rachel Brookes, Council Vice President

Adam Salberg
Pawel Wojtowicz
Mary Noon
John J. Quinn
Douglas Brookes
Jonathan Sackett
Emanuel Friedlander

ACTING TOWNSHIP CLERK

Adele Wadleigh

BUSINESS ADMINISTRATOR/CHIEF FINANCIAL OFFICER

Lisa Palmieri

TOWNSHIP ATTORNEY

John M. Iacofano, Esquire
Morristown, New Jersey

AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

BOND COUNSEL

Hawkins Delafield & Wood LLP
Newark, New Jersey

MUNICIPAL ADVISOR

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

No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Township. 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 Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

The information which is set forth herein has been provided by the Township and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Township. References in this Official Statement to the State of New Jersey statutes, 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 or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Township during normal business hours. This Official Statement is submitted in connection with the sale of the Bonds and the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The order and the placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety.

IN CONNECTION WITH THE OFFERING OF THE BONDS AND THE NOTES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**OFFICIAL STATEMENT
OF THE
THE TOWNSHIP OF ROCKAWAY,
IN THE COUNTY OF MORRIS, NEW JERSEY
RELATING TO**

\$9,711,000* GENERAL BONDS OF 2025

and

\$4,919,205 BOND ANTICIPATION NOTES

INTRODUCTION

This Official Statement (the “Official Statement”), which includes the cover page hereof and the appendices hereto, has been prepared by the Township of Rockaway (the “Township”), in the County of Morris (the “County”), in the State of New Jersey (the “State”) and provides certain information regarding the financial and economic condition of the Township in connection with the sale of the Township’s \$9,711,000* General Bonds of 2025 (the “Bonds”) and \$4,919,205 Bond Anticipation Notes (the “Notes”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and its distribution and use in connection with the sale of the Bonds and the Notes have been authorized by the Township.

This Official Statement contains specific information relating to the Bonds and the Notes including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future and is not necessarily indicative of future or continuing trends in the financial position of the Township.

BOOK-ENTRY SYSTEM

The Depository Trust Company, Brooklyn, New York (“DTC”) will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered certificate will be issued for each year of maturity of the Bonds and the Notes, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world’s largest 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

* Preliminary, subject to change.

U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com or www.dtc.org.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and 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 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 Bonds and the Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal, redemption price and interest payments on the Bonds and 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, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participant or Indirect Participant and not of DTC, the Paying Agent or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price 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 the Paying Agent, 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 Participants and Indirect Participants.

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

The Township may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond and note certificates will 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 takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry System

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Bonds and the Notes, the following provisions shall apply: (i) the Bonds and the Notes may be exchanged for an equal aggregate principal amount of the Bonds and the Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township/Paying Agent; (ii) the transfer of any Bonds or Notes may be registered on the books maintained by the Township/Paying Agent for such purposes only upon the surrender thereof to the Township/Paying Agent together with the duly executed assignment in form satisfactory to the Township/Paying Agent; and (iii) for every exchange or registration of transfer of Bonds and Notes, the Township/Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds and the Notes. Interest on the Bonds and the Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date next preceding an Interest Payment Date.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds will be dated the date of delivery thereof. The Bonds will bear interest at the interest rates per annum stated on the inside front cover page hereof, payable June 1 and December 1 of each year until maturity or earlier redemption, commencing June 1, 2026 (each, an “Interest Payment Date”). The Bonds will mature on December 1 in the years and in the principal amounts set forth on the inside front cover page hereof.

Denominations and Place of Payment

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates. The Bonds will be issued in registered form and bond certificates for each maturity of each series will be issued to DTC, and registered in the name of its nominee, Cede & Co. (see the subcaption “Book-Entry System” below). Principal of and interest on the Bonds will be paid by the Township, or its designee, in its capacity as paying agent (the “Paying Agent”) to the registered owners of the Bonds as of each May 15 and November 15 (whether or not a business day) immediately preceding the respective Interest Payment Dates (the “Record Dates”). So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to DTC or its nominee, which will in turn remit such payments to DTC participants, which will in turn remit such payments to the beneficial owners of the Bonds. See the subcaption “Book-Entry System” below. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 each or integral multiples of \$1,000 in excess thereof. Purchasers will not receive certificates representing their beneficial ownership interests in Bonds purchased, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance is expected to be confirmed by an initial transaction statement stating the details of the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein (except under the captions “TAX MATTERS” and “SECONDARY MARKET DISCLOSURE”) to the registered owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. See the subcaption “Book-Entry System” below.

Redemption

Optional Redemption

The Bonds maturing prior to December 1, 2033 are not subject to redemption at the option of the Township prior to their stated maturities. The Bonds maturing on or after December 1, 2033 are redeemable at the option of the Township, in whole or in part, on any date, in any order of maturity and by lot within a single maturity, on or after December 1, 2032, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed, plus in each case accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by first-class mail, postage prepaid, to the registered owners of the Bonds or portions thereof to be redeemed, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of any proceedings for the redemption of the Bonds. If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the redemption price on the redemption date therein designated and if, on the redemption date, moneys for payment of the redemption price of all the Bonds to be redeemed, together with the interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable. Less than all of a Bond in a denomination in excess of \$5,000 may be so redeemed, and in such

case, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, Bonds of like series, designation, maturity and interest rate in any of the authorized denominations. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption shall be sent to such securities depository, in the manner prescribed by such securities depository and shall not be sent to the beneficial owners of the Bonds. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by DTC in accordance with its regulations.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (N.J.S.A. §40A:2-1, et seq.) (the “Local Bond Law”). The Bonds are authorized by bond ordinances adopted by the governing body of the Township and by a resolution adopted by the governing body of the Township on October 28, 2025. Such bond ordinances were published in full, or in summary, after their adoption along with a statement to the effect that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the accompanying bond ordinance can be commenced began to run from the date of the first publication of such estoppel 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 any person shall be barred from questioning the sale, execution or delivery of such obligations.

Proceeds of the Bonds, along with other available funds of the Township in the amount of \$295,000, will be used to: (i) refund, on a current basis, a portion of the bond anticipation notes of the Township originally issued in the aggregate principal amount of \$12,661,930, dated December 12, 2024 and maturing December 12, 2025 (the “Prior Notes”); (ii) permanently finance the cost of various capital improvements in and by the Township in the amount of \$1,371,275; and (iii) pay the costs associated with the issuance of the Bonds. The following table sets forth certain information with respect to the bond ordinances authorizing the Bonds, including the amount of Bond proceeds used to refund the Prior Notes and the amount of new money.

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Prior Notes Being Refunded</u>	<u>Amount of New Money</u>	<u>Amount of Bond Proceeds</u>
14-20	Various Improvements	\$0	\$323,534	\$323,534
08-18	Various Improvements	0	131,795	131,795
20-01	Various Improvements	1,089,000	273,771	1,067,771
20-11	Various Improvements	1,930,000	209,500	2,139,500
21-17	Various Improvements	2,135,725	0	2,135,725
22-10	Various Improvements	2,580,000	432,675	3,012,675
24-03	Acquisition of a New Fire Truck	<u>900,000</u>	<u>0</u>	<u>900,000</u>
Total:		<u>\$8,634,725</u>	<u>\$1,371,275</u>	<u>\$9,711,000</u>

DESCRIPTION OF THE NOTES

The following is a summary of certain provisions of the Notes. Reference is made to the Notes themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Notes shall be dated and shall bear interest from their date of delivery, and will mature on the date and in the amount shown on the inside front cover page hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the inside front cover page hereof.

Denominations and Place of Payment

The Notes may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (including such necessary odd denominations) through book-entries made on the books and the records of DTC.

Redemption

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

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized and are to be issued pursuant to the Local Bond Law. The Notes are authorized by bond ordinances adopted by the governing body of the Township and by a resolution adopted by the governing body of the Township on October 28, 2025. Such bond ordinances were published in full, or in summary, after their adoption along with a statement to the effect that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the accompanying bond ordinance can be commenced began to run from the date of the first publication of such estoppel 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 any person shall be barred from questioning the sale, execution or delivery of such obligations.

Proceeds of the Notes, along with other available funds of the Township in the amount of \$305,000, will be used to: (i) refund, on a current basis, a portion of the Prior Notes; (ii) temporarily finance the cost of various capital improvements in and by the Township in the amount of \$1,197,000; and (iii) pay the costs of issuing the Notes. The following table sets forth certain information with respect to the bond ordinances authorizing the Notes, including the amount of Note proceeds used to refund the Prior Notes and the amount of new money.

General Capital

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Prior Notes Being Refunded</u>	<u>Amount of New Money</u>	<u>Amount to be Issued in Notes</u>
08-18	Various Improvements	\$0	\$750,000	\$750,000
21-17	Various Improvements	<u>102,905</u>	<u>0</u>	<u>97,905</u>
Total:		<u>\$102,905</u>	<u>\$750,000</u>	<u>\$847,905</u>

Water Utility

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Prior Notes Being Refunded</u>	<u>Amount of New Money</u>	<u>Amount to be Issued in Notes</u>
20-12	Various Water Utility Improvements	\$706,000	\$0	\$628,000
21-18	Various Water Utility Improvements	554,500	0	492,500
22-11	Various Water Utility Improvements	1,113,800	0	1,063,800
23-12	Various Water Utility Improvements	1,150,000	447,000	1,517,000
24-04	Various Water Utility Improvements	<u>400,000</u>	<u>0</u>	370,000
Total:		<u>\$3,924,300</u>	<u>\$447,000</u>	<u>\$4,071,300</u>
Grand Total:				<u>\$4,919,205</u>

SECURITY AND SOURCE OF PAYMENT

The Bonds and 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 real property within the Township without limitation as to rate or amount; provided, however, that the rights of the holders of the Bonds and the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See "BONDHOLDERS' AND NOTEHOLDERS' REMEDIES IN THE EVENT OF DEFAULT" and "MUNICIPAL BANKRUPTCY" herein.

SUMMARY OF CERTAIN STATUTORY PROVISIONS RELATING TO MUNICIPAL AND COUNTY DEBT AND FINANCIAL REGULATION

Set forth below is a summary of various statutory provisions and requirements relevant to the Township's debt and financial regulation and budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

Legal Framework

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 financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of such projects. Generally, all bonds and notes issued by a local unit are general full faith and credit obligations.

Debt Limit

The authorized bonded indebtedness of a local unit is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3½%), in the case of a municipality, and two percent (2%), in the case of a county, of its average equalized valuation basis. The average equalized valuation basis of a local unit is set by statute as the average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Exceptions to Debt Limit - Extensions of Credit

Except for the funding of certain notes, the authorization of certain bonds for municipal utility purposes, if the utilities are self-liquidating, and certain formula allowances, the debt limit of a local unit may be exceeded only with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs of the State (the "Local Finance Board"), a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, a local unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of a local unit or substantially reduce the ability of a local unit to meet its obligations or to provide essential public improvements or services, or makes other statutory determinations, approval is granted.

