

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 5, 2026

NEW ISSUE (BOOK-ENTRY)

RATING: S&P: "SP-1+"
(See "RATING" herein)

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township (as hereinafter defined) with certain covenants described herein, interest on the Notes (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for purposes of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Township in its Tax Certificate (as defined herein), assume continuing compliance by the Township with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, rulings, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

TOWNSHIP OF UNION
IN THE COUNTY OF UNION
STATE OF NEW JERSEY

\$47,112,421 BOND ANTICIPATION NOTES, SERIES 2026

(NON-CALLABLE)

Dated: Date of Delivery

Due: February 26, 2027

Coupon: ____%

Yield: ____

CUSIP: 908726__

The \$47,112,421 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes") are general obligations of the Township of Union, in the County of Union, State of New Jersey (the "Township"), payable in the first instance from the proceeds of the sale of bonds or notes issued in anticipation of bonds, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The Notes will be issued in fully registered book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants.

The Notes will bear interest at the rate set forth above, commencing their date of delivery. Principal of and interest on the Notes will be payable by the Township, or a duly designated paying agent, on the date of maturity thereof as set forth above.

While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented; (ii) various bond ordinances duly adopted by the Township Committee of the Township on the dates set forth herein, approved by the Mayor, as applicable, and published as required by law, and (iii) a resolution duly adopted by the Township Committee of the Township on January 27, 2026 (the "Resolution").

The Notes are being issued to (i) refund, on a current basis, a \$12,959,421 principal portion of prior bond anticipation notes issued in the amount of \$15,000,000 on April 3, 2025 and maturing April 2, 2026 (the "Prior April Notes") (the remaining balance of the Prior April Notes will be paid with grant monies received in the amount of \$2,040,579), (ii) refund, on a current basis, \$10,000,000 prior bond anticipation notes issued on July 31, 2025 and maturing April 2, 2026 (the "Prior July Notes"), and (iii) temporarily finance various general capital improvements and acquisitions of the Township in the amount of \$24,153,000, including paying the costs associated with the issuance of the Notes.

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

The Notes are not a debt or obligation, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

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

The Notes are offered when, as and if issued and delivered, subject to the approval of the legality thereof, by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, acting as Bond Counsel to the Township, and certain other conditions. NW Financial Group, LLC, Bloomfield, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, Daniel Antonelli, Esq. of Antonelli Kantor Rivera PC, Livingston, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about February 27, 2026.

BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE MUNICIPAL ADVISOR, ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE TOWNSHIP, UNTIL 11:30 A.M., PREVAILING NEW JERSEY TIME, ON FEBRUARY 12, 2026 VIA ELECTRONIC MAIL AT HLITZEBAUER@NWFINANCIAL.COM, OR VIA PARITY AT HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

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

This is a Preliminary Official Statement "deemed final" by the Township within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. 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 these Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**TOWNSHIP OF UNION
IN THE COUNTY OF UNION
STATE OF NEW JERSEY**

MAYOR

Patricia Guerra-Frazier

TOWNSHIP COMMITTEE

Joseph Florio, Deputy Mayor
James Bowser
Patricia Guerra-Frazier
Sandra Terrell
Manuel Figueiredo

TOWNSHIP ADMINISTRATOR

Donald Travisano

ASSISTANT TOWNSHIP ADMINISTRATOR

William Reyes

CHIEF FINANCIAL OFFICER

Theodore Georgiou

TOWNSHIP CLERK

Eileen Birch

TOWNSHIP ATTORNEY

Daniel Antonelli, Esq.
Antonelli, Kantor & Rivera PC
Livingston, New Jersey

TOWNSHIP AUDITOR

Suplee, Clooney & Company
Westfield, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township of Union, in the County of Union, State of New Jersey (the "Township") to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the 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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Township, The Depository Trust Company, Brooklyn, New York ("DTC"), and other sources deemed reliable by the Township; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the Township, such information is not to be construed as a representation or warranty by the Township.

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or owners of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create an implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. The Township has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of, and exceptions to, statements made herein. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the Township. No representation is made that past experience, as is shown by the financial and other information included herein, will necessarily continue or be repeated in the future.

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

In order to facilitate the distribution of the Notes, the Underwriter (as defined herein) may engage in transactions intended to stabilize the price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The price at which the Notes are offered to the public by the Underwriter and the yield resulting therefrom may vary from the initial public offering price or yield on the cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering price to dealers and others.

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

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF UNION
IN THE COUNTY OF UNION, STATE OF NEW JERSEY**

**RELATING TO
\$47,112,421 BOND ANTICIPATION NOTES, SERIES 2026
(NON-CALLABLE)**

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Union (the "Township"), in the County of Union (the "County"), State of New Jersey (the "State"), in connection with the offering, sale and issuance of \$47,112,421 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes") of the Township. This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Township Committee of the Township, executed by and on behalf of the Township by its Chief Financial Officer, and is to be distributed in connection with the offering and sale of the Notes.

This Official Statement contains specific information relating to the Notes, including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Notes. 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 historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

DESCRIPTION OF THE NOTES

General Description

The Notes shall be dated the date of delivery thereof and shall bear interest at the rate as indicated on the front cover page of this Official Statement, payable upon the maturity thereof. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township, or a duly designated paying agent, on the date of maturity of the Notes by wire transfer of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial interests in the Notes will be made in book-entry form, without certificates, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants.

The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township, or a duly designated paying agent, directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants and Indirect Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

Optional Redemption

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

Authorization for the Issuance of the Notes

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Township Committee of the Township on the dates set forth in the chart on the following page under the subheading "Purpose of the Notes", approved by the Mayor, as applicable, and published as required by law, and (iii) a resolution duly adopted by the Township Committee of the Township on January 27, 2026 (the "Resolution").

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

Purpose of the Notes

The Notes are being issued to (i) refund, on a current basis, a \$12,959,421 principal portion of prior bond anticipation notes issued in the amount of \$15,000,000 on April 3, 2025 and maturing April 2, 2026 (the "Prior April Notes") (the remaining balance of the Prior April Notes will be paid with grant monies received in the amount of \$2,040,579), (ii) refund, on a current basis, \$10,000,000 prior bond anticipation notes issued on July 31, 2025 and maturing April 2, 2026 (the "Prior July Notes"), and (iii) temporarily finance various general capital improvements and acquisitions of the Township in the amount of \$24,153,000, including paying the costs associated with the issuance of the Notes.

The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described on the following table by Bond Ordinance Number, Description of Improvement and Date of Adoption of Ordinance and the Amount to be Issued for such purposes. The bond ordinances are as follows:

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Bond Ordinance Number	Description of Improvement and Date of Adoption of Ordinance	Amount to be Issued
5761	Providing for various 2023 capital improvements, finally adopted February 28, 2023	\$ 240,421.00
5766	Providing for various 2023 capital improvements, finally adopted May 9, 2023	\$ 6,892,250.00
5807	Providing for various 2024 capital improvements, finally adopted April 23, 2024	\$17,123,750.00
5870	Providing for various 2025 capital acquisitions and improvements, finally adopted June 24, 2025	<u>\$22,856,000.00</u>
	Totals:	<u>\$47,112,421.00</u>

Payment of Notes

The Notes are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes upon all taxable property within the Township for the payment of principal of and interest on the Notes without limitation as to rate or amount.

SECURITY AND PAYMENT FOR THE NOTES

The Notes are valid and legally binding general obligations of the Township for which the full faith and credit of the Township are irrevocably pledged for the punctual payment of the principal of and interest on the Notes. The Township has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount, unless paid from other sources.

The Township is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Notes, for the current year in each annual budget unless provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF NOTES" herein.

The Notes are not a debt or obligation, legal, moral or otherwise, of the State or any county, municipality or political subdivision thereof, other than the Township.

RISK FACTORS

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.

NO DEFAULT

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

MARKET PROTECTION

The Township plans to issue a construction financing program note to the New Jersey Infrastructure Bank ("I-Bank") to temporarily finance its allocable share of the Joint Meeting's 2026 capital improvement project in the next 90 days.

BOOK-ENTRY SYSTEM

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

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or 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 and Indirect Participants.

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

The Paying Agent, upon direction of the Township, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Note certificate 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 Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Township or Paying Agent for such purposes only upon the surrender thereof to the Township or Paying Agent together with the duly executed assignment in form satisfactory to the Township or Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Township or Paying Agent may make a charge sufficient to reimburse the Township for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The Township has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Township debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Township is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Township, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Township Committee and, if applicable, approval by the Mayor prior to publication. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Township.

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

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in either serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and those improvements involving certain State grants, a five percent (5%) cash down payment of the amount of bonds and notes authorized must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Township are general "full faith and credit" obligations.

Short Term Financing

Local governmental units (including the Township) may issue bond anticipation 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. Such bond anticipation notes for capital improvements may be issued in

an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter unless an amount of such notes at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Township, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds. If the refunding bonds are issued in accordance with N.J.A.C. 5:30-2.5, no approval is required by the Local Finance Board; however, the details of the sale, issuance and delivery of the refunding bonds will be delivered to the Local Finance Board within then (10) days of the delivery of the refunding bonds.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the Township is permitted to authorize. The authorized bonded indebtedness of a local unit is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Township for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" below.

As shown in APPENDIX A, the Township has not exceeded its statutory debt limit.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the Township may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Township must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Township and that the proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for

self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district.

As shown in APPENDIX A, the Township has not exceeded its debt limit.

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

The Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", which must be completed within six (6) months (June 30) after the close of the Township's fiscal year (December 31), includes recommendations for improvement of the Township's financial procedures. The audit report must also be filed with the Township Clerk and be available for review during regular business hours and shall, within five (5) days thereafter, be filed with the Director of the Division (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 the Township Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles in the United States.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An unaudited annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Annual Financial Statement reflects the results of operations for the year of the current and utility funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire Annual Financial Statement is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America; (b) government money market mutual funds which invest in securities permitted under the statute; (c) bonds of certain federal government agencies having a maturity date not greater than 397 days from the date of purchase; (d) bonds or other obligations of the particular municipality or school district of which the local unit is a part or within which the school district is located; and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

DEBT INFORMATION OF THE TOWNSHIP

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a

refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the Township, the Township must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Township Clerk. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Township's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Township conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. 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 other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Township does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Township, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, 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 payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit 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 the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serve to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year the Township's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances

adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

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 section of the 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.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Township was not eligible for local examination of its budget in 2025. The Township adopted its 2025 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)"

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

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 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.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Township shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as 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 produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Township may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Township for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The Township did not utilize its "Cap Bank" in its 2025 budget. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a

local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes, including the Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Township, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-46, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

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 section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.2, -55.3. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of 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 provides limits for the anticipation of delinquent tax collections and 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."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides 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 requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl} \text{Total of Local, County,} & & \\ \text{and School Levies} & - \text{ Anticipated Revenues} & = \text{Cash Required from Taxes to Support} \\ & & \text{Local Municipal Budget and Other Taxes} \\ \\ \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & = & \text{Amount to be} \\ \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Raised by} \\ & & \text{Taxation} \end{array}$$

Anticipation of Miscellaneous Revenues

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."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program of a local unit must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

COVID-19 RISK FACTORS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The Township received \$15,492,274 in Federal Aid under the Plan, \$7,746,137 of which amount was received by the Township in 2021 and \$7,746,137 was received in 2022. The deadline to commit the funds was December 31, 2024 and the deadline to spend said funds is December 31, 2026.