Short-Term Financing

Pursuant to the Local Bond Law, a local unit may sell short-term notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Any such note is designated a "bond anticipation note". Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as the same may be amended and supplemented, creating such capital expenditure. Bond anticipation notes, which are full faith and credit obligations of the local unit, may be issued for a period not exceeding one (1) year and may be renewed from time to time for a period that does not exceed one (1) year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is

paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Assessment Bonds

Assessment bonds may be issued pursuant to the Local Bond Law in annual serial installments with the first principal payment due within two (2) years and the final principal payment due within twenty (20) years of an issue's date. No principal payment may be larger than a prior year's principal payment.

Refunding Bonds

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, temporary emergency appropriations, advance funding of pension obligations as part of an early retirement program offered by the State, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Local Finance Board must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof; provided, however, that the issuance of refunding bonds to realize debt service savings on outstanding obligations does not require Local Finance Board approval when authorized by conditions set forth in rules and regulations of the Local Finance Board and upon a resolution adopted by a two-thirds ($\frac{2}{3}$) vote of the full membership of the governing body of the local unit.

Tax Anticipation Notes

Tax anticipation notes may be issued pursuant to the Local Budget Law (as hereinafter defined). The issuance of tax anticipation notes is limited in amount by law to collectively thirty percent (30%) of the tax levy plus thirty percent (30%) of realized miscellaneous revenues of the next preceding fiscal year. Tax anticipation notes must be paid in full within one hundred and twenty (120) days of the close of the fiscal year in which they were issued.

School Debt Subject to Voter Approval

State law permits a school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit, by using the available borrowing capacity of the municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

The Local Budget Law

The foundation of the State local finance system is the annual cash basis budget. Under N.J.S.A. §40A:4-1 et seq. (the "Local Budget Law"), every local unit must adopt an operating budget in the form required by the Division of Local Government Services in the Department of Community Affairs of the State (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it is certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the chief financial officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt

redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes and (e) other reserves and nondisbursement items. Anticipated tax revenues are limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections. Anticipated non-tax revenues are limited to the amount actually realized the previous year unless the Director permits higher levels of anticipation should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary 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 (deficit) must be raised in the succeeding year's budget.

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director shall transmit to the County Board a certificate setting forth the amount required for the operation of the local unit for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges and changes in revenues, but excluding the amount to be raised by taxes for school purposes where required to be included in the municipal budget. The certificate shall be prepared by using the revenues and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year. See the subcaption "Tax Assessment and Collection Procedure" below.

Appropriations Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. §40A:4-57 states that "no officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose".

Appropriation Caps

Chapter 89 of the New Jersey Laws of 1990 extended and amended Chapter 203 of the New Jersey Laws of 1986 and Chapter 68 of the New Jersey Laws of 1976 (N.J.S.A. §40A:4-45.3), commonly referred to as the "CAP Law". The CAP Law places limits on county tax levies and municipal expenditures. This limitation is commonly referred to as a "CAP". The actual calculation of the CAP is somewhat complex and the actual CAP computations are prepared by the Division and distributed to each municipality. In addition to the CAP increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sale of municipal assets and increased expenditures mandated by State and federal laws. Appropriations for items excluded from the CAP computation, including debt service requirements, may be set at any necessary level and are not subject to the CAP. The CAP may be exceeded if approved by referendum of the voters of the municipality.

In summary, in determining the CAP for each budget year, the prior year's total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by two and one-half percent (2½%) or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce) (the "Cost-of-Living Adjustment"), whichever is less, thereby producing the basic CAP, which then may be increased by certain known increases in revenues and State or federal expenditures mandated after July 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage up to, but not to exceed, three and one half percent (3½%). A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

Property Tax Levy Cap

Chapter 44 of the Pamphlet Laws of 2010 imposed restrictions upon the allowable annual increase in the tax levy. In general, municipalities have their tax levies limited to a two percent (2%) increase. The tax levy is subject to certain adjustments, including the sum of new ratables. In addition, the following exclusions are added to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of two percent (2%); increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The law also authorizes a municipality to submit public questions to the voters for approval (by affirmative vote of at least fifty percent (50%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Miscellaneous Revenues

A provision in the Local Budget Law (N.J.S.A. §40A:4-26) provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [Director] shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit".

In addition, budget amendments must be approved by the Director, except federal and State categorical grants-in-aid contracts may be realized for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

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. N.J.S.A. §40A:4-29, which governs the anticipation of delinquent tax collections, provides that: "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year".

N.J.S.A. §40A:4-41 provides, with regard to current taxes, that: “[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year”.

This provision and N.J.S.A. §40A:4-40 require that an additional amount, commonly known or referred to as the “reserve for uncollected taxes”, be added to the tax levy required to balance the budget so that when the percentage of the prior year’s tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

The levy required to balance the budget, divided by the prior year’s percentage of current tax collection (or lesser percent) levied, will equal the total taxes to be levied for the current fiscal year.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey authorizes any municipality to sell its “total property tax levy” to the highest responsible bidder therefor in accordance with the procedures and limitations set forth therein.

Upon the filing of certified adopted budgets by (i) a local governmental unit, (ii) a local and/or a regional school district, (iii) the county in which the local governmental unit is situated and (iv) any special improvement districts within the local governmental unit, the current year’s tax rate is struck by a county’s board of taxation based upon the amount of taxes required in each taxing district to fund the respective budgets.

Emergency Appropriations/Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. §40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by a local unit. However, with minor exceptions set forth below, such appropriations must be included in full in the following year’s budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this clause (ii) may be amortized over five (5) years. N.J.S.A. §40A:4-53, -54, -55 and -55.1. 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 the CAP Law, emergency appropriations aggregating less than three percent (3%) of the previous year’s final current operating appropriations may be raised in the portion of the local unit’s budget outside the CAP if approved by at least two-thirds ($\frac{2}{3}$) of the members of the governing body and the Director. Emergency appropriations that aggregate more than three percent (3%) of the previous year’s

final current operating appropriations must be raised within the CAP. Emergency appropriations for debt service, capital improvements, the local unit's share of federal or State grants and other statutorily permitted items are outside the CAP.

Budget Transfers

Budget transfers provide a local unit with a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A. §40A:4-58 until the last two (2) months of the fiscal year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget (N.J.S.A. §40A:4-59). Both types of transfers require a two-thirds ($\frac{2}{3}$) vote of the full membership of the governing body. However, no transfers may be made (a) to appropriations for contingent expenses, deferred charges or emergency appropriations or (b) from appropriations for contingent expenses, deferred charges, cash deficits of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal Public Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Capital Budget

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 the next ensuing six (6) 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 three (3) or six (6) 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 by the annual operating budget if the items were detailed.

Fiscal Year Adjustment Law

Chapter 75 of the Pamphlet Laws of 1991, signed into law on March 28, 1992, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year (N.J.S.A. §40A: 4-3.1). Municipalities that change fiscal years must adopt a six (6) month transition budget for January to June. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the law authorizes the issuance of fiscal year adjustment bonds to fund the one time deficit for the six (6) month transition budget (N.J.S.A. §40A:2-51.2). The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of fiscal year adjustment bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must

confirm the actual deficit experienced by the municipality. The municipality then may issue fiscal year adjustment bonds to finance the deficit on a permanent basis. The purpose of the law is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue fiscal year adjustment bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law (as hereinafter defined) which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Tax Assessment and Collection Procedure

A local governmental unit is the entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and the school district. The levying of taxes is for a fiscal year, which starts July 1 and ends June 30. The collection of taxes to support a local governmental unit's current budget requirement is based upon a calendar year, January 1 to December 31.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax moneys by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year with any balance transferred by June 30 (the end of the school district's fiscal year). A municipality remits one hundred percent (100%) of the county taxes, payable quarterly on the fifteenth days of February, May, August and November.

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

Tax bills are sent in June of the current fiscal year. Taxes are payable in four (4) quarterly installments on the first days of February, May, August and November. The August and November tax

bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter ($\frac{1}{4}$) or one-half ($\frac{1}{2}$) of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. Prior to the first day of February in each year, a municipality 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 on or before the first day of April of the current tax year for its review. The County Board has the authority after a hearing to increase, 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 believes the petition was unsatisfactorily reviewed by the County Board, appeal of the decision may be made to the Tax Court of New Jersey for further hearing. Tax Court of New Jersey appeals tend to take several years to conclude by settlement or trial and any losses in tax collections from prior years, after an unsuccessful trial or by settlement, are charged directly to operations or with the permission of the Local Finance Board, may be refinanced, generally over a three (3) to five (5) year period.

The Local Fiscal Affairs Law

N.J.S.A. §40A:5-1 et seq. (the “Local Fiscal Affairs Law”) regulates the nonbudgetary 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 and commissions.

An independent examination of the local unit’s accounts must be performed annually by a State licensed registered municipal accountant. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvements 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 thirty (30) days of its completion.

A local unit’s funds are invested strictly in accordance with the provisions of the Local Fiscal Affairs Law, in particular N.J.S.A. §40A:5-12.1. A local unit is not authorized to invest funds in derivative products or reverse repurchase agreements.

Basis of Accounting

The accounting policies applicable to local governmental units have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets - Property and equipment purchased through the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized.

A local unit finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund.

Expenditures are comprised of those made for general purposes, certain expenditures made from restricted federal, State and private grants, certain federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general purposes include payments made primarily in support of a local unit's various departments.

BONDHOLDERS' AND NOTEHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Neither the Bonds or the Notes nor the proceedings with respect thereto specifically provide any remedies to the bondholders or the noteholders if the Township defaults in the payment of principal or interest on the Bonds or the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the bondholders or the noteholders upon the occurrence of such default. Upon any default in the payment of the principal or interest on a Bond or a Note, a bondholder or a noteholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Township to levy and collect a tax upon all taxable property within the Township, without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds or the Notes as the same shall come due. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal or interest on the Bonds or the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies. See the caption "MUNICIPAL BANKRUPTCY" herein.

MUNICIPAL BANKRUPTCY

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained. The powers of the Municipal Finance Commission of New Jersey have been vested in the Local Finance Board.

Bankruptcy proceedings by the Township could have adverse effects on the bondholders and the noteholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the Township after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds and the Notes. The federal bankruptcy act contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors, such as the holders of general obligation indebtedness or the Bonds or the Notes, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the federal bankruptcy act cannot be predicted and may be significantly affected by judicial interpretation.