The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national

public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

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

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a “like” basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

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

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. 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 as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Township Attorney (as hereinafter defined) for in rem foreclosures in order to acquire title to these properties.

The provisions of Chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review or the 1st day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX MATTERS

Federal Income Taxation

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Notes in order for the interest on the Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes. The Township will represent in its tax certificate (the "Tax Certificate") that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Township ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the representations and covenants made by the Township in its Tax Certificate, interest on the Notes is not includable in gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for purposes of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Additional Federal Income Tax Consequences Relating to the Notes

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

State Taxation

Bond Counsel is also of the opinion that interest on the Notes, and any gain on the sale thereof, are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Notes.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes or the marketability of the Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

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

QUALIFIED OBLIGATIONS

The Notes are not "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

LEGALITY FOR INVESTMENT

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

RISK TO HOLDERS OF NOTES

It is understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

The undertakings of the Township should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights

and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a local unit, including the Township, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

THE TOWNSHIP HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE AND THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE TOWNSHIP EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)

If the Township defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Township in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Township is so in default. Once a judgment is entered by the Superior Court to the effect that the Township is in default, the Municipal Finance Commission (the "Commission") would become operative in the Township. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

CERTIFICATES OF THE TOWNSHIP

Upon the delivery of the Notes, the original purchaser of the Notes shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Township, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Township from that set forth in or contemplated by this Official Statement. In addition, the original purchaser of the Notes shall also receive a certificate in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the principal of the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence nor boundaries of the Township, nor the title of any of the said officers to their respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed on for the Township by its Township Attorney, Daniel Antonelli, Esq., of Antonelli Kantor Rivera PC, Livingston, New Jersey (the "Township Attorney"). The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Theodore Georgiou, Chief Financial Officer, Township of Union, 1976 Morris Avenue, Union, New Jersey 07083, (908) 851-8503, or e-mail: tgeorgiou@uniontownship.com; Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149, or e-mail: ejohnson@wilentz.com; or Heather Litzebauer, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, (201) 937-7224, or e-mail: hlitzebauer@nwfinancial.com.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey has served as municipal advisor to the Township with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto.

LITIGATION

To the knowledge of the Township Attorney, after due inquiry, there is no litigation of any nature now pending or threatening, restraining or enjoining the issuance or the delivery of the Notes or the levy or collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes, or for the levy or collection of taxes to pay the principal of and interest on the Notes, or any action contesting the corporate existence or the boundaries of the Township or the title of any of the present officers of the Township. Further, to the knowledge of the Township Attorney, there is no litigation presently pending or threatened against the Township that, in the

opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. The Township Attorney will provide an opinion or certificate to such effect upon the closing of the Notes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes (the "Notices"), as set forth in Section (b)(5)(i)(C) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. The Notices will be filed by the Township with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access ("EMMA") system. The specific nature of the Notices will be detailed in a certificate (the "Disclosure Certificate") to be executed on behalf of the Township by its Chief Financial Officer in the form appearing in APPENDIX D hereto, such Disclosure Certificate to be delivered concurrently with the delivery of the Notes.

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding Township and Union County Improvement Authority bond issues. In connection with such bond issues, the Township failed to timely file or link to all deals its audited financial statements and operating data for the fiscal year ended December 31, 2020. In addition, the Township failed to timely file notices with respect to such late filings and event notices with respect to certain insured rating changes and financial obligations associated with three New Jersey Infrastructure Bank financings in May 2023. NW Financial Group, LLC serves as dissemination agent to the Township.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor has Bond Counsel verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto but takes responsibility for the information contained under the heading entitled "TAX MATTERS" and contained in APPENDIX C hereto but expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

Suplee, Clooney & Company, Westfield, New Jersey, the Auditor to the Township, has not participated in the preparation of the information contained in this Official Statement, and has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the information contained under the heading entitled "FINANCIAL STATEMENTS" and has audited the financial statements contained in APPENDIX B hereto.

The Municipal Advisor has participated in the review of this Official Statement, and has participated in the collection of financial, statistical, and demographic information contained in APPENDIX A to this Official Statement, but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the headings entitled "MUNICIPAL ADVISOR" and "COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS" (as to the second paragraph only) and expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

The Township Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

RATING

The Township has applied to S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency") for a rating on the Notes. The Rating Agency has assigned a rating of "SP-1+" on the Notes.

An explanation of the significance of the rating on the Notes may be obtained from the Rating Agency. Such rating reflects only the views of the Rating Agency, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely, if in the judgment of the Rating Agency, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Notes. Except as set forth in the Disclosure Certificate, the Township has not agreed to take any action with respect to any proposed rating changes or to bring the rating changes, if any, to the attention of the owners of the Notes.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the "Underwriter") at a price of \$ _____. The purchase price of the Notes reflects the par amount of Notes (\$ _____), plus a bid premium of \$ _____.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

FINANCIAL STATEMENTS

The financial statements of the Township for the years ended December 31, 2024 and 2023 (the "Audit"), are presented in APPENDIX B to this Official Statement. The financial statements referred to above have been audited by Suplee, Clooney & Company, Westfield, New Jersey, an independent auditor, as stated in its report appearing in APPENDIX B.

MISCELLANEOUS

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

**TOWNSHIP OF UNION,
IN THE COUNTY OF UNION,
STATE OF NEW JERSEY**

THEODORE GEORGIU,
Chief Financial Officer

DATED: February ____, 2026

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APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
CONCERNING THE TOWNSHIP OF UNION**

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INFORMATION REGARDING THE TOWNSHIP

The following material presents certain economic and demographic information of the Township of Union (the "Township"). Additional information is included in Appendix B and such information is derived from certain certified audits and financial documents and should be used in conjunction with the audit from which they are derived. Unless otherwise stated, all information is from the Township.

The financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The Synopsis of Audit for years ending December 31, 2024 and December 31, 2023 are provided in Appendix B.

Location and Area

The Township of Union (the "Township"), incorporated in 1808, is located fifteen miles from New York City in eastern Union County. The Township, which is approximately nine square miles in area, lies adjacent to Elizabeth, Maplewood, Millburn, Irvington, Hillside, Springfield, Kenilworth and Roselle Park. While the Township is predominantly a residential community of owner-occupied single dwellings, it also has several garden apartment complexes, modern shopping centers and substantial industrial areas.

The Garden State Parkway and Routes Nos. 22, 24, 78 and 82 run through the Township and; the New Jersey Turnpike passes within three miles of the Township. These roadways connect the Township with the metropolitan area of New York and provide access to other commercial centers on the East Coast. The Newark International Airport lies within five miles of the Township as does the marine terminal of Port Elizabeth. Both of these easily accessible facilities provide the Township with direct access to the world's market places.

Form of Government

The form of government found in the Township is that of a Township Committee composed of five members elected for three-year terms. Each member is elected at large by the people of the Township. A full-time Municipal Administrator handles day-to-day operations. At the annual meeting of the Township Committee, a member of the Township Committee shall be elected Mayor by members of the Township Committee. The Mayor serves as the Chairperson of the Township Committee and head of the municipal government.

EDUCATIONAL SERVICES

The School District, a Type II District, is an independent legal entity under the laws of New Jersey and is coterminous with the Township. The School District is administered by a nine (9) member Board with members elected for staggered three (3) year terms as per State statute. The Board appoints a Superintendent and Board Secretary.

The School District provides a full range of educational services appropriate to grades K through 12, including regular as well as special education, and consists of seven (7) elementary schools, two (2) junior high schools and one (1) senior high school. Current student enrollment is 7,577.

Kean University, located in the Township, is a liberal arts, four year state university which offers programs in Management Science, Public Administration and Teaching Science.

Every board of education is required by State statute to provide an annual audit of the district's accounts and financial transactions. The audit must be performed by a licensed public school accountant within four months of the end of the school fiscal year. This audit, in conformity with statutory requirements, must be filed with the State Commissioner of Education. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within 40 days of its completion.

FINANCIAL INSTITUTIONS

The financial needs of the Township are served by the following financial institutions:

Connect One Bank

Investors Savings Bank

BCB Bank

UNEMPLOYMENT RATES

According to the State of New Jersey, Department of Labor and Industry, the estimated unemployment rates for 2024 were as follows:

Township of Union	4.4%
County of Union	4.8%
State of New Jersey	4.5%

VALUE OF BUILDING PERMITS ISSUED

<u>YEAR</u>	<u>AMOUNT</u>
2024	\$ 9,528,803.00
2023	10,637,406.00
2022	11,742,870.00
2021	168,684,312.00
2020	133,259,340.00

Source: Department of Labor and Workforce Development

POPULATION

2020	59,728
2010	56,642
2000	54,405
1990	50,124
1980	50,154

Source: United States Bureau of the Census

LARGER TAXPAYERS OF THE TOWNSHIP

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	2024 <u>ASSESSED VALUATION</u>
Union Mill Run, LLC	Apartment Complex	\$10,930,700.00
TC McMinn Trust % S Robbins Etal	Shopping Center	8,880,800.00
Union 22 Plaza	Shopping Center	8,601,400.00
Edison UNNJ001, LLC	Office & Warehouse	5,332,300.00
Union UE, LLC	Shopping Center	5,126,000.00
I & G Direct Real Estate 45 c/o BDP, LLC	Warehouse	4,977,400.00
Liberty Hall Joint Venture c/o Cali Future	Office Building	3,855,600.00
VNO 2445 Springfield Ave.	Retail Center	3,841,300.00
Union Medical Park, LLC	Medical Office	3,682,900.00
Greenleaf at Union Owners LLC	Shopping Center	3,493,600.00

Source: Township Assessor's Field Book

FINANCIAL INFORMATION

DEBT STATEMENTS

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the Township must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

DEBT INCURRING CAPACITY AS OF DECEMBER 31, 2024

Municipal:

1. Equalized Valuations (Last Three Years Average)	\$10,081,907,743
2. 3-1/2% Borrowing Margin	352,866,771
3. Net Debt Issued and Outstanding and Authorized But Not Issued	166,593,903
4. Excess School Borrowing	-0-
5. Total Charges to Borrowing Margin	166,593,903
6. Remaining Municipal Borrowing (Line 2 Minus Line 5) Capacity	186,272,868

STATEMENT OF INDEBTEDNESS

AS OF DECEMBER 31, 2024

Gross Debt:

Local School District Debt:

Serial Bonds Issued and Outstanding	\$19,115,000	
Authorized But Not Issued	<u>-0-</u>	
		\$19,115,000

Sewer Utility Debt:

Serial Bonds Issued and Outstanding	\$ 990,000	
Other Issued	752,452	
Authorized But Not Issued	<u>22,532,984</u>	
		24,275,437

Municipal Debt:

Issued and Outstanding:

Serial Bonds	\$54,005,000	
Bond Anticipation Notes	89,241,671	
Green Trust Loan	0	
NJ Infrastructure Fund Loan	109,729	
NJ Infrastructure Trust Loan	55,000	
Authorized But Not Issued	<u>28,622,214</u>	
		<u>172,033,615</u>

Total Gross Debt

\$215,424,052

Less:

Statutory Deductions:

Local School District Debt	\$19,115,000	
Municipal/County	5,439,712	
Sewer Utility	24,275,437	
		<u>48,830,149</u>

Statutory Net Debt

\$166,593,903

Average Equalized Valuation of

Real Property (Years 2024, 2023, 2022)	\$10,081,907,743
--	------------------

STATISTICS ON DEBT

Gross Debt (Municipal and School)	\$ 215,424,052.25
Overlapping Debt - County of Union	<u>69,203,559.62</u>
Gross Debt	\$284,627,611.87
Statutory Net Debt	166,593,903.05
Net Debt and Overlapping Debt	\$235,797,462.6
Gross Debt Per Capita - Based on 2020 Population	4,764
Net Debt and Overlapping Debt Per Capita - Based on 2020 Population	3,948
Gross Debt as a Percentage of Net Valuation Taxable for 2024	27.45%
Net Debt Statutory Percentage	1.652%
Average Equalized Valuations	10,081,907,743.67

OVERLAPPING DEBT AS OF DECEMBER 31, 2024

The overlapping debt of the Township was as follows:

	<u>GROSS DEBT</u>	<u>TOWNSHIP SHARE</u>	<u>AMOUNT</u>
County of Union	\$713,438,759	9.70%	<u>\$69,203,559.62</u>

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

	<u>GROSS DEBT</u>		<u>NET DEBT</u>	
<u>YEAR</u>	<u>AMOUNT</u>	<u>PERCENTAGES*</u>	<u>AMOUNT</u>	<u>PERCENTAGES*</u>
2024	215,424,052.25	2.14%	166,593,903.05	1.65%
2023	203,118,815.05	2.18%	156,470,635.88	1.68%
2022	179,487,675.04	2.13%	140,865,247.44	1.67%
2021	135,597,528.58	1.81%	101,951,002.45	1.36%
2020	94,430,198.00	1.42%	60,731,577.69	1.11%

*of Average Equalized Valuations

NEW JERSEY INFRASTRUCTURE LOAN PROGRAM

CALENDAR

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	76,178.75	2,337.50	78,516.25
2026	88,550.38	1,275.00	89,825.38

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

CALENDAR <u>YEAR</u>	<u>GENERAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2025	6,575,000.00	1,521,382.50	8,096,382.50
2026	6,790,000.00	1,276,357.50	8,066,357.50
2027	6,060,000.00	1,040,895.00	7,100,895.00
2028	5,375,000.00	813,245.00	6,188,245.00
2029	5,396,000.00	618,180.00	6,014,180.00
2030-34	18,554,000.00	1,360,295.00	19,914,295.00
2035-38	<u>5,255,000.00</u>	<u>214,250.00</u>	<u>5,469,250.00</u>
	<u>\$54,005,000.00</u>	<u>\$6,844,605.00</u>	<u>\$60,849,605</u>

LOCAL SCHOOL DISTRICT

YEAR ENDING

<u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$1,175,000	\$380,221	\$1,555,221
2026	1,245,000	318,022	1,563,022
2027	1,290,000	264,626	1,554,626
2028	1,340,000	208,376	1,548,376
2029	1,385,000	148,832	1,533,832
2030-2033	<u>3,175,000</u>	<u>229,906</u>	<u>3,404,906</u>
	<u>\$ 9,610,000</u>	<u>\$1,549,983</u>	<u>\$11,159,983</u>

TOWNSHIP OF UNION

ASSESSED VALUATIONS - LAND AND IMPROVEMENTS BY CLASS

VACANT						
<u>YEAR</u>	<u>LAND</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>APARTMENT</u>	<u>TOTAL</u>
2024	\$9,318,000	\$759,600,500	\$177,308,200	\$64,634,900	\$24,801,900	\$1,035,663,500
2023	9,022,300	749,983,100	186,451,200	64,693,200	24,801,900	1,034,951,700
2022	10,557,500	749,319,200	189,643,200	64,960,600	24,940,800	1,039,421,300
2021	10,510,500	748,342,000	190,994,900	65,753,700	24,940,800	1,040,541,900
2020	10,273,400	747,994,200	192,700,100	65,813,700	24,802,300	1,041,583,700

Source: County of Union Board of Taxation Property Value Classification

ASSESSED VALUATIONS - NET VALUATIONS TAXABLE

<u>YEAR</u>	<u>REAL ESTATE LAND AND IMPROVEMENTS</u>	<u>BUSINESS PERSONAL PROPERTY</u>	<u>NET VALUATION TAXABLE</u>	<u>RATIO TO TRUE VALUE</u>	<u>AGGREGATE TRUE VALUE</u>
2024	\$1,035,663,500	\$1,062,962	\$1,036,726,462	9.78%	\$10,589,606,339
2023	1,035,150,100	1,089,495	1,036,239,595	10.41%	9,941,899,135
2022	1,039,421,300	1,223,658	1,040,644,958	10.70%	9,714,217,757
2021	1,040,541,900	1,378,310	1,041,920,210	12.63%	8,238,653,207
2020	1,041,583,700	1,380,240	1,042,963,940	14.22%	7,324,779,887

Source: State of New Jersey, Department of Treasury, Division of Taxation, Certification of the Table of Equalized Valuations.

MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS

<u>YEAR</u>	<u>TOTAL LEVY</u>	<u>COLLECTION DURING YEAR OF LEVY</u>	
		<u>AMOUNT</u>	<u>PERCENT OF LEVY</u>
2024	\$232,174,883	\$228,040,454	98.21%
2023	225,066,539	222,442,825	98.83%
2022	218,153,282	215,676,753	98.86%
2021	213,075,279	210,459,393	98.77%
2020	208,875,708	206,504,307	98.86%

TAX REQUIREMENTS -
MUNICIPAL AND OVERLAPPING GOVERNMENTS

<u>YEAR</u>	<u>TOTAL TAX REQUIREMENTS</u>	<u>LOCAL PURPOSES</u>	<u>LOCAL SCHOOL</u>	<u>COUNTY</u>	<u>SPECIAL IMPROVEMENT DISTRICT</u>
2024	\$232,174,883	\$85,841,432	\$107,859,735	\$38,319,716	\$154,000
2023	225,066,539	81,570,148	103,477,143	39,865,248	154,000
2022	219,871,753	81,415,513	100,684,586	37,617,654	154,000
2021	212,790,807	77,982,680	98,690,553	35,963,574	154,000
2020	208,759,829	77,336,533	96,092,567	35,176,729	154,000

DELINQUENT TAXES AND TAX TITLE LIENS

DECEMBER 31

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF LEVY</u>
2024	\$141,306	\$2,866,493	\$3,007,799	1.30%
2023	129,031	2,366,351	2,495,382	1.11%
2022	109,473	2,155,371	2,264,844	1.04%
2021	104,431	2,425,848	2,530,279	1.19%
2020	99,513	2,301,229	2,400,742	1.15%

ASSESSED VALUATIONS OF PROPERTY OWNED
BY THE TOWNSHIP - ACQUIRED BY TAXES

<u>YEAR</u>	<u>AMOUNT</u>
2024	\$129,414
2023	129,414
2022	129,414
2021	129,414
2020	129,414

TOWNSHIP OF UNION

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

<u>YEAR</u>	<u>TOTAL</u>	<u>MUNICIPAL</u>	LOCAL		<u>COUNTY</u>
			<u>SCHOOL</u>		
2024	\$22.351	\$8.255	\$10.404		\$3.692
2023	21.669	7.842	9.986		3.841
2022	20.916	7.631	9.675		3.610
2021	20.408	7.485	9.472		3.452
2020	19.902	7.416	9.214		3.272

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>FUND BALANCE</u> <u>DECEMBER 31</u>	UTILIZED IN BUDGET OF <u>SUCCEEDING YEAR</u>
2024	\$ 6,753,827	\$5,650,000
2023	11,217,609	9,000,000
2022	10,738,074	7,000,000
2021	14,085,160	10,715,300
2020	9,579,785	5,165,000

2025 MUNICIPAL BUDGET

CURRENT FUND

Anticipated Revenues:

Fund Balance	\$ 5,650,000
Miscellaneous Revenues	37,651,584
Receipts From Delinquent Taxes	2,773,492
Amount to be Raised by Taxation for Municipal Purposes	<u>90,670,694</u>
 <u>Total Anticipated Revenues</u>	 <u>\$ 136,745,770</u>

Total General Appropriations for Municipal Purposes Within "Caps":

\$ 111,758,838

Excluded From "CAPS":

Operations	5,218,516
Capital Improvements	430,000
Municipal Debt Service	14,084,746
Public & Private Programs Offset by Revenues	858,670
Total Deferred Charges	200,000
Reserve for Uncollected Taxes	<u>4,195,000</u>

<u>Total Appropriations</u>	<u>\$ 137,745,770</u>
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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF UNION FOR THE YEARS ENDING
DECEMBER 31, 2024 AND 2023**

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SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Union
County of Union
Union, New Jersey 07083

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2024 and 2023, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2024.