The above references to the federal bankruptcy act are not to be construed as an indication that the Township expects to resort to the provisions of the federal bankruptcy act or that, if it did, such action would be approved by the Municipal Finance Commission.

NO DEFAULT

There is no record of default in the payment of principal of or interest on bonds or notes of the Township.

ABSENCE OF MATERIAL LITIGATION

In the opinion of the Township Attorney, John M. Iacofano, Esquire, Morristown, New Jersey (the “Township Attorney”), no litigation of any nature is now pending or, to the Township Attorney’s knowledge, threatened restraining or enjoining the issuance or delivery of the Bonds or the Notes or the levy or collection of any taxes to pay the interest on or principal of the Bonds or the Notes, or in any manner questioning the authority or proceedings for the issuance of the Bonds or the Notes or for the levy or collection of said taxes, or relating to the Bonds or the Notes or affecting the validity thereof or the levy or collection of said taxes, and neither the corporate existence or boundaries of the Township nor the title of any of the present officers thereof to their respective offices is being contested, and no authority or proceedings for the issuance of the Bonds or the Notes has or have been repealed, revoked or rescinded. A signed statement to that effect will be supplied upon delivery of the Bonds and the Notes. In the opinion of the Township Attorney, there is no litigation pending or, to his knowledge, threatened against the Township which if adversely decided would have a material adverse effect on the financial condition of the Township or which is not otherwise adequately covered by Township insurance.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Bonds and Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Bonds and Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Bonds and Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and

statements of reasonable expectations made by the Township in connection with the Bonds and Notes, and Bond Counsel has assumed compliance by the Township with certain provisions and procedures set forth in the Arbitrage and Use of Proceeds Certificate of the Township to be delivered in connection with the issuance of the Bonds and Notes.

In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Bonds and Notes is not included in gross income under the New Jersey Gross Income Tax Act.

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences arising with respect to the Bonds and Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any future action, taken or not taken, any fact or circumstance that may come to its attention, or any change in law or interpretation thereof, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds and Notes.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds and the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds and the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Township has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds and the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds and the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond or a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds and the Notes.

Prospective owners of the Bonds and the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Bonds and the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond or Note Premium

In general, if an owner acquires a Bond or a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond or the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”) or “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Bond or Premium Note must amortize the bond or note premium over the remaining term of the Premium Bond or Premium Note, based on the owner’s yield over the remaining term of the Premium Bond or Premium Note determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond or Premium Note must amortize the bond or note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond or note premium allocable to that period. In the case of a tax-exempt Premium Bond or Premium Note, if the bond or note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond or Premium Note may realize a taxable gain upon disposition of the Premium Bond or Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds or Premium Notes should consult their own tax advisors regarding the treatment of bond or note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond or note premium on, sale, exchange, or other disposition of Premium Bonds or Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds and the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond or a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds and the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether

currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding the foregoing matters.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds and the Notes **will not** be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

SECONDARY MARKET DISCLOSURE

Bonds

In order to assist the underwriter of the Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the Township has undertaken to provide, on or before the first day of the tenth month after the close of each fiscal year while the Bonds are outstanding, commencing with the fiscal year ended December 31, 2025, for filing with the Municipal Securities Rulemaking Board (the “MSRB”), on an annual basis, financial and operating information of the type hereinafter described and included in this Official Statement, which is referred to herein as “Annual Information”, together with the annual financial statements of the Township prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards and mandated State statutory principles as in effect from time to time for municipalities. In addition, the Township has undertaken, for the benefit of the holders of the Bonds, to provide to the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Annual Information with respect to the Township means annual information concerning the Township which consists of financial and operating data of the Township of the type included in Appendix A to this Official Statement relating to the following: (i) property tax levies and collections; (ii) assessed value of taxable property; (iii) property tax rates; and (iv) outstanding debt.

The Notices include notices of any of the following events with respect to the Bonds: (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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than mandatory sinking fund redemptions) if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, 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 (as defined in Rule 15c2-12) of the Township, if material, or

agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Township, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

Notes

In order to assist the underwriter of the Notes in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the Township has undertaken to provide to the Municipal Securities Rulemaking Board (the “MSRB”), in a timely manner not in excess of ten (10) business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Notices include notices 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 of determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls (other than mandatory sinking fund redemptions), 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 (as defined in Rule 15c2-12) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Township, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

Bonds and Notes

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the Township, and no person, including any holder of the Bonds and the Notes, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The undertaking, however, may be amended or modified without consent of the holders of the Bonds and the Notes under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Township upon the delivery of the Bonds and the Notes will be on file at the office of the Township Clerk.

The Township has previously entered into secondary market disclosure undertakings in accordance with Rule 15c2-12. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information with the MSRB as required under its prior secondary market disclosure undertakings.

CERTAIN RISK FACTORS

Public Health Considerations

The financial and operating condition of the District may be materially affected by a national or localized outbreak of an infectious disease, such as the outbreak of avian influenza, measles, COVID-19, or other highly contagious or epidemic disease. There can be no assurances that the occurrence of such an event or outbreak, in the State, nationally and globally, will not materially affect the Township, State and national economies and accordingly, materially adversely affect the operations and financial condition of the Township. The Township cannot predict the effects of such events.

Climate

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes 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. 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.

Cyber Security

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security 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. No assurances can be given that the Township’s efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Township.

CREDIT RATINGS

Moody’s Investors Service, Inc. (“Moody’s”), has assigned rating of “Aa1” to the Bonds and “MIG 1” to the Notes. Such ratings reflect only the view of such organization and an explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, Inc., at 7 World Trade Center at 250 Greenwich Street, New York, New York. There is no assurance such ratings will continue for a given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating

agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds and the Notes.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____ (the “Bond Underwriter”) at a price of \$ _____ and the Notes have been purchased from the Township at a public sale by _____ (the “Note Underwriter”, and collectively with the Bond Underwriter, the “Underwriters”) at a purchase price of \$ _____. The Underwriters intend to offer the Bonds and the Notes to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds and the Notes to the public. The Underwriters may offer and sell the Bonds and the Notes to certain dealers (including dealers depositing the Bonds and the Notes into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriters without prior notice.

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 Bonds and Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Bonds and 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 the 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.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, the issuance, the sale and the delivery of the Bonds and the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Township, whose approving opinions will be delivered with the Bonds and the Notes substantially in the forms set forth in Appendix C hereto. Certain legal matters will be passed upon for the Township by the Township Attorney.

FINANCIAL STATEMENTS

Appendix B to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2024, 2023 and 2022. The audited financial data was compiled by Nisivoccia LLP, independent certified public accountants (the “Township Auditor”), and is included herein in reliance upon the authority of such firm. The Township Auditor has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

PREPARATION OF 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.

The Township Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report as presented in Appendix B.

Hawkins Delafield & Wood LLP and the Township Attorney have not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

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

Upon request, the Chief Financial Officer of the Township will confirm to the Underwriters, by certificate signed by the Chief Financial Officer, that to the knowledge of the Chief Financial Officer the descriptions and statements relating to the Township herein, as of the date of this Official Statement and as of the date of delivery of the Bonds and the Notes, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Lisa Palmieri, Business Administrator/Chief Financial Officer, 65 Mt. Hope Road, Rockaway, New Jersey 07866-1699, telephone (973) 627-2835 or to the Township's Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

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MISCELLANEOUS

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as part of any contract with the holders of the Bonds and the Notes.

This Official Statement has been duly executed on behalf of the Township by its Chief Financial Officer.

**THE TOWNSHIP OF ROCKAWAY, IN THE
COUNTY OF MORRIS, NEW JERSEY**

By: _____
Lisa Palmieri,
Business Administrator/Chief Financial Officer

Dated: November __, 2025

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP

INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The Township is in the Northwestern section of the County, approximately 35 miles west of New York City. The Township covers 45 square miles.

Formed in 1844, when the County divided some of its larger townships, the Township was so named for an Indian or Dutch word meaning "the place of sands." This district was among the first in America to actively work and mine iron ore. The Mount Hope and Mount Pleasant sections of the Township were first settled and mined during the Revolutionary War, when the County was the principal iron smelting center of the United States.

The population centers lie in the southern end of the Township. Picatinny Arsenal, a United States Military installation, occupies 10 square miles of the Township, while watershed lands owned by the cities of Jersey City and Newark occupy over six square miles of the Township.

Form of Government

The Township adopted the Mayor-Council Plan F of the Optional Municipal Charter (the “Faulkner Act”) in 1968. The governing body consists of an elected Mayor and an elected nine-member Council. The Mayor is elected for a four-year term by the entire Township electorate. As the Chief Executive Officer, the Mayor is responsible for overall government administration. The Charter provides for the Mayor's appointment of a municipal administrator supervising the daily operations of the Township.

Of the nine members on the Township Council, six are elected in separate wards and three are elected at large. Council members serve four-year terms and are vested with all legislative powers of the Township government.

Education

The Rockaway Township public school system is comprised of five elementary schools containing pre-kindergarten through grade 5, one middle school containing grades 6-8 and one administration building. In addition to the Township schools, there are two regional high schools operated by the Morris Hills Regional High School District for grades 9 through 12, to which bus transport is provided. The County College of Morris, a two-year accredited institution, is also in the immediate area.

¹ Source: The Township, unless otherwise indicated.