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

SUPLEE, CLOONEY & COMPANY LLC

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025 on our consideration of the Township of Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

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

June 17, 2025

TOWNSHIP OF UNION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>A S S E T S</u>		
Cash	\$ 16,885,830.39	\$ 22,916,896.01
Change Fund	525.00	525.00
Due State of New Jersey - Senior Citizens Deductions	57,363.52	54,162.79
	<u>\$ 16,943,718.91</u>	<u>\$ 22,971,583.80</u>
Receivables and Acquired Property with Full Reserves:		
Delinquent Property Taxes Receivable	\$ 2,866,493.26	\$ 2,366,350.66
Tax Title Liens Receivable	141,306.50	129,031.44
Property Acquired for Taxes - Assessed Valuation	129,413.94	129,413.94
Revenue Accounts Receivable	93,217.88	178,658.04
Other Liens	16,600.00	16,600.00
Interfunds Receivable	112,018.71	85,607.96
Prepaid School Tax	1,250,680.44	1,198,248.75
	<u>\$ 4,609,730.73</u>	<u>\$ 4,103,910.79</u>
Deferred Charges:		
Emergency Appropriation	\$ 1,000,000.00	\$ 2,086,000.00
	<u>\$ 22,553,449.64</u>	<u>\$ 29,161,494.59</u>
Grant Fund:		
Grants Receivable	\$ 2,142,117.63	\$ 1,934,253.96
Interfunds Receivable	449,739.37	318,569.46
	<u>\$ 2,591,857.00</u>	<u>\$ 2,252,823.42</u>
	<u>\$ 25,145,306.64</u>	<u>\$ 31,414,318.01</u>

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

TOWNSHIP OF UNION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities:		
Interfunds Payable	\$ 2,417,837.39	\$ 2,284,015.48
Appropriation Reserves	2,405,190.82	3,833,146.11
Prepaid Taxes	1,717,991.22	1,326,278.14
Encumbrances Payable	3,298,754.02	2,711,794.67
Accounts Payable	37,327.00	30,011.32
Tax Overpayments	51,537.52	50,812.81
Added County Tax Payable	38,234.61	52,689.91
Special District Taxes Payable		38,500.00
Reserve For:		
Redemption of Outside Liens	52,959.90	63,951.46
Deposits on Sale of Property	1,000.00	1,000.00
Tax Appeals	991,045.75	1,168,316.29
Insurance Proceeds	95,703.03	1,556,933.62
PILOP- Parking	24,000.00	24,000.00
Charitable Donations	3,458.00	3,458.00
Municipal Relief Aid		640,214.26
Deferred Social Security - COVID-19	231.38	231.38
Retirement	54,621.52	54,621.52
	\$ 11,189,892.16	\$ 13,839,974.97
Reserve for Receivables and Other Assets	4,609,730.73	4,103,910.79
Fund Balance	6,753,826.75	11,217,608.83
	\$ 22,553,449.64	\$ 29,161,494.59
Grant Fund:		
Encumbrances Payable	\$ 339,851.16	\$ 147,964.66
Unappropriated Reserves	131,366.48	152,495.95
Appropriated Reserves	2,120,639.36	1,952,362.81
	\$ 2,591,857.00	\$ 2,252,823.42
	\$ 25,145,306.64	\$ 31,414,318.01

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER 31, 2024	YEAR ENDED DECEMBER 31, 2023
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 9,000,000.00	\$ 7,000,000.00
Miscellaneous Revenue Anticipated	32,953,614.82	31,006,478.58
Receipts From Delinquent Taxes	2,266,949.84	2,132,494.21
Receipts From Current Taxes	228,040,454.24	222,442,825.08
Non-Budget Revenue	1,673,558.87	2,697,171.69
Unexpended Balance of Appropriation Reserves	3,728,439.24	2,322,214.31
Interfunds Returned		237,434.82
Grant Reserve Canceled	27,411.28	969,048.00
	<u>\$ 277,690,428.29</u>	<u>\$ 268,807,666.69</u>
<u>TOTAL REVENUE AND OTHER INCOME</u>		
<u>EXPENDITURES</u>		
Budget and Emergency Appropriations:		
Operations Within "CAPS"	\$ 94,056,994.00	\$ 86,178,553.55
Deferred Charges and Statutory Expenditures-Municipal	14,909,137.00	14,180,846.00
Other Operations Excluded from "CAPS"	4,666,070.00	3,250,628.00
State and Federal Programs Off-Set by Revenues	1,509,724.39	5,837,443.66
Capital Improvements	10,000.00	385,000.00
Municipal Debt Service	11,444,805.88	9,232,468.28
Deferred Charges Excluded from "CAPS"	2,086,000.00	
Special District Taxes	154,000.00	154,000.00
County Tax	38,281,481.78	39,812,557.66
County Share of Added Taxes	38,234.61	52,689.91
Local District School Tax	105,668,439.00	102,080,864.50
Reserve for Prepaid School Tax	1,250,680.44	1,198,248.75
Interfunds Advanced	26,410.75	
Grant Receivable Canceled	26,987.13	969,048.00
Refund of Prior Year Revenue	25,245.39	81,783.42
	<u>\$ 274,154,210.37</u>	<u>\$ 263,414,131.73</u>
<u>TOTAL EXPENDITURES</u>		
Excess in Revenue	\$ 3,536,217.92	\$ 5,393,534.96
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are by Statute Deferred		
Charges to budget of succeeding year	<u>1,000,000.00</u>	<u>2,086,000.00</u>
Regulatory Excess to Fund Balance	\$ 4,536,217.92	\$ 7,479,534.96
<u>Fund Balance</u>		
Balance, January 1	11,217,608.83	10,738,073.87
	<u>\$ 15,753,826.75</u>	<u>\$ 18,217,608.83</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>9,000,000.00</u>	<u>7,000,000.00</u>
Fund Balance, December 31	<u>\$ 6,753,826.75</u>	<u>\$ 11,217,608.83</u>

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>BUDGET</u>	<u>ANTICIPATED SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	\$ 9,000,000.00		\$ 9,000,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 115,000.00	\$	\$ 119,354.80	\$ 4,354.80
Other	140,000.00		134,411.89	(5,588.11)
Fees and Permits:				
Construction Code Official	1,890,000.00		1,914,634.70	24,634.70
Other	420,000.00		572,434.99	152,434.99
Fines and Costs:				
Municipal Court	855,000.00		1,032,047.01	177,047.01
Interest and Costs on Taxes	482,340.00		513,152.38	30,812.38
Interest on Investments and Deposits	1,500,000.00		1,499,523.83	(476.17)
Parking Meters	35,000.00		43,725.07	8,725.07
Utility Operating Surplus	3,050,000.00		3,050,000.00	
Suburban Cablevision Franchise Fee	231,736.89		231,736.89	
Payments in Lieu of Taxes:				
Senior Citizens Housing	250,000.00		321,384.75	71,384.75
Energy Receipts Tax	6,211,058.00		6,211,058.28	0.28
Municipal Relief Aid	640,214.28		640,214.26	(0.02)
Recycling Tonnage Grant	91,806.88		91,806.88	
Bulletproof Vest Partnership Grant		17,297.42	17,297.42	
Stengthening Local public Health Capacity Program	450,609.00	74,664.00	525,273.00	
NJACCHO Sustaining Local Public Health Infrastructure Grant		168,049.00	168,049.00	
American Rescue Plan Funds- Firefighter Grant	75,000.00		75,000.00	
Clean Communities Program		124,459.63	124,459.63	
Municipal Alliance on Alcoholism and Drug Abuse	12,641.00		12,641.00	
Distracted Driver Enforcement Grant	40,500.00		40,500.00	
Body Armor Grant	10,098.22		10,098.22	
Opioid Settlement Grant	258,546.38		258,546.38	
Creative Aging Grant	10,000.00		10,000.00	
Pedestrian Safety Grant	32,070.00		32,070.00	
Kids Recreation Trust Grant		65,000.00	65,000.00	
Alcohol Education & Rehabilitation Fund		7,109.86	7,109.86	
Greening Union County		3,713.00	3,713.00	
Local Recreation Improvement Grant		65,000.00	65,000.00	
Prepaid School Taxes	1,198,248.75		1,198,248.75	
Third Party Ambulance Fees	350,000.00		477,505.53	127,505.53
P.I.L.O.T. - Hotel TKV	535,000.00		535,547.75	547.75
P.I.L.O.T. - Avalon Bay	550,000.00		586,101.10	36,101.10
P.I.L.O.T. - Vermella	4,150,000.00		4,168,922.32	18,922.32
P.I.L.O.T. - American Landmark	300,000.00		407,998.22	107,998.22
P.I.L.O.T. - Canter Green	455,000.00		551,822.34	96,822.34
P.I.L.O.T. - Clermont Urban Renewal	200,000.00		211,503.15	11,503.15
Kean University Shared Services Agreement	800,000.00		1,400,000.00	600,000.00
Administrative Fees	230,000.00		233,477.27	3,477.27
Fire LEA Rebates	185,000.00		188,206.13	3,206.13
Reserve for Sale of Municipal Assets	3,300,000.00		10,000.00	(3,290,000.00)
Reserve for Insurance	1,200,000.00		1,200,000.00	
Cannabis Revenue	450,000.00		262,439.35	(187,560.65)
Cable Franchise Fee - Verizon	364,690.47		364,690.47	
Administrative Reimbursement - Jobs In Blue	750,000.00		760,210.75	10,210.75
Capital Surplus	2,000,000.00		2,000,000.00	
Shared Service- Health Officer- Springfield Twp	158,100.00		134,420.00	(23,680.00)
Shared Service- Code Enforcement- Springfield Twp	33,000.00		33,000.00	
Shared Service- Code Enforcement- Kenilworth	37,000.00		37,974.60	974.60
Shared Service- QPA - Fanwood Borough	10,000.00		10,050.00	50.00
Shared Service- Solid Waste- Union BOE	150,000.00		150,000.00	
Shared Service- SLEO 3- Union BOE	48,000.00		52,763.26	4,763.26
Shared Service- School Resource Officer- Union BOE	150,732.00		158,490.59	7,758.59
Shared Service- Maintenance- Union Public Library	30,000.00		30,000.00	
<u>Total Miscellaneous Revenues</u>	\$ 34,436,391.87	\$ 525,292.91	\$ 32,953,614.82	\$ (2,008,069.96)
Receipts From Delinquent Taxes	\$ 2,341,417.02		\$ 2,266,949.84	\$ (74,467.18)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 82,262,543.49	\$	\$ 82,587,676.85	\$ 325,133.36
Minimum Library Tax	3,314,326.00		3,314,326.00	
	\$ 85,576,869.49		\$ 85,902,002.85	\$ 325,133.36
<u>BUDGET TOTALS</u>	\$ 131,354,678.38	\$ 525,292.91	\$ 130,122,567.51	\$ (1,757,403.78)
Non-Budget Revenues			1,673,558.87	1,673,558.87
	\$ 131,354,678.38	\$ 525,292.91	\$ 131,796,126.38	\$ (83,844.91)

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive (Mayor & Council):					
Salaries and Wages	\$ 141,000.00	\$ 141,500.00	\$ 141,384.54	\$ 115.46	\$
Other Expenses	3,000.00	3,000.00	2,996.00	4.00	
Township Clerk (Admin & Exec.):					
Salaries and Wages	567,000.00	585,500.00	585,097.61	402.39	
Other Expenses	130,450.00	130,450.00	115,235.87	15,214.13	
Township Publicity:					
Salaries and Wages	144,000.00	128,000.00	127,556.92	443.08	
Other Expenses	58,000.00	58,000.00	34,321.31	23,678.69	
Financial Administration (Division of Accounting):					
Salaries and Wages	419,600.00	362,600.00	361,784.52	815.48	
Other Expenses	38,150.00	38,150.00	33,749.56	4,400.44	
Audit	125,000.00	125,000.00	105,975.00	19,025.00	
Human Resources:					
Salaries and Wages	280,000.00	385,000.00	384,549.93	450.07	
Other Expenses:					
Miscellaneous	29,300.00	29,300.00	24,714.57	4,585.43	
Labor Attorney	125,000.00	125,000.00	65,891.90	59,108.10	
Data Processing:					
Other Expenses	1,020,000.00	1,020,000.00	980,541.14	39,458.86	
Division of Purchasing:					
Salaries and Wages	136,100.00	136,600.00	136,157.30	442.70	
Other Expenses	91,050.00	91,050.00	80,305.30	10,744.70	
Revenue Administration (Tax Collection):					
Salaries and Wages	438,500.00	449,000.00	448,626.53	373.47	
Other Expenses	41,780.00	41,780.00	32,414.50	9,365.50	
Division of Administration:					
Salaries and Wages	406,000.00	467,000.00	466,630.76	369.24	
Other Expenses	690,750.00	690,750.00	633,768.95	56,981.05	
Bond and Note Issue Costs:					
Other Expenses	125,000.00	125,000.00	124,875.09	124.91	
Division of Senior Citizen Activities:					
Salaries and Wages	356,700.00	348,700.00	348,518.41	181.59	
Other Expenses	21,200.00	21,200.00	17,248.87	3,951.13	
Assessment of Taxes:					
Salaries and Wages	418,500.00	422,500.00	422,006.32	493.68	
Other Expenses:					
Miscellaneous	12,000.00	12,000.00	5,569.21	6,430.79	

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Cable T.V. Community Access:					
Salaries and Wages	\$ 204,300.00	\$ 208,300.00	\$ 208,160.72	\$ 139.28	\$
Other Expenses	23,850.00	23,850.00	22,749.70	1,100.30	
Economic Development:					
Salaries and Wages	508,800.00	338,800.00	338,692.67	107.33	
Other Expenses	150,000.00	112,000.00	83,322.81	28,677.19	
Legal Services and Costs:					
Salaries and Wages	205,500.00	205,500.00	205,074.74	425.26	
Other Expenses:					
Miscellaneous	24,850.00	25,850.00	25,579.35	270.65	
Special Services	500.00	40,500.00	36,321.31	4,178.69	
Litigation	100,000.00	125,000.00	114,062.50	10,937.50	
Municipal Court:					
Salaries and Wages	977,900.00	1,002,900.00	1,002,524.40	375.60	
Other Expenses	75,300.00	76,800.00	76,025.70	774.30	
Public Defender:					
Salaries and Wages	224,000.00	224,000.00	223,643.94	356.06	
Other Expenses	2,250.00	2,250.00	1,184.66	1,065.34	
Municipal Prosecutor:					
Salaries and Wages	195,000.00	195,000.00	193,793.25	1,206.75	
Other Expenses	100.00	100.00		100.00	
Engineering Services and Costs:					
Salaries and Wages	5,000.00	5,000.00		5,000.00	
Other Expenses	245,000.00	245,000.00	175,116.45	69,883.55	
Planning Board:					
Salaries and Wages	7,000.00	7,000.00	2,970.00	4,030.00	
Other Expenses	108,000.00	108,000.00	106,986.39	1,013.61	
Board of Adjustment:					
Salaries and Wages	50,000.00	50,000.00	44,590.16	5,409.84	
Other Expenses	27,600.00	27,600.00	25,273.27	2,326.73	
Bureau of Shade Trees:					
Salaries and Wages	542,000.00	490,000.00	489,217.30	782.70	
Other Expenses	345,000.00	345,000.00	234,326.83	110,673.17	
Insurance:					
General Liability	3,125,700.00	3,275,700.00	3,221,389.42	54,310.58	
Workers Compensation Insurance	12,000.00	12,000.00	12,000.00		
Employees Group Health	17,414,888.00	17,959,888.00	17,789,706.97	170,181.03	
Medicare Reimbursement	490,000.00	525,000.00	524,318.40	681.60	
Health Benefits Waiver	210,000.00	230,000.00	228,250.00	1,750.00	

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages	\$ 16,372,500.00	\$ 16,027,000.00	\$ 16,023,309.80	\$ 3,690.20	\$
Other Expenses	952,740.00	952,740.00	910,050.78	42,689.22	
Emergency Medical Unit:					
Other Expenses	13,000.00	13,000.00	12,542.52	457.48	
Police:					
Salaries and Wages	22,396,568.00	21,852,568.00	21,844,723.50	7,844.50	
Other Expenses - Miscellaneous	1,400,000.00	1,400,000.00	1,251,077.62	148,922.38	
Other Expenses - Police Vehicles	250,000.00	250,000.00	41,750.87	208,249.13	
Traffic Control:					
Salaries and Wages	97,000.00	97,000.00	93,918.14	3,081.86	
Other Expenses	9,500.00	9,500.00	9,293.94	206.06	
Department of Parking:					
Salaries and Wages	125,000.00	125,000.00	124,631.58	368.42	
Other Expenses	44,330.00	44,330.00	43,155.36	1,174.64	
Emergency Management Service:					
Salaries and Wages	14,925.00	15,425.00	14,925.04	499.96	
Auxiliary Police	11,565.00	11,565.00	250.00	11,315.00	
<u>STREETS AND ROADS</u>					
Department of Public Works:					
Salaries and Wages	2,082,800.00	2,147,800.00	2,147,400.78	399.22	
Other Expenses	900,000.00	900,000.00	825,147.13	74,852.87	
Bureau of Buildings and Grounds:					
Salaries and Wages	1,395,000.00	1,454,000.00	1,453,449.25	550.75	
Other Expenses	735,000.00	735,000.00	694,762.69	40,237.31	
Snow Removal:					
Salaries and Wages	250,000.00				
Other Expenses	7,500.00	7,500.00		7,500.00	
<u>SANITATION</u>					
Garbage and Trash Removal:					
Salaries and Wages	313,000.00	374,000.00	373,502.02	497.98	
Other Expenses:					
Contractual	7,093,000.00	7,093,000.00	6,437,141.39	655,858.61	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	686,900.00	560,900.00	559,908.71	991.29	
Other Expenses	110,970.00	110,970.00	92,790.43	18,179.57	

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>REF.</u>	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
		<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>HEALTH AND WELFARE</u>						
Services of Visiting Nurses:						
Contractual	\$	35,840.00	\$ 35,840.00	\$ 26,971.24	\$ 8,868.76	\$
Medical Services:						
Contractual		42,000.00	42,000.00	20,590.00	21,410.00	
Human Relations Commission:						
Salaries and Wages		22,500.00	23,000.00	22,500.14	499.86	
Other Expenses		100.00	100.00		100.00	
Community Action Organization:						
Contractual		75,408.00	75,408.00	75,408.00		
Animal Control Services		63,780.00	65,780.00	64,773.20	1,006.80	
<u>RECREATION AND EDUCATION</u>						
Recreation Department:						
Salaries and Wages		534,000.00	702,000.00	701,135.17	884.83	
Other Expenses		239,650.00	239,650.00	226,599.49	13,050.51	
Township Pool Operations:						
Other Expenses		20,000.00	20,000.00	3,506.51	16,493.49	
Farmers Market:						
Salaries and Wages		20,000.00				
Other Expenses		13,000.00	13,000.00	7,673.17	5,326.83	
Celebration of Public Events - Anniversary or Holiday:						
Other Expenses		700,000.00	875,000.00	867,634.84	7,365.16	
<u>STATE UNIFORM CONSTRUCTION CODE</u>						
Construction Official:						
Salaries and Wages		1,452,000.00	1,366,000.00	1,365,395.53	604.47	
Other Expenses		113,800.00	113,800.00	91,294.44	22,505.56	
<u>UNCLASSIFIED</u>						
Street Lighting		850,000.00	850,000.00	783,668.55	66,331.45	
Postage		125,000.00	135,000.00	130,579.84	4,420.16	
Electricity		400,000.00	445,000.00	440,047.16	4,952.84	
Telephone and Telegraph		300,000.00	300,000.00	254,777.64	45,222.36	
Water		1,000,000.00	1,000,000.00	921,567.98	78,432.02	
Gas (Natural and Propane)		135,000.00	135,000.00	94,790.00	40,210.00	
Gasoline		525,000.00	605,000.00	558,266.56	46,733.44	
Printing		30,000.00	30,000.00	30,000.00		
Salary Adjustment Account		5,000.00	5,000.00		5,000.00	
Contractually Required Severance Pay						
			1,000,000.00	1,000,000.00		
<u>Total Operations Within "CAPS"</u>	A-1	\$ 93,055,994.00	\$ 94,055,994.00	\$ 91,706,112.06	\$ 2,349,881.94	\$
		1,000.00	1,000.00	15.00	985.00	
<u>CONTINGENT</u>						
<u>Total Operations Including Contingent Within "CAPS"</u>	A-1	\$ 93,056,994.00	\$ 94,056,994.00	\$ 91,706,127.06	\$ 2,350,866.94	\$

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	REF.	APPROPRIATIONS		EXPENDED	
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
DEFERRED CHARGES AND STATUTORY EXPENDITURES -					
<u>MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Public Employees Retirement System	\$	2,489,658.00	\$ 2,489,658.00	\$ 2,489,658.00	\$
Social Security System		1,830,000.00	1,830,000.00	1,812,341.75	17,658.25
Consolidated Police and Firemen's Pension Fund		2,000.00	2,000.00		2,000.00
Police and Firemen's Retirement System of New Jersey		10,547,479.00	10,547,479.00	10,547,479.00	
State Unemployment Insurance		15,000.00	15,000.00		15,000.00
Defined Contribution Retirement Program		25,000.00	25,000.00	21,334.37	3,665.63
Total Deferred Charges and Statutory Expenditures-					
Municipal Within "CAPS"	A-1	\$ 14,909,137.00	\$ 14,909,137.00	\$ 14,870,813.12	\$ 38,323.88
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	\$	107,966,131.00	\$ 108,966,131.00	\$ 106,576,940.18	\$ 2,389,190.82
MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g					
<u>EXCLUDED FROM "CAPS"</u>					
Maintenance of Free Public Library	\$	3,314,326.00	\$ 3,314,326.00	\$ 3,314,326.00	\$
Tax Appeals		100,000.00	100,000.00	84,000.00	16,000.00
Employee Group Health Insurance		485,112.00	485,112.00	485,112.00	
General Liability Insurance		149,800.00	149,800.00	149,800.00	
Total Other Operations Excluded From "CAPS"	A-1	\$ 4,049,238.00	\$ 4,049,238.00	\$ 4,033,238.00	\$ 16,000.00
Shared Service Agreements:					
Health Officer- Springfield Township	\$	158,100.00	\$ 158,100.00	\$ 158,100.00	\$
Code Enforcement- Springfield Township		33,000.00	33,000.00	33,000.00	
Code Enforcement- Kenilworth		37,000.00	37,000.00	37,000.00	
Qualified Purchasing Agent- Fanwood Borough		10,000.00	10,000.00	10,000.00	
Solid Waste- Union Board of Education		150,000.00	150,000.00	150,000.00	
SLEO 2 - Union Board of Education		48,000.00	48,000.00	48,000.00	
School Resource Officer- Union Board of Education		150,732.00	150,732.00	150,732.00	
Maintenance - Union Public Library		30,000.00	30,000.00	30,000.00	
Total Interlocal Municipal Service Agreements Excluded From "CAPS"	\$	616,832.00	\$ 616,832.00	\$ 616,832.00	\$