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	14,187	13,638	549	3.9%
2023	14,117	13,585	532	3.8%
2022	13,717	13,283	434	3.2%
2021	13,224	12,492	732	5.5%
2020	12,975	11,933	1,042	8.0%
<u>County</u>				
2024	279,349	269,026	10,323	3.7%
2023	277,601	267,970	9,631	3.5%
2022	270,692	262,237	8,455	3.1%
2021	262,746	248,792	13,954	5.3%
2020	261,458	241,897	19,561	7.5%
<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	\$139,383	\$134,929	\$101,050
Median Family Income	157,575	168,431	123,892
Per Capita Income	63,657	69,226	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>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	26,893	6.12%	523,053	2.70%	9,500,851	2.28%
2020	25,341	4.91	509,285	3.46	9,288,994	5.65
2010	24,156	5.35	492,276	4.69	8,791,894	4.49
2000	22,930	17.16	470,212	11.60	8,414,350	8.85
1990	19,572	-1.40	421,353	3.37	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>2023 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Rockaway Center Associates	\$210,235,200	4.25%
Tilcon	76,179,000	1.54%
WPG Rockaway Commons LLC	68,896,200	1.39%
Pondview Estates	58,197,800	1.18%
Rustic Ridge, Inc.	38,153,400	0.77%
MarketPlace at Rockaway, LLC	36,127,800	0.73%
Dover UE, LLC	30,200,000	0.61%
100 Commons Way LLC c/o Gannett	27,450,000	0.55%
Macy's	26,520,000	0.54%
Target Corp	<u>21,969,400</u>	<u>0.44%</u>
Total	<u>\$593,928,800</u>	<u>12.01%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024	\$135,636,687	\$133,990,847	98.79%
2023	130,555,033	129,397,664	99.11%
2022	126,303,684	124,972,316	98.95%
2021	122,394,588	121,143,671	98.98%
2020	119,529,961	118,318,443	98.99%

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>
2024	\$4,879,292	\$971,806	\$5,851,098	4.31%
2023	4,736,800	805,554	5,542,354	4.25%
2022	4,514,315	1,072,024	5,586,340	4.42%
2021	4,290,704	972,778	5,263,482	4.30%
2020	4,028,552	928,221	4,956,773	4.15%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$6,261,350
2023	6,261,350
2022	6,261,350
2021	6,261,350
2020	6,261,350

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2025	\$0.627	N/A	N/A	N/A	N/A
2024	0.630	0.980	0.687	0.267	2.564
2023	0.665	1.009	0.678	0.272	2.624
2022	0.706	1.059	0.683	0.274	2.722
2021	0.276	1.117	0.717	0.728	2.838

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>
2024	\$5,273,589,000	\$5,716,008,021	92.26%	\$0	\$5,716,008,021
2023	4,946,661,000	5,666,278,351	87.30	0	5,666,278,351
2022	4,615,515,400	5,202,925,713	88.71	0	5,202,925,713
2021	4,295,071,200	4,825,922,697	89.00	0	4,825,922,697
2020	4,202,110,400	4,504,352,449	93.29	0	4,504,352,449

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	\$45,933,200	\$3,879,124,600	\$13,228,200	\$647,019,100	\$363,014,900	\$325,269,000	\$5,273,589,000
2023	44,035,700	3,638,485,800	11,956,500	639,626,000	331,218,200	281,338,800	4,946,661,000
2022	42,732,300	3,359,721,200	11,644,100	685,902,200	297,179,900	218,335,700	4,615,515,400
2021	44,486,800	3,154,729,900	10,431,700	666,972,500	258,146,600	160,303,700	4,295,071,200
2020	45,260,500	3,084,985,700	9,409,800	668,025,900	252,671,300	141,757,200	4,202,110,400

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 past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$3,878,565	\$4,400,000	\$4,844,100	\$4,500,000	\$4,700,000
Miscellaneous Revenues	4,846,652	4,697,828	5,701,893	6,103,946	6,919,652
Receipts from Delinquent Taxes	671,500	750,000	881,725	801,200	775,000
Amount to be Raised by Taxation	<u>30,965,904</u>	<u>32,312,557</u>	<u>32,565,113</u>	<u>32,911,474</u>	<u>32,629,689</u>
Total Revenue:	<u>\$40,362,621</u>	<u>\$42,160,385</u>	<u>\$43,992,831</u>	<u>\$44,316,620</u>	<u>\$45,024,340</u>
<u>Appropriations</u>					
General Appropriations	\$31,972,427	\$33,298,811	\$35,113,107	\$35,618,250	\$35,993,193
Operations (Excluded from CAPS)	2,007,611	1,978,991	2,496,395	2,287,713	2,620,261
Deferred Charges and Statutory Expenditures	729,640	768,640	38,000	40,000	968,000
Capital Improvement Fund	200,000	700,000	200,000	200,000	200,000
Municipal Debt Service	2,162,943	2,123,943	2,855,329	2,880,657	1,952,886
Reserve for Uncollected Taxes	<u>3,290,000</u>	<u>3,290,000</u>	<u>3,290,000</u>	<u>3,290,000</u>	<u>3,290,000</u>
Total Appropriations:	<u>\$40,362,621</u>	<u>\$42,160,385</u>	<u>\$43,992,831</u>	<u>\$44,316,620</u>	<u>\$45,024,340</u>

Source: Annual Adopted Budgets of the Township

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>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024	\$8,260,731	\$4,700,000
2023	7,389,872	4,500,000
2022	7,253,943	4,844,100
2021	7,080,531	4,400,000
2020	6,250,258	3,878,565

Source: Annual Audit Reports of the Township

Water Utility Operating Fund

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

<u>Fund Balance - Water Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$2,369,473	\$341,724
2023	2,240,967	468,900
2022	2,067,342	421,144
2021	2,038,336	464,265
2020	1,711,951	424,387

Source: Annual Audit Reports of the Township

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Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$3,017,000
Bond Anticipation Notes	8,737,630
Bonds and Notes Authorized but Not Issued	4,635,179
Other Bonds, Notes and Loans	0
Total:	<u>\$16,389,809</u>

Local School District Debt

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

Regional School District Debt

Serial Bonds	\$5,742,010
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$5,742,010</u>

Self-Liquidating Debt

Serial Bonds	\$1,076,000
Bond Anticipation Notes	3,924,300
Bonds and Notes Authorized but Not Issued	1,566,380
Other Bonds, Notes and Loans	0
Total:	<u>\$6,566,680</u>

TOTAL GROSS DEBT

\$28,698,499

Less: Statutory Deductions	
General Purpose Debt	\$226,578
Local School District Debt	0
Regional School District Debt	5,742,010
Self-Liquidating Debt	6,566,680
Total:	<u>\$12,535,268</u>

TOTAL NET DEBT

\$16,163,231

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	\$0	100.00%	\$0
Regional School District	11,800,000	48.66%	5,742,010
County	422,752,707	4.56%	<u>19,260,060</u>
Net Indirect Debt			\$25,002,069
Net Direct Debt			<u>16,163,231</u>
Total Net Direct and Indirect Debt			<u>\$41,165,300</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$5,528,404,028
Permitted Debt Limitation (3 1/2%)	193,494,141
Less: Net Debt	<u>16,163,231</u>
Remaining Borrowing Power	<u>\$177,330,910</u>
Percentage of Net Debt to Average Equalized Valuation	0.292%
Gross Debt Per Capita based on 2023 population of 26,893	\$1,067
Net Debt Per Capita based on 2023 population of 26,893	\$601

Source: Annual Debt Statement of the Township

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

APPENDIX B
FINANCIAL STATEMENTS OF THE TOWNSHIP

TOWNSHIP OF ROCKAWAY
FINANCIAL STATEMENTS
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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Rockaway
Rockaway, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* – of the various funds and account group of the Township of Rockaway in the County of Morris (the "Township") as of, and for the years ended December 31, 2024 and 2023, and the related notes to financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Township as of December 31, 2024 and 2023, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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 accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2024 and 2023, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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 prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. 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.

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

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

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

The Honorable Mayor and Members
of the Township Council
Township of Rockaway
Page 3

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.

Mount Arlington, New Jersey
May 23, 2025

NISIVOCCIA LLP

Nisivoccia LLP

TOWNSHIP OF ROCKAWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	\$ 45,909,986.33	\$ 42,825,325.09	\$ 41,035,630.21
Change Fund	800.00	800.00	800.00
	<u>45,910,786.33</u>	<u>42,826,125.09</u>	<u>41,036,430.21</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	971,805.86	805,553.74	1,072,024.40
Tax Title Liens Receivable	4,879,291.75	4,736,800.32	4,514,315.36
Property Acquired for Taxes at Assessed Valuation	6,261,350.00	6,261,350.00	6,261,350.00
Revenue Accounts Receivable	826,728.62	1,415,911.25	593,212.66
Sewer Maintenance Charges Receivable	53,499.26	78,849.68	104,673.34
Due Water Utility Operating Fund	600,000.00	600,000.00	600,000.00
	<u>13,592,675.49</u>	<u>13,898,464.99</u>	<u>13,145,575.76</u>
TOTAL ASSETS	<u>\$ 59,503,461.82</u>	<u>\$ 56,724,590.08</u>	<u>\$ 54,182,005.97</u>

TOWNSHIP OF ROCKAWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	\$ 1,546,203.57	\$ 1,928,232.67	\$ 1,240,660.33
Unencumbered	6,199,581.17	5,439,560.42	4,605,116.29
	<u>7,745,784.74</u>	<u>7,367,793.09</u>	<u>5,845,776.62</u>
Commitments Payable - Vendors	3,494,553.24	3,491,368.18	3,386,464.59
Prepaid Taxes	1,036,517.55	779,144.65	651,036.51
Tax Overpayments	57.38	1,433.41	57.38
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions	17,514.37	14,014.37	16,188.34
Due Other Trust Funds		400,000.00	
Due General Capital Fund	14,789,316.30	13,695,254.45	15,456,036.73
Due Water Utility Capital Fund			11,583.00
Deposits on Redemption of Third Party Lien Certificates	1,696.83	1,696.83	1,696.83
Reserve for:			
Sale of Municipal Assets	96,726.45	96,726.45	96,726.45
Appropriated Grant Funds	801,882.05	336,367.17	334,713.31
Unappropriated Grant Funds	14,193.55	3,955.36	19,573.22
Sewer Districts	714,209.25	1,111,522.41	1,018,617.58
Contingencies - Pending Tax Appeals	8,693,103.79	7,774,418.49	6,731,057.33
Revaluation of Property	60,000.00	60,000.00	60,000.00
Garden State Preservation Trust Fund		17,674.00	
Municipal Relief Fund Aid		157,884.53	78,959.12
Pond View Estates - Restricted Donation	184,500.00	127,000.00	74,000.00
	<u>37,650,055.50</u>	<u>35,436,253.39</u>	<u>33,782,487.01</u>
Reserve for Receivables and Other Assets	13,592,675.49	13,898,464.99	13,145,575.76
Fund Balance	8,260,730.83	7,389,871.70	7,253,943.20
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 59,503,461.82</u></u>	<u><u>\$ 56,724,590.08</u></u>	<u><u>\$ 54,182,005.97</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 4,500,000.00	\$ 4,844,100.00	\$ 4,400,000.00
Miscellaneous Revenue Anticipated	7,458,834.78	7,444,725.48	4,785,268.66
Receipts from:			
Delinquent Taxes	870,884.04	1,057,989.24	950,352.60
Current Taxes	133,990,847.21	129,397,663.76	124,972,316.40
Nonbudget Revenue	1,539,739.77	1,018,547.95	1,042,625.89
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	2,434,666.59	1,642,451.97	2,130,775.17
Cancellation of Commitments Payable		400.50	2,500.00
Cancellation of Tax Overpayments		30.27	
Total Income	<u>150,794,972.39</u>	<u>145,405,909.17</u>	<u>138,283,838.72</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes	41,525,877.08	41,677,775.99	39,274,689.78
County Taxes	14,110,329.46	13,499,104.16	12,679,573.55
Local School District Taxes	51,651,453.00	49,891,279.00	48,842,622.00
Regional High School Taxes	36,178,541.00	33,513,350.00	31,486,499.00
Local Open Space Trust Fund Taxes	396,670.82	373,011.98	347,884.28
Reserve for Contingencies - Pending Tax Appeals	1,500,000.00	1,400,000.00	1,000,000.00
Refund of Prior Year Revenue - Taxes	57,991.90	37,736.04	33,903.26
Refund of Prior Year Revenue - Other		31,873.50	43,400.57
Prior Year Senior Citizens' Deductions Disallowed	1,500.00	1,750.00	1,854.11
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions (Taxation Audit)	1,750.00		
Total Expenditures	<u>145,424,113.26</u>	<u>140,425,880.67</u>	<u>133,710,426.55</u>
Excess in Revenue	5,370,859.13	4,980,028.50	4,573,412.17
<u>Fund Balance</u>			
Balance January 1	7,389,871.70	7,253,943.20	7,080,531.03
	<u>12,760,730.83</u>	<u>12,233,971.70</u>	<u>11,653,943.20</u>
Decreased by:			
Utilized as Anticipated Revenue	4,500,000.00	4,844,100.00	4,400,000.00
Balance December 31	<u>\$ 8,260,730.83</u>	<u>\$ 7,389,871.70</u>	<u>\$ 7,253,943.20</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2024		2023		2022	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 4,500,000.00	\$ 4,500,000.00	\$ 4,844,100.00	\$ 4,844,100.00	\$ 4,400,000.00	\$ 4,400,000.00
Miscellaneous Revenue Anticipated	6,603,203.34	7,458,834.78	6,676,838.49	7,444,725.48	5,102,133.28	4,785,268.66
Receipts from Delinquent Taxes	801,200.00	870,884.04	881,725.00	1,057,989.24	750,000.00	950,352.60
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes	31,022,716.47	33,055,094.93	30,830,806.00	33,676,611.62	30,703,918.00	33,297,098.57
Local Tax for Municipal Library	1,888,758.00	1,888,758.00	1,734,307.00	1,734,307.00	1,608,639.00	1,608,639.00
Nonbudget Revenue		1,539,739.77		1,018,547.95		1,042,625.89
	<u>\$ 44,815,877.81</u>	<u>\$ 49,313,311.52</u>	<u>\$ 44,967,776.49</u>	<u>\$ 49,776,281.29</u>	<u>\$ 42,564,690.28</u>	<u>\$ 46,083,984.72</u>

TOWNSHIP OF ROCKAWAY
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,				Unexpended Balance Canceled		
	2024		2023				
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations for Municipal Purposes:							
Salaries and Wages	\$ 16,201,532.00	\$ 14,271,756.56	\$ 1,929,775.44	\$ 15,935,767.00	\$ 14,510,020.98	\$ 1,425,746.02	
Other Expenses	18,170,445.81	14,042,133.82	4,128,311.99	18,644,096.49	14,742,399.76	3,901,696.73	
Capital Improvements	200,000.00	200,000.00		200,000.00	200,000.00		
Debt Service	2,880,657.00	2,880,656.27		2,855,329.00	2,855,328.50		\$ 0.50
Deferred Charges and Statutory Expenditures	4,073,243.00	3,931,749.26	141,493.74	4,042,584.00	3,930,466.33	112,117.67	
Total Operations for Muni. Purposes	41,525,877.81	35,326,295.91	6,199,581.17	41,677,776.49	36,238,215.57	5,439,560.42	0.50
Reserve for Uncollected Taxes	3,290,000.00	3,290,000.00		3,290,000.00	3,290,000.00		
	\$ 44,815,877.81	\$ 38,616,295.91	\$ 6,199,581.17	\$ 44,967,776.49	\$ 39,528,215.57	\$ 5,439,560.42	\$ 0.50
Adopted Budget	\$ 44,316,620.36			\$ 43,992,831.17			
Budget Amendments	499,257.45			974,945.32			
	\$ 44,815,877.81			\$ 44,967,776.49			

2022

	For the Years Ended December 31,				Unexpended Balance Canceled		
	2022		2021				
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations for Municipal Purposes:							
Salaries and Wages	\$ 15,645,216.00	\$ 13,964,802.13	\$ 1,680,413.87	\$ 15,645,216.00	\$ 13,964,802.13	\$ 1,680,413.87	
Other Expenses	16,293,863.28	13,519,656.35	2,774,206.93	16,293,863.28	13,519,656.35	2,774,206.93	
Capital Improvements	700,000.00	700,000.00		700,000.00	700,000.00		
Debt Service	2,123,943.00	2,123,942.50		2,123,943.00	2,123,942.50		\$ 0.50
Deferred Charges and Statutory Expenditures	4,511,668.00	4,361,172.51	150,495.49	4,511,668.00	4,361,172.51	150,495.49	
Total Operations for Muni. Purposes	39,274,690.28	34,669,573.49	4,605,116.29	39,274,690.28	34,669,573.49	4,605,116.29	0.50
Reserve for Uncollected Taxes	3,290,000.00	3,290,000.00		3,290,000.00	3,290,000.00		
	\$ 42,564,690.28	\$ 37,959,573.49	\$ 4,605,116.29	\$ 42,564,690.28	\$ 37,959,573.49	\$ 4,605,116.29	\$ 0.50
Adopted Budget	\$ 42,160,384.97			\$ 41,755,238.51			
Budget Amendments	404,305.31			809,451.77			
	\$ 42,564,690.28			\$ 42,564,690.28			

TOWNSHIP OF ROCKAWAY
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Assessment Trust Fund			
Cash and Cash Equivalents	\$ 948,676.81	\$ 1,284,124.17	\$ 1,970,165.63
Assessments and Liens Receivable	94,172.15	108,724.79	131,371.33
	<u>1,042,848.96</u>	<u>1,392,848.96</u>	<u>2,101,536.96</u>
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	14,894.46	58,013.20	58,058.60
Collector	188.00	557.00	475.00
	<u>15,082.46</u>	<u>58,570.20</u>	<u>58,533.60</u>
Other Trust Funds:			
Cash and Cash Equivalents	20,125,983.85	20,336,873.29	21,559,905.63
Due Current Fund		400,000.00	
	<u>20,125,983.85</u>	<u>20,736,873.29</u>	<u>21,559,905.63</u>
TOTAL ASSETS	<u><u>\$ 21,183,915.27</u></u>	<u><u>\$ 22,188,292.45</u></u>	<u><u>\$ 23,719,976.19</u></u>
<u>LIABILITIES AND RESERVES</u>			
Assessment Trust Fund			
Reserve for Assessments and Liens	\$ 94,172.15	\$ 108,724.79	\$ 131,371.33
Assessment Fund Balance	948,676.81	1,284,124.17	1,970,165.63
	<u>1,042,848.96</u>	<u>1,392,848.96</u>	<u>2,101,536.96</u>
Animal Control Fund:			
Due State of New Jersey	19.20	57.00	14.40
Reserve for Animal Control Expenditures	15,063.26	58,513.20	58,519.20
	<u>15,082.46</u>	<u>58,570.20</u>	<u>58,533.60</u>

TOWNSHIP OF ROCKAWAY
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2024	2023	2022
Other Trust Funds:			
Premium on Tax Sale Certificates	\$ 433,300.00	\$ 682,900.00	\$ 1,038,100.00
Developers' Deposits and Performance Bonds	3,221,661.46	3,234,592.86	3,411,580.29
Sewer Connection Deposits	3,300.00	3,300.00	3,300.00
Building Escrow Deposits	656,677.70	648,405.76	617,094.64
Reserve for:			
State Unemployment Insurance	934,686.33	954,468.72	923,126.17
Recycling	217,631.94	441,491.16	520,616.19
Municipal Court Late Parking Fees	1,140.28	990.28	850.28
Uniform Fire Safety Inspections	285,408.22	247,710.71	220,111.88
Housing Inspections	2,724,667.91	2,709,254.81	2,595,786.35
Forfeited Assets	115,460.93	133,736.66	94,115.69
Municipal Alliance	32,636.69	22,756.59	30,637.84
Public Defender	12,428.50	4,049.00	10,849.00
Open Space	2,217,319.25	2,021,173.41	1,858,629.21
Aquatic Park - Picatinny Arsenal	345,422.43	345,422.43	345,422.43
D.A.R.E. Program	64.07	64.07	64.07
Storm Recovery	2,432,891.38	2,396,006.44	2,381,286.64
Self-Insurance	405,000.00	387,000.00	366,000.00
Accumulated Sick and Vacation Pay	5,752,781.03	6,253,514.24	6,961,139.53
Police Outside Employment	46,720.27	23,586.85	3,745.77
Fire Penalties	43,945.99	41,460.49	40,049.39
Recreation Trust	206,684.40	159,839.55	114,383.14
Recreation Donations	27,320.25	18,584.75	17,633.49
Seized and Safe Keeping Funds	6,084.82	5,564.51	5,383.63
Dedicated Fire Penalties	2,750.00	1,000.00	
	<u>20,125,983.85</u>	<u>20,736,873.29</u>	<u>21,559,905.63</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 21,183,915.27</u>	<u>\$ 22,188,292.45</u>	<u>\$ 23,719,976.19</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
ASSESSMENT TRUST FUNDS
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	December 31,		
	2024	2023	2022
Balance January 1,	\$ 1,284,124.17	\$ 1,970,165.63	\$ 1,942,159.61
Increased by:			
Collection of Unpledged Assessments	14,552.64	22,646.54	28,006.02
	14,552.64	22,646.54	28,006.02
Decrease by:			
Anticipated in Current Fund Budget	350,000.00	708,688.00	
	350,000.00	708,688.00	
Balance December 31,	\$ 948,676.81	\$ 1,284,124.17	\$ 1,970,165.63