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	REF.	APPROPRIATIONS		EXPENDED	
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES- EXCLUDED FROM "CAPS"					
Clean Communities Program (40-A 4-87 + \$124,459.63)	\$		\$ 124,459.63	\$ 124,459.63	\$
Municipal Alliance Grant:					
County Aid		12,641.00	12,641.00	12,641.00	
Local Match		3,160.00	3,160.00	3,160.00	
Recycling Tonnage Grant		91,806.88	91,806.88	91,806.88	
Bulletproof Vest Program (40A: 4-87 + \$17,297.42)			17,297.42	17,297.42	
Alcohol Education Rehabilitation Fund (40A: 4-87 + \$7,109.86)			7,109.86	7,109.86	
Body Armor Grant		10,098.22	10,098.22	10,098.22	
Kids Rec Trust Fund Grant County Aid (40A: 4-87 + \$65,000.00)			65,000.00	65,000.00	
Strengthening Local Public Health Capacity Program (40-A 4-87 + \$74,664.00)			74,664.00	74,664.00	
Sustaining Local Public Health Infrastructure (40-A 4-87 + \$168,049.00)			168,049.00	168,049.00	
ARP - Firefighter Grant		75,000.00	75,000.00	75,000.00	
Pedestrian Safety Grant		32,070.00	32,070.00	32,070.00	
Opioid Settlement Grant		258,546.38	258,546.38	258,546.38	

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>REF.</u>	<u>APPROPRIATIONS</u>		<u>BUDGET AFTER</u>		<u>EXPENDED</u>	
		<u>BUDGET</u>		<u>MODIFICATION</u>		<u>PAID OR</u>	<u>CANCELED</u>
						<u>CHARGED</u>	<u>RESERVED</u>
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES- EXCLUDED FROM "CAPS"							
Distracted Driving Crackdown Grant		\$ 40,500.00	\$	40,500.00	\$	40,500.00	\$
Creative Aging Incentive Grant		10,000.00		10,000.00		10,000.00	
Greening Union County Grant (R.O.I.D.) (40A: 4-87 + \$3,713.00)				3,713.00		3,713.00	
Local Recreation Improvement Grant (40A: 4-87 + \$65,000.00)				65,000.00		65,000.00	
Enhancing Local Public Health Infrastructure		450,609.00		450,609.00		450,609.00	
TOTAL PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES - EXCLUDED FROM "CAPS"		\$ 984,431.48	\$	1,509,724.39	\$	1,509,724.39	\$
TOTAL OPERATIONS EXCLUDED FROM "CAPS"		\$ 5,650,501.48	\$	6,175,794.39	\$	6,159,794.39	\$ 16,000.00
CAPITAL IMPROVEMENT FUND EXCLUDED FROM "CAPS"							
Capital Improvement Fund	A-1	\$ 10,000.00	\$	10,000.00	\$	10,000.00	\$
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"							
Payment of Bond Principal		\$ 6,380,000.00	\$	6,380,000.00	\$	6,380,000.00	\$
Payment of Bond Anticipation Notes and Capital Notes		4,797.00		4,797.00		4,797.00	
Interest on Bonds		1,746,332.50		1,746,332.50		1,746,332.50	
Interest on Notes		3,203,161.10		3,203,161.10		3,203,161.08	0.02
Green Trust Loan Program:							
Loan Repayments for Principal and Interest		31,091.59		31,091.59		31,091.59	
N.J. Environmental Infrastructure Trust Loan:							
Principal		78,518.89		78,518.89		76,278.89	2,240.00
Interest		3,144.82		3,144.82		3,144.82	
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	A-1	\$ 11,447,045.90	\$	11,447,045.90	\$	11,444,805.88	\$ 2,240.02

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

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
DEFERRED CHARGES-EXCLUDED FROM "CAPS"					
Emergency Authorizations	\$ 2,086,000.00	\$ 2,086,000.00	\$ 2,086,000.00	\$	\$
TOTAL DEFERRED CHARGES-EXCLUDED FROM "CAPS"	\$	\$	\$	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	19,193,547.38	19,718,840.29	19,700,600.27	16,000.00	2,240.02
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 127,159,678.38	\$ 128,684,971.29	\$ 126,277,540.45	\$ 2,405,190.82	\$ 2,240.02
RESERVE FOR UNCOLLECTED TAXES	4,195,000.00	4,195,000.00	4,195,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 131,354,678.38	\$ 132,879,971.29	\$ 130,472,540.45	\$ 2,405,190.82	\$ 2,240.02

A-2

Budget	\$ 131,354,678.38
Special Emergency Authorization 40A:4-55	1,000,000.00
Appropriations by 40A:4-87	525,292.91
	<u>\$ 132,879,971.29</u>
Encumbrances Payable	\$ 3,298,754.02
Special Emergency - 40A:4-53	2,086,000.00
Reserve for Grants - Appropriated	1,509,724.39
Reserve for Uncollected Taxes	4,195,000.00
Disbursed	<u>127,096,126.62</u>
	\$ 138,185,605.03
Less: Refunds	<u>7,713,064.58</u>
	<u>\$ 130,472,540.45</u>

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

TOWNSHIP OF UNION

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>A S S E T S</u>		
Animal Control Fund:		
Cash	\$ 106,568.15	\$ 95,126.39
	<u>\$ 106,568.15</u>	<u>\$ 95,126.39</u>
Other Funds:		
Cash	\$ 7,720,185.88	\$ 6,968,913.08
Community Development Block Grants Receivable	443,181.99	943,097.88
	<u>\$ 8,163,367.87</u>	<u>\$ 7,912,010.96</u>
	<u>\$ 8,269,936.02</u>	<u>\$ 8,007,137.35</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Animal Control Fund:		
Due Current Fund	\$ 69,872.60	\$ 58,607.07
Reserve for Animal Control Expenditures	36,681.75	36,496.12
Due State Department of Health	13.80	23.20
	<u>\$ 106,568.15</u>	<u>\$ 95,126.39</u>
Other Funds:		
Reserves For:		
Premium on Tax Sale	\$ 2,450,300.00	\$ 2,047,100.00
Special Law Enforcement Trust	50,193.19	88,756.42
C.D.B.G. Loan Repayment	295,342.24	129,553.13
Due to HUD - Refunds	2,075.10	2,075.10
Community Development Block Grants - Escrow	7,301.88	70,189.55
Various Deposits	3,893,250.02	3,571,961.19
Payroll	541,436.97	566,623.51
Fire Trust	77,126.45	70,369.63
State Unemployment Insurance	322,617.06	370,295.96
Community Development Block Grants	469,305.34	968,628.21
Section 8 Housing	43,049.15	15,087.79
Due Current Fund	11,370.47	11,370.47
	<u>\$ 8,163,367.87</u>	<u>\$ 7,912,010.96</u>
	<u>\$ 8,269,936.02</u>	<u>\$ 8,007,137.35</u>

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

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>ASSETS</u>		
Cash	\$ 1,385,717.69	\$ 1,025,670.00
Deferred Charges to Future Taxation - Funded	54,169,729.13	60,658,879.38
Deferred Charges to Future Taxation - Unfunded	113,083,181.42	96,470,764.00
Interfunds Receivable	3,316,598.02	3,313,946.02
Grants Receivable	<u>4,279,925.32</u>	<u>4,335,821.90</u>
	<u>\$ 176,235,151.58</u>	<u>\$ 165,805,081.30</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	\$ 54,005,000.00	\$ 60,385,000.00
Bond Anticipation Notes	89,241,671.00	64,241,671.00
Environmental Infrastructure Loans Payable	164,729.13	243,248.02
Green Acres Loans Payable		30,631.36
Improvement Authorizations:		
Funded	545,202.00	1,810,031.88
Unfunded	9,442,346.22	7,860,003.02
Various Reserves and Deposits	5,186,796.14	5,242,692.72
Contracts Payable	16,005,591.54	22,974,247.90
Interfunds Payable	127,511.98	127,511.98
Capital Improvement Fund	325,073.68	881,265.68
Fund Balance	<u>1,191,229.89</u>	<u>2,008,777.74</u>
	<u>\$ 176,235,151.58</u>	<u>\$ 165,805,081.30</u>

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

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

Balance, December 31, 2023	\$ 2,008,777.74
Increased by:	
Premium on Sale of Bonds and Notes	<u>1,182,452.15</u>
	\$ <u>3,191,229.89</u>
Decreased by:	
Current Fund Anticipated Revenue	<u>2,000,000.00</u>
Balance, December 31, 2024	\$ <u><u>1,191,229.89</u></u>

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

TOWNSHIP OF UNION

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2024	BALANCE DECEMBER 31, 2023
<u>OPERATING FUND:</u>		
Cash	\$ 2,283,003.70	\$ 3,399,130.64
Change Fund	<u>200.00</u>	<u>200.00</u>
	\$ 2,283,203.70	\$ 3,399,330.64
Receivables with Full Reserves:		
Consumer Accounts Receivable	\$ 1,180,131.32	\$ 909,335.86
Sewer Lien Receivable	<u>100.00</u>	<u>100.00</u>
	\$ 1,180,231.32	\$ 909,435.86
<u>TOTAL OPERATING FUND</u>	\$ 3,463,435.02	\$ 4,308,766.50
<u>CAPITAL FUND:</u>		
Fixed Capital	\$ 3,041,709.30	\$ 3,041,709.30
Fixed Capital Authorized and Uncompleted	23,840,000.00	23,840,000.00
Due General Capital Fund	127,511.98	127,511.98
Due Sewer Utility Operating Fund	<u>104,096.12</u>	<u>104,096.12</u>
	\$ 27,113,317.40	\$ 27,113,317.40
	\$ 30,576,752.42	\$ 31,422,083.90
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>OPERATING FUND:</u>		
Liabilities:		
Appropriation Reserves	\$ 94,685.52	\$ 450,378.18
Sewer Use Overpayments	27,001.23	28,063.59
Accounts Payable	152,629.93	37,245.25
Encumbrances Payable	47,035.64	137,781.26
Accrued Interest Payable	18,212.50	19,935.42
Due Current Fund	29,550.23	14,405.01
Due General Capital Fund	1,348,500.00	1,348,500.00
Due Sewer Utility Capital Fund	<u>104,096.12</u>	<u>104,096.12</u>
	\$ 1,821,711.17	\$ 2,140,404.83
Reserve for Receivables	1,180,231.32	909,435.86
Fund Balance	<u>461,492.53</u>	<u>1,258,925.81</u>
<u>TOTAL OPERATING FUND</u>	\$ 3,463,435.02	\$ 4,308,766.50
<u>CAPITAL FUND:</u>		
Capital Improvement Fund	\$ 90.00	\$ 90.00
Improvement Authorizations - Unfunded	22,456,677.00	22,456,677.00
Reserve for:		
Amortization	2,783,635.26	2,618,890.03
Debt Service	24,000.00	24,000.00
Inflow/Infiltration Mitigation Plan	500.00	500.00
Serial Bonds Payable	990,000.00	1,085,000.00
Infrastructure Trust Loan Payable	752,452.44	822,197.67
Fund Balance	<u>105,962.70</u>	<u>105,962.70</u>
<u>TOTAL CAPITAL FUND</u>	\$ 27,113,317.40	\$ 27,113,317.40
	\$ 30,576,752.42	\$ 31,422,083.90