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
ASSESSMENT OF TRUST FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Due from Current Fund	\$ 14,789,316.30	\$ 13,695,254.45	\$ 15,456,036.73
Grants Receivable:			
Morris County Community Development		53,426.00	157,383.24
NJ Department of Transportation	369,150.25	878,899.12	1,053,455.14
County of Morris Historic Preservation	199,250.00	497,188.00	386,178.00
Preserve NJ Historic Preservation Fund	204,876.00	334,108.00	334,108.00
NJ Wetlands Mitigation	302,150.00	302,150.00	302,150.00
NJ Highlands Council			133,233.78
Federal Emergency Management Agency Hazard Mitigation			100.00
Prospective Assessments Raised by Taxation	37,300.00	37,300.00	37,300.00
Deferred Charges to Future Taxation:			
Funded	3,017,000.00	5,162,000.00	7,307,000.00
Unfunded	13,372,809.00	13,054,809.00	13,633,879.00
TOTAL ASSETS	\$ 32,291,851.55	\$ 34,015,134.57	\$ 38,800,823.89
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	\$ 3,017,000.00	\$ 5,162,000.00	\$ 7,307,000.00
Bond Anticipation Notes Payable	8,737,630.00	6,204,630.00	5,410,700.00
Improvement Authorizations:			
Funded	9,441,410.11	11,937,400.50	13,351,778.43
Unfunded	7,228,138.69	7,487,875.15	9,770,451.81
Donation for Down Payments on Improvements	25,000.00	25,000.00	25,000.00
Developers' Agreements for Down Payments on Improvements	97,425.00	97,425.00	97,425.00
Capital Improvement Fund	2,532,002.50	1,963,393.50	1,763,393.50
Reserve for:			
Payment of Debt Service	226,578.39	226,578.39	226,578.39
Traffic Improvements	30,000.00	30,000.00	30,000.00
Prospective Assessments Raised by Taxation	37,300.00	37,300.00	37,300.00
Fund Balance	919,366.86	843,532.03	781,196.76
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 32,291,851.55	\$ 34,015,134.57	\$ 38,800,823.89

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	December 31,		
	2024	2023	2022
Balance January 1,	\$ 843,532.03	\$ 781,196.76	\$ 739,274.76
Increased by:			
Due from Current Fund:			
Premium on Sale of Bond Anticipation Notes	75,834.83	63,034.27	41,922.00
Decrease by:			
Cancellation of Grants Receivable		699.00	
Balance December 31,	\$ 919,366.86	\$ 843,532.03	\$ 781,196.76

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	\$ 6,662,362.94	\$ 8,398,935.25	\$ 8,154,606.96
Change Fund	200.00	200.00	200.00
	<u>6,662,562.94</u>	<u>8,399,135.25</u>	<u>8,154,806.96</u>
Receivables with Full Reserves:			
Inventory	202,305.35	274,820.07	196,861.87
Consumer Accounts Receivable and Water Utility Liens Receivable	198,756.46	183,934.62	207,633.97
	<u>401,061.81</u>	<u>458,754.69</u>	<u>404,495.84</u>
Total Receivables with Full Reserves			
Total Operating Fund	<u>7,063,624.75</u>	<u>8,857,889.94</u>	<u>8,559,302.80</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	112,124.50	112,124.50	112,124.50
Assessments and Liens Receivable	8,280.40	8,280.40	8,280.40
Prospective Assessments Funded	89,153.68	89,153.68	89,153.68
	<u>209,558.58</u>	<u>209,558.58</u>	<u>209,558.58</u>
Capital Fund:			
Due Current Fund			11,583.00
Due Water Utility Operating Fund	3,139,148.81	5,018,464.17	4,933,739.49
Fixed Capital	17,964,688.16	15,843,925.94	12,713,027.79
Fixed Capital Authorized and Uncompleted	11,259,839.63	12,022,101.85	13,423,000.00
	<u>32,363,676.60</u>	<u>32,884,491.96</u>	<u>31,081,350.28</u>
Total Capital Fund			
TOTAL ASSETS	<u>\$ 39,636,859.93</u>	<u>\$ 41,951,940.48</u>	<u>\$ 39,850,211.66</u>

TOWNSHIP OF ROCKAWAY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2024	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	\$ 435,759.12	\$ 410,766.51	\$ 312,982.32
Encumbered	76,993.97	94,719.38	62,395.79
	<u>512,753.09</u>	<u>505,485.89</u>	<u>375,378.11</u>
Due Current Fund	600,000.00	600,000.00	600,000.00
Due Water Utility Capital Fund	3,139,148.81	5,018,464.17	4,933,739.49
Water Rent Overpayments	22,301.40	13,577.24	158,615.57
Accrued Interest on Bonds	18,886.49	20,640.53	19,731.45
	<u>4,293,089.79</u>	<u>6,158,167.83</u>	<u>6,087,464.62</u>
Reserve for Receivables and Inventory	401,061.81	458,754.69	404,495.84
Fund Balance	<u>2,369,473.15</u>	<u>2,240,967.42</u>	<u>2,067,342.34</u>
Total Operating Fund	<u>7,063,624.75</u>	<u>8,857,889.94</u>	<u>8,559,302.80</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens	97,434.08	97,434.08	97,434.08
Fund Balance	<u>112,124.50</u>	<u>112,124.50</u>	<u>112,124.50</u>
Total Assessment Trust Fund	<u>209,558.58</u>	<u>209,558.58</u>	<u>209,558.58</u>
Capital Fund:			
Serial Bonds Payable	1,076,000.00	1,426,000.00	1,776,000.00
Bond Anticipation Notes Payable	3,924,300.00	3,030,500.00	1,495,000.00
Improvement Authorizations:			
Funded	1,897,701.88	2,583,480.02	3,213,250.71
Unfunded	2,253,006.29	3,370,914.23	2,746,336.51
Capital Improvement Fund	118,375.00	78,375.00	91,375.00
Developers' Deposits - Down Payments on Improvements	91,596.34	91,596.34	91,596.34
Reserve for:			
Payment of Debt Service			
Water Main Replacement	31,853.75	31,853.75	31,853.75
Equipment and Repairs	20,475.01	20,475.01	20,475.01
Amortization	19,230,711.75	19,230,765.44	17,847,827.79
Deferred Amortization	1,945,136.04	2,762,082.35	3,539,980.00
Fund Balance	<u>292,520.54</u>	<u>258,449.82</u>	<u>227,655.17</u>
Total Capital Fund	<u>32,363,676.60</u>	<u>32,884,491.96</u>	<u>31,081,350.28</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 39,636,859.93</u></u>	<u><u>\$ 41,951,940.48</u></u>	<u><u>\$ 39,850,211.66</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
WATER UTILITY OPERATING FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2024	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 468,900.00	\$ 421,144.00	\$ 464,265.00
Water Rents	2,755,577.23	2,683,818.59	2,684,340.08
Miscellaneous Revenue Anticipated	332,823.10	312,334.63	70,226.87
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	397,129.74	229,404.43	277,990.33
Total Income	<u>3,954,430.07</u>	<u>3,646,701.65</u>	<u>3,496,822.28</u>
<u>Expenditures</u>			
Operating	2,280,332.00	2,156,260.00	2,110,477.00
Capital Improvements	40,000.00	40,000.00	40,000.00
Debt Service	821,692.34	600,667.57	393,303.81
Deferred Charges and Statutory Expenditures	215,000.00	255,005.00	459,770.00
Total Expenditures	<u>3,357,024.34</u>	<u>3,051,932.57</u>	<u>3,003,550.81</u>
Excess in Revenues/Statutory Excess to Fund Balance	597,405.73	594,769.08	493,271.47
<u>Fund Balance</u>			
Balance January 1	2,240,967.42	2,067,342.34	2,038,335.87
	<u>2,838,373.15</u>	<u>2,662,111.42</u>	<u>2,531,607.34</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget	468,900.00	421,144.00	464,265.00
Balance December 31	<u>\$ 2,369,473.15</u>	<u>\$ 2,240,967.42</u>	<u>\$ 2,067,342.34</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
WATER UTILITY ASSESSMENT FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2024	2023	2022
Balance January 1,	\$ 112,124.50	\$ 112,124.50	\$ 112,124.50
Balance December 31,	\$ 112,124.50	\$ 112,124.50	\$ 112,124.50

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,		
	2024	2023	2022
Balance January 1,	\$ 258,449.82	\$ 227,655.17	\$ 216,072.17
Increased by:			
Premium on Bond Anticipation Notes	34,070.72	30,794.65	11,583.00
Balance December 31,	\$ 292,520.54	\$ 258,449.82	\$ 227,655.17

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2024		2023		2022	
	Budget	Realized	Budget	Realized	Budget	Realized
Operating Surplus Anticipated	\$ 468,900.00	\$ 468,900.00	\$ 421,144.00	\$ 421,144.00	\$ 464,265.00	\$ 464,265.00
Water Rents	2,650,000.00	2,755,577.23	2,600,000.00	2,683,818.59	2,450,000.00	2,684,340.08
Miscellaneous Revenue	250,000.00	332,823.10	50,000.00	312,334.63	100,000.00	70,226.87
	<u>\$ 3,368,900.00</u>	<u>\$ 3,557,300.33</u>	<u>\$ 3,071,144.00</u>	<u>\$ 3,417,297.22</u>	<u>\$ 3,014,265.00</u>	<u>\$ 3,218,831.95</u>

TOWNSHIP OF ROCKAWAY
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31, 2024			For the Years Ended December 31, 2023				
	Budget After Modification	Paid or Charged	Reserved	Cancelled	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:								
Salaries and Wages	\$ 844,482.00	\$ 548,750.65	\$ 295,731.35		\$ 855,910.00	\$ 544,851.16	\$ 311,058.84	
Other Expenses	1,435,850.00	1,295,822.23	140,027.77		1,300,350.00	1,200,642.33	99,707.67	
Capital Improvements:								
Capital Improvement Fund	40,000.00	40,000.00			40,000.00	40,000.00		
Debt Service:								
Payment of Bond Principal	350,000.00	350,000.00			350,000.00	350,000.00		
Payment of Bond Anticipation Notes	300,000.00	300,000.00			149,500.00	149,500.00		
Interest on:								
Bonds	30,018.00	26,656.41		\$ 3,361.59	47,018.00	33,656.40		\$ 13,361.60
Notes	153,550.00	145,035.93		8,514.07	73,361.00	67,511.17		5,849.83
Deferred Charges and Statutory Expenditures:								
Various Water Improvements	15,000.00	15,000.00			52,540.00	52,540.00		
Statutory Expenditures:								
Public Employees' Retirement System	92,400.00	92,400.00			98,000.00	98,000.00		
Contribution to Social Security System (O.A.S.I.)	107,600.00	107,600.00			104,465.00	104,465.00		
	<u>\$ 3,368,900.00</u>	<u>\$ 2,921,265.22</u>	<u>\$ 435,759.12</u>	<u>\$ 11,875.66</u>	<u>\$ 3,071,144.00</u>	<u>\$ 2,641,166.06</u>	<u>\$ 410,766.51</u>	<u>\$ 19,211.43</u>

	For the Years Ended December 31, 2022			
	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:				
Salaries and Wages	\$ 902,842.00	\$ 615,804.25	\$ 287,037.75	
Other Expenses	1,207,635.00	1,181,690.43	25,944.57	
Capital Improvements:				
Capital Improvement Fund	40,000.00	40,000.00		
Debt Service:				
Payment of Bond Principal	350,000.00	350,000.00		
Interest on Bonds and Notes	54,018.00	43,303.81		\$ 10,714.19
Deferred Charges and Statutory Expenditures:				
Various Water Improvements	268,400.00	268,400.00		
Statutory Expenditures:				
Public Employees' Retirement System	89,950.00	89,950.00		
Contribution to Social Security System (O.A.S.I.)	101,420.00	101,420.00		
	<u>\$ 3,014,265.00</u>	<u>\$ 2,690,568.49</u>	<u>\$ 312,982.32</u>	<u>\$ 10,714.19</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10,738.62	\$ 10,735.62	\$ 11,041.58
<u>TOTAL ASSETS</u>	<u>\$ 10,738.62</u>	<u>\$ 10,735.62</u>	<u>\$ 11,041.58</u>
 <u>RESERVE</u>			
Reserve for Public Assistance Expenditures	\$ 10,738.62	\$ 10,735.62	\$ 11,041.58
<u>TOTAL RESERVE</u>	<u>\$ 10,738.62</u>	<u>\$ 10,735.62</u>	<u>\$ 11,041.58</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2024	2023	2022
<u>ASSETS</u>			
Land	\$ 11,575,129.82	\$ 11,575,129.82	\$ 11,575,129.82
Building and Improvements	7,299,011.64	7,260,611.64	7,260,611.64
Equipment and Vehicles	25,464,078.26	21,132,255.27	20,797,376.77
<u>TOTAL ASSETS</u>	<u>\$ 44,338,219.72</u>	<u>\$ 39,967,996.73</u>	<u>\$ 39,633,118.23</u>
 <u>RESERVE</u>			
Reserve for Fixed Assets	\$ 44,338,219.72	\$ 39,967,996.73	\$ 39,633,118.23
<u>TOTAL RESERVE</u>	<u>\$ 44,338,219.72</u>	<u>\$ 39,967,996.73</u>	<u>\$ 39,633,118.23</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Rockaway include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Rockaway, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Rockaway do not include the operations of the municipal library or volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Rockaway conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 of Rockaway accounts for its financial transactions through the following separate funds:

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

Trust Funds - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

Assessment Trust Fund - Resources and expenditures for payment of Assessment Trust Fund debt.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

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

Water Utility Operating, Assessment Trust and Capital Funds - Account for the operations, resources and expenditures for payment of assessment debt and acquisition of capital facilities of the municipally owned water utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. The administration of and the cost of administration of the Public Assistance Trust Fund II assistance program was transferred to the County Welfare Agency in a prior year.

General Fixed Assets Account Group - Estimated value of land, buildings and certain fixed assets of the Township as discussed in Note 1E "Other significant accounting policies".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; inventories would not be reflected as expenditures at the time of purchase; fixed assets purchased by the Water Utility Capital Fund would be depreciated; investments would generally be stated at fair value; lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor; and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by financed purchase agreements.

- E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved.

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. Except for the Water Utility Operating Fund, where the value of inventory is offset by a reserve, the cost of inventories are not included on the various balance sheets.

General Fixed Assets – General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, the General Capital Fund and the Water Utility Operating and Capital Funds. The values recorded in the General Fixed Assets Account Group and the Operating and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water Utility Fund are recorded in the Water Utility Capital account at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve and Deferred Reserve for Amortization accounts in the Water Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current operating, utility, assessment and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 11,754,630	\$ 11,366,630	\$ 12,717,700
Water Utility:			
Bonds and Notes	5,000,300	4,456,500	3,271,000
Total Issued	<u>16,754,930</u>	<u>15,823,130</u>	<u>15,988,700</u>
Less - Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of Debt Service -			
General Capital Fund	226,578	226,578	226,578
Total Deductions	<u>226,578</u>	<u>226,578</u>	<u>226,578</u>
Net Issued	<u>16,528,352</u>	<u>15,596,552</u>	<u>15,762,122</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	4,635,179	6,850,179	8,223,179
Water Utility:			
Bonds and Notes	1,566,380	1,416,680	1,477,220
Total Authorized but not Issued	<u>6,201,559</u>	<u>8,266,859</u>	<u>9,700,399</u>
Net Bonds and Notes Issued			
and Authorized but not Issued	<u>\$ 22,729,911</u>	<u>\$ 23,863,411</u>	<u>\$ 25,462,521</u>

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .283%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District Debt	\$ 5,742,010	\$ 5,742,010	
General Debt	16,389,809	226,578	\$ 16,163,231
Water Utility Debt	6,566,680	6,566,680	
	<u>\$ 28,698,499</u>	<u>\$ 12,535,268</u>	<u>\$ 16,163,231</u>

Net Debt: \$16,163,231 divided by Average Equalized Valuations of \$5,719,005,782 of Real Property = .283%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 200,165,202
Net Debt	16,163,231
Remaining Borrowing Power	\$ 184,001,971

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,557,300
Deductions:	
Operating and Maintenance Cost	\$ 2,480,332
Debt Service	821,692
Total Deductions	3,302,024
Excess in Revenue	\$ 255,276

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/24</u>
Serial Bonds:				
General Capital	\$ 5,162,000		\$ 2,145,000	\$ 3,017,000
Water Utility	1,426,000		350,000	1,076,000
Bond Anticipation Notes:				
General Capital	6,204,630	\$ 3,075,000	542,000	8,737,630
Water Utility	3,030,500	1,193,800	300,000	3,924,300
Total	<u>\$ 15,823,130</u>	<u>\$ 4,268,800</u>	<u>\$ 3,337,000</u>	<u>\$ 16,754,930</u>
	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/23</u>
Serial Bonds:				
General Capital	\$ 7,307,000		\$ 2,145,000	\$ 5,162,000
Water Utility	1,776,000		350,000	1,426,000
Bond Anticipation Notes:				
General Capital	5,410,700	\$ 1,335,000	541,070	6,204,630
Water Utility	1,495,000	1,685,000	149,500	3,030,500
Total	<u>\$ 15,988,700</u>	<u>\$ 3,020,000</u>	<u>\$ 3,185,570</u>	<u>\$ 15,823,130</u>

The Township's debt issued and outstanding on December 31, 2024 is described as follows:

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
General Improvements	12/12/24	12/12/25	4.00%	<u>\$ 8,737,630</u>

General Capital Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u> <u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
General Improvements	07/15/25	\$ 650,000	2.30%	\$ 650,000
General Improvements	07/15/25	600,000	2.00%	
	07/15/26	600,000	2.125%	
	07/15/27	608,000	2.25%	1,808,000
Open Space	07/15/25	195,000	2.00%	
	07/15/26	195,000	2.125%	
	07/15/27	169,000	2.25%	<u>559,000</u>
				<u>\$ 3,017,000</u>

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Township's debt issued and outstanding on December 31, 2024 is described as follows:

Water Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Water Utility Improvements	12/12/24	12/12/25	4.00%	<u>\$ 3,924,300</u>

Water Utility Capital Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
	<u>Date</u>	<u>Amount</u>		
Water Improvements	07/15/25	\$ 350,000	2.00%	
	07/15/26	350,000	2.125%	
	07/15/27	376,000	2.25%	<u>\$ 1,076,000</u>

TOTAL DEBT ISSUED AND OUTSTANDING

\$16,754,930

Schedule of Annual Debt Service for Bonded Principal and Interest for the Next Three Years

<u>Calendar Year</u>	<u>General Capital</u>		<u>Water Utility Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,445,000	\$ 65,226	\$ 350,000	\$ 22,898	\$ 1,883,124
2026	795,000	34,376	350,000	15,898	1,195,274
2027	777,000	17,483	376,000	8,460	1,178,943
Total	<u>\$ 3,017,000</u>	<u>\$ 117,085</u>	<u>\$ 1,076,000</u>	<u>\$ 47,256</u>	<u>\$ 4,257,341</u>

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2024 which were appropriated and included as anticipated revenue in their own respective funds in the adopted budget for the year ending December 31, 2025 are as follows:

Current Fund	\$ 4,700,000
Water Utility Operating Fund	341,724

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2024, the Township had no deferred charges.

Note 5: Local and Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Rockaway has elected not to defer school taxes.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee’s Retirement System (PERS) or the State of New Jersey Police and Firemen’s Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 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.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$1,191,141 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$40,216 to the PERS for normal pension benefits on behalf of the Township.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2023, the Township's liability was \$12,895,566 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Township's proportion was 0.089%, which was a decrease of 0.011% from its proportion measured as of June 30, 2022. The Township has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to Township as of June 30, 2023.

For the year ended December 31, 2024, the Township recognized actual pension expense in the amount of \$1,191,141.

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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 a 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 16,787,283	\$ 12,895,566	\$ 9,583,200

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The 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:

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

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service 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.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of the retirement system, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual amounts over a period of 15 years which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation are considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to \$2,256,170 for the year ended December 31, 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$394,600 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$392,483.

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Township's liability for its proportionate share of the net pension liability was \$18,725,895. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Township's proportion was 0.1695%, which was an increase of 0.002% from its proportion measured as of June 30, 2022. The Township has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$3,450,464 as of June 30, 2023. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the State's proportion was 0.1695%, which was an increase of 0.002% from its proportion measured as of June 30, 2022 which is the same proportion as the Township's.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Township's Proportionate Share of the Net Pension Liability	\$	18,725,895
State's Proportionate Share of the Net Pension Liability Associated with the Township		3,450,464
Total Net Pension Liability	\$	22,176,359

For the year ended December 31, 2024, the Township recognized total pension expense of \$2,256,170.

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Thereafter	Not Applicable
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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 PFRS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the collective 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:

	June 30, 2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 30,898,874	\$ 22,176,359	\$ 14,912,588

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$14,310 for 2024. Employee contributions to DCRP were \$26,235 for 2024.

Note 7: Accrued Sick, Vacation and Floating Holiday Benefits

The Township has permitted employees to accrue unused vacation, sick and floating holiday pay, which may be taken as time off or paid upon retirement. It is estimated that the current cost of such unpaid compensation would approximate \$2,449,907. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

The reserve for accumulated sick and vacation pay of \$5,752,781 reflected on the Other Trust Funds' balance sheet as of December 31, 2024 represents funding of the total estimated amount.