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

TOWNSHIP OF UNION

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN OPERATING FUND BALANCE - REGULATORY BASIS

	YEAR ENDED DECEMBER <u>31, 2024</u>	YEAR ENDED DECEMBER <u>31, 2023</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance	\$ 1,200,000.00	\$ 2,450,000.00
Sewer Use Charges	9,210,314.14	8,868,547.45
Joint Meeting Refund	29,830.38	384,922.85
Miscellaneous	229,557.49	234,390.37
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>310,887.02</u>	<u>228,035.77</u>
<u>TOTAL INCOME</u>	<u>\$ 10,980,589.03</u>	<u>\$ 12,165,896.44</u>
<u>EXPENDITURES</u>		
Operating	\$ 6,934,521.00	\$ 6,471,000.00
Capital Improvements	37,354.00	500,000.00
Debt Service	206,147.31	204,953.57
Deferred Charges and Statutory Expenditures	350,000.00	350,000.00
Surplus (General Budget)	<u>3,050,000.00</u>	<u>3,400,000.00</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 10,578,022.31</u>	<u>\$ 10,925,953.57</u>
Excess in Revenue	402,566.72	1,239,942.87
Balance, January 1	<u>\$ 1,258,925.81</u>	<u>\$ 2,468,982.94</u>
	1,661,492.53	3,708,925.81
Decreased by:		
Utilization as Anticipated Revenue	<u>1,200,000.00</u>	<u>2,450,000.00</u>
Fund Balance, December 31	<u>\$ 461,492.53</u>	<u>\$ 1,258,925.81</u>

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

TOWNSHIP OF UNION
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS

Balance, December 31, 2023
and December 31, 2024

\$ 105,962.70

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

TOWNSHIP OF UNION

SEWER UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>ANTICIPATED</u>	<u>REALIZED</u>	EXCESS OR (DEFICIT)
Fund Balance	\$ 1,200,000.00	\$ 1,200,000.00	\$
Sewer Use Charges	8,800,000.00	9,210,314.14	410,314.14
Miscellaneous	230,000.00	229,557.49	(442.51)
Joint Meeting Refund	370,000.00	29,830.38	(340,169.62)
	<u>\$ 10,600,000.00</u>	<u>\$ 10,669,702.01</u>	<u>\$ 69,702.01</u>

ANALYSIS OF REALIZED REVENUE:

Sewer Use Charges:
Cash Receipts

\$ 9,210,314.14
\$ 9,210,314.14

Miscellaneous:
Interest on Sewer Charges
Miscellaneous

\$ 151,667.08
77,890.41
\$ 229,557.49

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

TOWNSHIP OF UNION

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>OPERATING:</u>					
Salaries and Wages	\$ 1,100,000.00	\$ 1,100,000.00	\$ 1,081,601.75	\$ 18,398.25	\$
Other Expenses	409,500.00	409,500.00	333,494.73	76,005.27	
Joint Meeting of Essex and Union County	5,325,021.00	5,325,021.00	5,325,021.00		
Insurance	100,000.00	100,000.00	100,000.00		
<u>TOTAL OPERATING</u>	<u>6,934,521.00</u>	<u>6,934,521.00</u>	<u>6,840,117.48</u>	<u>94,403.52</u>	
<u>CAPITAL IMPROVEMENTS:</u>					
Capital Outlay	37,354.00	37,354.00	37,072.00	282.00	
<u>TOTAL CAPITAL OUTLAY</u>	<u>37,354.00</u>	<u>37,354.00</u>	<u>37,072.00</u>	<u>282.00</u>	
<u>DEBT SERVICE:</u>					
Payment of Bond/Loan Principal	165,000.00	165,000.00	164,745.23		254.77
Interest on Bonds/Loans	43,125.00	43,125.00	41,402.08		1,722.92
Interest on Notes	20,000.00	20,000.00			20,000.00
<u>TOTAL DEBT SERVICE</u>	<u>228,125.00</u>	<u>228,125.00</u>	<u>206,147.31</u>		<u>21,977.69</u>
<u>STATUTORY EXPENDITURES:</u>					
Contribution to:					
Public Employees Retirement System	250,000.00	250,000.00	250,000.00		
Social Security	100,000.00	100,000.00	100,000.00		
<u>TOTAL STATUTORY EXPENDITURES</u>	<u>350,000.00</u>	<u>350,000.00</u>	<u>350,000.00</u>		
Surplus (General Budget)	3,050,000.00	3,050,000.00	3,050,000.00		
<u>\$ 10,600,000.00</u>	<u>\$ 10,600,000.00</u>	<u>\$ 10,600,000.00</u>	<u>\$ 10,483,336.79</u>	<u>\$ 94,685.52</u>	<u>\$ 21,977.69</u>
Disbursements		\$ 10,394,899.07			
Encumbrances Payable		47,035.64			
Accrued Interest on Loan		41,402.08			
		<u>\$ 10,483,336.79</u>			

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

TOWNSHIP OF UNION
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>ASSETS</u>			
Cash - Director of Welfare - Special Accounts		\$ <u>10,772.75</u>	\$ <u>10,772.75</u>
		\$ <u><u>10,772.75</u></u>	\$ <u><u>10,772.75</u></u>
<u>LIABILITIES</u>			
Reserve for Director of Welfare - Special Accounts		\$ <u>10,772.75</u>	\$ <u>10,772.75</u>
		\$ <u><u>10,772.75</u></u>	\$ <u><u>10,772.75</u></u>

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

TOWNSHIP OF UNION
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEET - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2024</u>	BALANCE DECEMBER <u>31, 2023</u>
<u>FIXED ASSETS</u>		
Land	\$ 26,880,600.00	\$ 26,880,600.00
Buildings	4,514,400.00	4,514,400.00
Machinery and Equipment	<u>29,651,439.30</u>	<u>29,648,324.33</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 61,046,439.30</u>	<u>\$ 61,043,324.33</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 61,046,439.30</u>	<u>\$ 61,043,324.33</u>

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

TOWNSHIP OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Township of Union conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Union are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

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

Trust Fund – receipts, custodianship, and disbursements of funds in accordance with the purpose of which each reserve was created.

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

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally-owned sewer utility.

Public Assistance Fund – receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

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

C. Basis of Accounting

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Inventories of Supplies - The cost of inventories of supplies for all funds is recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

General Fixed Assets – New Jersey Administrative Code (N.J.A.C. 5:30-5.6), Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000.00 or more per unit.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report, the information for the period ended June 30, 2024 was not available; therefore, the information dated June 30, 2023 is disclosed.

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

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet. New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75, however local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75.

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The Township may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

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

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the lease receivable as an asset on their balance sheets or the Statement of Revenues, or the lease payable as a liability and right to use asset on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 87 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 87.

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Township of Union had the following cash and cash equivalents at December 31, 2024:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Deposit in Transit</u>	<u>Outstanding Checks</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$26,941,847.59	\$2,494,162.81	\$1,043,931.84		\$28,392,078.56
Change Funds				\$725.00	725.00
	<u>\$26,941,847.59</u>	<u>\$2,494,162.81</u>	<u>\$1,043,931.84</u>	<u>\$725.00</u>	<u>\$28,392,803.56</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2024, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$26,941,847.59, \$500,000.00 was covered by Federal Depository Insurance and \$26,441,847.59 was covered under the provisions of NJGUDPA.

B. Investments

The investments which may be purchased by the Township are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

The Township of Union had no investments outstanding at December 31, 2024.

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

NOTE 3: MUNICIPAL DEBT

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

Long-Term Debt

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

	<u>YEAR 2024</u>	<u>YEAR 2023</u>	<u>YEAR 2021</u>
Issued:			
General:			
Bonds, Notes and Loans	\$143,411,400.13	\$124,900,550.38	\$95,171,086.18
Sewer Utility:			
Notes and Loans	<u>1,742,452.44</u>	<u>1,907,197.67</u>	<u>2,066,942.90</u>
Net Debt Issued	145,153,852.57	126,807,748.05	97,238,029.08
Less:			
Cash on Hands to Pay Notes	4,780,704.56	600,297.00	595,500.00
Reserve for Debt Service	659,007.50	659,007.50	659,007.50
Bonds Guaranteed	<u>430,000.00</u>	<u>430,000.00</u>	<u>430,000.00</u>
	\$139,714,140.51	\$125,548,443.55	\$95,553,521.58
Authorized But Not Issued			
General:			
Bonds and Notes	\$28,622,214.98	\$32,829,390.00	\$50,234,156.98
Sewer Utility:			
Bonds and Notes	<u>22,532,984.70</u>	<u>22,456,677.00</u>	<u>12,392,984.70</u>
Total Authorized But Not Issued	<u>\$51,155,199.68</u>	<u>\$55,286,067.00</u>	<u>\$62,627,141.68</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$190,869,340.19</u>	<u>\$180,834,510.55</u>	<u>\$158,180,663.26</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long Term Debt (Continued)

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 1.652%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 19,115,000.00	\$ 19,115,000.00	\$ -0-
Sewer Utility Debt	24,275,437.14	24,275,437.14	-0-
General Debt	<u>172,033,615.11</u>	<u>5,439,712.06</u>	<u>166,593,903.05</u>
	<u>\$ 215,424,052.25</u>	<u>\$ 48,830,149.20</u>	<u>\$ 166,593,903.05</u>

NET DEBT \$166,593,903.05 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, AS AMENDED, \$10,081,907,743.67 EQUALS 1.652%.