Balance at December 31, 2023	\$3,004,412.00
Net Change	<u>(554,505.00)</u>
Balance at December 31, 2024	<u>\$2,449,907.00</u>
Amount Due within One Year	<u>\$ -0-</u>

Note 8: Deferred Compensation Plan

The Township offers its employees a deferred compensation plan (the "plan") created in accordance with Section 457 of the Internal Revenue Code. The plan, which is administered by Lincoln National Life Insurance Company, is available to all Township employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 9: 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 penalty may be assessed for any unpaid taxes in excess of \$10,000 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.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 9: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

<u>Tax Rate</u>	<u>2024 *</u>	<u>2023 *</u>	<u>2022 *</u>
	\$ 2.564	\$ 2.624	\$ 2.722
<u>Apportionment of Tax Rate</u>			
Municipal	0.630	0.665	0.706
County	0.267	0.272	0.274
Local School	0.980	1.009	1.059
Regional High School	0.687	0.678	0.683
<u>Assessed Valuations</u>			
2024	\$ 5,273,589,000		
2023		\$ 4,946,661,000	
2022			\$ 4,615,515,400

* - Reassessment year. The Township does a reassessment of certain sections of the Township every year.

Comparison of Tax Levies and Collections Currently

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>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 135,636,687	\$ 133,990,847	98.78%
2023	130,555,033	129,397,664	99.11%
2022	126,303,684	124,972,316	98.94%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 10: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investments section of this note.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits:

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

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

New Jersey statutes permit the Township to purchase the following types of securities: (Cont'd)

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from 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;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection 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.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2024, cash and cash equivalents of the Township of Rockaway consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 800	\$ 45,909,986	\$ 45,910,786
Assessment Trust		948,677	948,677
Animal Control		15,082	15,082
Other Trust		20,125,984	20,125,984
Water Utility Operating	200	6,662,363	6,662,563
Water Utility Assessment Trust		112,125	112,125
Public Assistance		10,739	10,739
	<u>\$ 1,000</u>	<u>\$ 73,784,956</u>	<u>\$ 73,785,956</u>

During the period ended December 31, 2024, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2024, was \$73,785,956 and the bank balance was \$74,444,436.

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2024:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 600,000	\$ 14,789,316
General Capital Fund	14,789,316	
Water Utility Operating Fund		3,739,149
Water Utility Capital Fund	3,139,149	
	<u>\$ 18,528,465</u>	<u>\$ 18,528,465</u>

The General Capital Fund interfund receivable is due to the Current Fund receiving and disbursing funds on the General Capital Fund's behalf. The interfund receivable in Current Fund represents an interfund loan due from the Water Utility Operating Fund at December 31, 2024. The \$3,139,149 interfund between the Water Utility Operating and Capital Funds is due to the Water Utility Operating Fund receiving and disbursing funds on the Water Utility Capital Fund's behalf.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 12: 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 of Rockaway is a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by the Fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2024 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected, summarized financial information for the Fund as of December 31, 2023 is as follows:

Total Assets	\$ 38,605,475
Net Position	\$ 14,033,264
Total Revenue	\$ 25,319,250
Total Expenses	\$ 21,461,784
Members Dividends	\$ 324,246
Change in Net Position for the Year Ended December 31	\$ 3,533,220

Financial statements for the Fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 12: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions, interest earnings and reimbursements to the State for benefits paid and the ending balance of the Township’s expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 500	\$ 25,095	\$ 21,404	\$ 66,782	\$ 934,686
2023	500	23,882	6,961	- 0 -	954,469
2022	1,000	23,203	1,365	- 0 -	923,126

Self-Insurance

The Reserve for Self-Insurance was established in the Other Trust Funds to fund the Township’s self-insured retention for Employment Practices Liability (“EPL”) and Proof of Loss (“POL”) claims should they occur. The Township’s obligation or exposure on an EPL/POL claim is the first \$20,000 of the claim and then 20% of the first \$250,000 for a combined possible exposure of \$75,000 per claim.

Note 13: 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.

Note 14: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.01 per \$100 of assessed valuation in 1992. The funds collected are used to acquire and maintain open space property in the Township. To date, \$7,202,733 has been collected and the balances in the Open Space Trust Fund at December 31, 2024 and 2023 were 2,217,319 and \$2,021.173, respectively.

Note 15: Fixed Assets

The schedules below and on the following page are a summarization of activity for fixed assets for the years ended December 31, 2024 and 2023:

	<u>Balance Dec. 31, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Dec. 31, 2024</u>
Land	\$ 11,575,130			\$ 11,575,130
Buildings and Building Improvements	7,260,612	\$ 38,400		7,299,012
Equipment	21,132,255	4,331,823		25,464,078
	<u>\$ 39,967,997</u>	<u>\$ 4,370,223</u>	<u>\$ - 0 -</u>	<u>\$ 44,338,220</u>

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 15: Fixed Assets (Cont'd)

	Balance Dec. 31, 2022	Additions	Disposals	Balance Dec. 31, 2023
Land	\$ 11,575,130			\$ 11,575,130
Buildings and Building Improvements	7,260,612			7,260,612
Equipment	20,797,376	\$ 334,879		21,132,255
	\$ 39,633,118	\$ 334,879	\$ - 0 -	\$ 39,967,997

Note 16: Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. They also deal with potential unasserted claims in the course of Township business. The Township vigorously contests these lawsuits and unasserted claims, and believes the ultimate resolution will not have a material adverse effect on its financial position.

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 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 immaterial.

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 in the amount of \$8,693,104 which it feels should be sufficient to cover these tax appeals.

Note 17: Postemployment Benefits Other Than Pensions (OPEB)

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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating 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.

In accordance with Chapter 88 of the Township's administrative code, Township employees are entitled to the following benefits:

Municipal and Police Employees

Upon retirement, full time employees with twenty-five (25) years in the State Pension Plan will receive full benefits which will cover the retiring employee, their spouse and/or dependents.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Township has rolled forward the net OPEB liability as of June 30, 2023 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2023 OPEB information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

At June 30, 2023, the Township had a liability of \$53,628,420 for its proportionate share of the net OPEB liability. At June 30, 2023, the Township's proportion was .3574% which was an increase of .055% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Township's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was \$1,939,962.

The Township's actual postemployment payments in 2024 for 195 retiree employees were \$3,232,850.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Salary Increases*:

Public Employees' Retirement System (PERS):

Rate for all future years 2.75% - 6.55%

Police and Firemens' Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

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

Mortality:

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

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

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% for fiscal year 2023 and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend rate is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Discount Rate

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond 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 Net OPEB Liability Attributable to the Township to Changes in the Discount Rate

The following presents the net OPEB Liability of the Township as of June 30, 2023, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Township 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:

	June 30, 2023		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
Township's proportionate share of the Net OPEB Liability	\$ 62,118,804	\$ 53,628,420	\$ 46,799,216

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Township as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Township's proportionate share of the Net OPEB Liability	\$ 45,577,847	\$ 53,628,420	\$ 63,935,614

TOWNSHIP OF ROCKAWAY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 18: Leases

The Township entered into a lease agreement on December 9, 2016 for the lease of space for communication equipment and antennas to a privately held company for a term of 5 years with automatic renewal for four additional five year terms. The Township received rent in the first year of the term of \$36,144 with an annual increase of either the greater of 3% or the Consumer Price Index. The total lease payments received in 2024 were \$59,224.

APPENDIX C

FORMS OF OPINIONS OF BOND COUNSEL

HAWKINS

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MICHELLE A. LOUCOPOLOS
MEGAN I. SARTOR
NILES B. MURPHY
PARTHESH M. KARNA
RYANN K. MCANDREWS

December 5, 2025

Township Council of The
Township of Rockaway, in the
County of Morris, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$ _____ General Bonds of 2025 (the “Bonds”) of The Township of Rockaway, in the County of Morris, a municipal corporation of the State of New Jersey, situate in said County of Morris (the “Township”). The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, and as provided by a resolution of the Township Council of the Township, entitled: “Resolution providing for the combination of certain issues of bonds of the Township of Rockaway, in the County of Morris, New Jersey, into a single issue of General Bonds aggregating \$9,711,000 in principal amount”, adopted October 28, 2025 and the bond ordinances referred to therein.

The Bonds are dated December 5, 2025, and bear interest from their dated date at the rates per annum (payable semi-annually on each June 1 and December 1 until maturity or earlier redemption, commencing June 1, 2026) and mature on December 1 in the years and in the respective principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026			2033		
2027			2034		
2028			2035		
2029			2036		
2030			2037		
2031			2038		
2032			2039		

The Bonds maturing prior to December 1, 2033 are not subject to redemption prior to maturity at the option of the Township. The Bonds maturing on and after December 1, 2033 are subject to redemption prior to maturity at the option of the Township in whole or in part, in any order of maturity and by lot within a maturity if less than all the Bonds of such maturity are to be redeemed, on any date on or after December 1, 2032, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued, if any, to the date fixed for redemption.

The Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements to be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Township delivered in connection with the issuance of the Bonds which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Township has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is excludable from gross income under Section 103 of the Code. In rendering this opinion we have assumed that the Township will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion, the Bonds 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 without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in our opinion, under existing statutes, interest on the Bonds is not included in gross income under the New Jersey Gross Income Tax Act.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We have examined an executed bond of said issue, and, in our opinion, the form of said bond and its execution are regular and proper.

Very truly yours,

HAWKINS

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NILES B. MURPHY
RYANN K. MCANDREWS
AARON BONDAR*
MOSHIR RAHMANT

December 5, 2025

Township Council of The
Township of Rockaway, in the
County of Morris, New Jersey

*ADMITTED IN NY ONLY
†ADMITTED IN PA ONLY

Ladies and Gentlemen:

We have acted as bond counsel to The Township of Rockaway, in the County of Morris, a municipal corporation of the State of New Jersey (the "Township"), and have examined a record of proceedings relating to the issuance by the Township of a Bond Anticipation Note in the denomination of \$4,919,205 (the "Note"). The Note is dated December 5, 2025, matures on December 4, 2026, bears interest at the rate of _____ per centum (_____%) per annum payable at maturity, is issued in registered form, is transferable as therein provided, and is issued pursuant to the Local Bond Law of the State of New Jersey, and by virtue of a bond ordinance or ordinances of the Township and a resolution of its governing body adopted October 28, 2025.

The Note is a temporary obligation issued in anticipation of the issuance of bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Township delivered in connection with the issuance of the Note which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Township has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Note is excludable from gross income under Section 103 of the Code. In rendering this opinion, we have assumed that the Township will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion, the Note is a valid and legally binding obligation of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Note is issued but, if not so paid, payable ultimately from ad valorem taxes which may be levied upon all the taxable property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Note may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

In our opinion, under existing statutes and court decisions, interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in our opinion, under existing statutes, interest on the Note is not included in gross income under the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Township other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchaser of the Note.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We have examined the Note and, in our opinion, the form of the Note and its execution are regular and proper.

Very truly yours,