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

Equalized Valuation Basis* - December 31, 2024	\$10,081,907,743.67
3-1/2 of Equalized Valuation Basis	352,866,771.03
Net Debt	<u>166,593,903.05</u>
Remaining Borrowing Power	<u>\$186,272,867.98</u>

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

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long Term Debt (Continued)

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY
PER N.J.S. 40A:2-45

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year		\$10,669,702.01
Deductions:		
Operating and Maintenance Cost	\$7,284,521.00	
Debt Service	<u>206,147.31</u>	
Total Deductions		<u>7,490,668.31</u>
Excess in Revenue - Self Liquidating		<u><u>\$3,179,033.70</u></u>

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

CALENDAR	GENERAL		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	6,575,000.00	1,521,382.50	8,096,382.50
2026	6,790,000.00	1,276,357.50	8,066,357.50
2027	6,060,000.00	1,040,895.00	7,100,895.00
2028	5,375,000.00	813,245.00	6,188,245.00
2029	5,396,000.00	618,180.00	6,014,180.00
2030-34	18,554,000.00	1,360,295.00	19,914,295.00
2035-38	<u>5,255,000.00</u>	<u>214,250.00</u>	<u>5,469,250.00</u>
	<u><u>\$54,005,000.00</u></u>	<u><u>\$6,844,605.00</u></u>	<u><u>\$60,849,605.00</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long Term Debt (Continued)

The General Improvement and Refunding Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 2024</u>
\$5,750,000.00 in General Obligation Bonds dated July 15, 2014, due in remaining installments of \$550,000.00 beginning July 15, 2025 and ending July 15, 2026 with interest ranging between 2.375% and 2.500%	\$1,100,000.00
\$4,940,000.00 in General Obligation Refunding Bonds dated November 17, 2016, due in remaining installments of \$625,000.00 beginning February 1, 2025 and ending February 1, 2026 with an interest rate of 4.00%	1,250,000.00
\$10,746,000.00 in General Obligation Bonds dated January 24, 2017, due in remaining installments ranging between \$966,000.00 and \$970,000.00 beginning January 15, 2025 and ending January 15, 2029 with interest ranging between 2.750% and 4.00%	4,846,000.00
\$6,135,000.00 in General Obligation Refunding Bonds dated November 8, 2017, due in remaining installments ranging between \$855,000.00 and \$955,000.00 beginning February 1, 2025 and ending February 1, 2027 with an interest rate of 4.00%	2,670,000.00
\$12,294,000.00 in General Obligation Bonds dated August 1, 2019, due in remaining installments ranging between \$975,000.00 and \$1,100,000.00 beginning August 1, 2025 and ending August 1, 2032 with interest ranging between 1.00% and 4.00%	8,544,000.00
\$24,812,000.00 in General Obligation Bonds dated January 29, 2020, due in remaining installments ranging between \$1,600,000.00 and \$2,500,000.00 beginning January 15, 2025 and ending January 15, 2033 with interest ranging between 2.00% and 4.00%	19,400,000.00
\$18,125,000.00 in General Obligation Bonds dated January 26, 2022, due in remaining installments ranging between \$1,000,000.00 and \$1,375,000.00 beginning January 15, 2025 and ending January 15, 2038 with interest ranging between 2.00% and 3.00%	16,195,000.00
	<u>\$54,005,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long Term Debt (Continued)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2024, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$ 28,622,214.98</u>
Sewer Utility Operating Fund	<u>\$ 22,532,984.70</u>

The Township has also entered into a New Jersey Environmental Infrastructure Trust Fund Loan Agreement with the State of New Jersey for Sewer Infrastructure improvements through the Joint Meeting of Essex and Union Counties. The loan, reflected in the General Capital Fund, totaled \$1,443,800.00, was dated November 9, 2006 and bears the following maturities for the outstanding principal and interest on the loan:

CALENDAR YEAR	<u>N. J. ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOAN</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$76,178.75	\$2,337.50	\$78,516.25
2026	<u>88,550.38</u>	<u>1,275.00</u>	<u>89,825.38</u>
	<u>\$164,729.13</u>	<u>\$3,612.50</u>	<u>\$168,341.63</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Short Term Debt

BOND ANTICIPATION NOTES

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
5415/5595	01/31/20	01/22/24	01/21/25	4.500%	\$90,250.00
5415/5595	01/26/22	01/22/24	01/21/25	4.500%	477,871.00
5423	01/26/22	01/22/24	01/21/25	4.500%	154,850.00
5430	01/26/22	01/22/24	01/21/25	4.500%	11,900.00
5431	01/26/22	01/22/24	01/21/25	4.500%	3,800.00
5432/5612/5665	01/31/20	01/22/24	01/21/25	4.500%	142,500.00
5433	01/26/22	01/22/24	01/21/25	4.500%	6,500.00
5437/5561	01/26/22	01/22/24	01/21/25	4.500%	152,000.00
5555/5603	01/26/22	01/22/24	01/21/25	4.500%	10,500.00
5692	01/26/22	01/22/24	01/21/25	4.500%	10,600,000.00
5701	01/26/22	01/22/24	01/21/25	4.500%	2,857,000.00
5702	01/26/22	01/22/24	01/21/25	4.500%	4,761,000.00
5711	01/26/22	01/22/24	01/21/25	4.500%	2,118,500.00
5717	01/26/22	01/22/24	01/21/25	4.500%	1,618,000.00
5718	01/26/22	01/22/24	01/21/25	4.500%	3,333,000.00
5721	01/26/22	01/22/24	01/21/25	4.500%	1,904,000.00
5729	01/24/23	01/22/24	01/21/25	4.500%	9,800,000.00
5730	01/24/23	01/22/24	01/21/25	4.500%	24,000,000.00
5730	01/22/24	01/22/24	01/21/25	4.500%	9,333,000.00
5731	01/24/23	01/22/24	01/21/25	4.500%	2,200,000.00
5761	01/22/24	01/22/24	01/21/25	4.500%	15,667,000.00
					<u>\$89,241,671.00</u>

NOTE 4: SCHOOL TAXES

Local district taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance	Balance
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Balance of Tax	\$52,679,187.06	\$50,540,322.75
Deferred	<u>53,929,867.50</u>	<u>51,738,571.50</u>
Tax Prepaid	<u>(\$1,250,680.44)</u>	<u>(\$1,198,248.75)</u>

NOTE 5: FUND BALANCES APPROPRIATED

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

Current Fund	\$ 5,650,000.00
Sewer Utility Operating Fund	\$ 400,000.00

NOTE 6: PROPERTY TAXES

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

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

	BALANCE	BALANCE
	DECEMBER 31,	DECEMBER 31,
	<u>2024</u>	<u>2023</u>
Prepaid Taxes	<u>\$1,717,991.22</u>	<u>\$1,326,278.14</u>

NOTE 7: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), the Police, Firemen's Retirement System (PFRS), the Consolidated Police and Firemen's Pension Fund or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund.

These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

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

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

Consolidated Police and Firemen's Pension Fund - The Consolidated Police and Firemen's Retirement System (CPFRS) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

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

NOTE 7: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

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

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

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.50% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. PFRS members contributed at a uniform rate of 10.00% of base salary.

NOTE 7: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

Certain portions of the cost are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$12,877,746.00 for 2024, \$12,197,055.00 for 2023 and \$10,703,182.00 for 2022.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

Pension Contribution Deferral

The Township of Union has elected to defer a portion of its pension contributions as follows:

Retirement System	Original Amount Deferred		2024 Payments	
			Principal	Interest
PFRS	\$	2,289,438.00	\$ 288,112.00	65,063.00
PERS		<u>354,213.00</u>	<u>45,887.00</u>	<u>10,327.00</u>
Total	\$	<u><u>2,643,651.00</u></u>	<u><u>333,999.00</u></u>	<u><u>75,390.00</u></u>

The amount of the actuarially computed value balance outstanding at December 31, 2024 is not available from the State Retirement System and is therefore not presented.

Accounting and Financial Reporting for Pensions – GASB #68

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2024, for PERS and PFRS was not available, therefore the information dated June 30, 2023 is disclosed.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68 (Continued)

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$29,081,321.00 for the Township of Union's proportionate share of the total net pension liability. 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. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Township's proportion was 0.2007771994 percent, which was an increase of 0.0128886370 percent from its proportion measured as of June 30, 2022.

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$595,189.00 for the Township of Union's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2023 billing was \$2,369,365.00.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 278,055.00	\$ 118,875.00
Changes of assumptions	63,886.00	1,762,453.00
Net difference between projected and actual earnings on pension plan investments	133,923.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>3,788,717.00</u>	<u>542,574.00</u>
	\$ <u>4,264,581.00</u>	\$ <u>2,423,902.00</u>

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Public Employees Retirement System (PERS) (Continued)

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	(\$886,156.40)
2025	(207,764.40)
2026	1,846,818.60
2027	434,907.60
2028	652,873.60
	<u>\$1,840,679.00</u>

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 rolled forward to June 30, 2023. These actuarial valuations used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2023 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market 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. Treasury's	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 on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

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

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$37,857,692.00	\$29,081,321.00	\$21,611,468.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2023, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of June 30, 2023 was 0.2015394907% which was an increase of 0.0129002838 percent from its proportion measured as of June 30, 2022. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2023 and June 30, 2022 was \$90,694.00 and 59,660.00, respectively.

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the State reported a net pension liability of \$84,611,298.00 for the Township of Union's proportionate share of the total PFRS net pension liability. 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. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the Township's proportion was 0.7657974500 percent, which was an increase of 0.0101429300 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$4,524,460.00. The pension expense recognized in the Township's financial statement based on the April 1, 2023 billing was \$9,827,690.00.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 3,622,886.00	\$ 4,035,208.00
Changes of assumptions	182,621.00	5,713,290.00
Net difference between projected and actual earnings on pension plan investments	4,309,093.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>3,081,531.00</u>	<u>1,723,873.00</u>
	\$ <u>11,196,131.00</u>	\$ <u>11,472,371.00</u>

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

Year Ended		<u>Amount</u>
<u>June 30</u>		
2024	\$	(3,021,244.40)
2025		(2,888,470.40)
2026		5,355,652.60
2027		(165,743.40)
2028		427,605.60
Thereafter		<u>15,960.00</u>
	\$	<u>(276,240.00)</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	All future years 3.25-16.25% Based on years of Service
Investment Rate of Return	7.00%

Employee mortality rates were based on the Pubs-2010 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 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.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market 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. Treasury's	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 on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

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

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

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the PFRS pension liability	\$117,891,027.00	\$84,611,298.00	\$56,897,234.00

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

The non-employer contributing entities’ total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2023 and 2022 is 0.7657975200% and 0.7556545300% respectively, the non-employer contributing entities’ contribution for the year ended June 30, 2023 and 2022 was \$1,782,966.00 and \$1,916,423.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2023 and 2022 was \$1,773,400.00 and \$1,776,009.00, respectively.

At June 30, 2023 and 2021, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$15,590,616.00 and \$15,393,558.00 respectively.

At June 30, 2023, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$84,611,298.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>15,590,616.00</u>
	<u>\$100,201,914.00</u>

Pension Plan Fiduciary Net Position

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

NOTE 8: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay, which may be taken as time off, or paid at a later date, at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$12,820,984.71. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget. The Township has accumulated \$54,621.52 for this purpose in the Current Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 9: LITIGATION

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

NOTE 10: CONTINGENT LIABILITIES

Federal and State Programs

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreement and applicable regulations, including the expenditure of funds for eligible purpose. The state and federal grants received and expended in 2024 were subject to the Federal Uniform Guidance and State of New Jersey OMB Circular 15-08, which mandates that grant revenues and expenditures be audited in conjunction with the Township's annual audit.

Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Schedule of Findings and Questioned Costs.

In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2024, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2024 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a balance sheet reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Township has a reserve for tax appeals of \$991,045.75 at December 31, 2024.

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. The Township participates in a self insurance program through the Garden State Municipal Joint Fund covering General Liability and Workers Compensation claims. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Township's contributions to the Fund for claim payments are based on actuarial assumptions determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township for these risks.

The Township participates in the New Jersey State Health Benefits Plan for Health Insurance and maintains commercial insurance coverage for Dental and Prescription claims. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024		\$93,812.68	\$12,225.93	\$153,717.51	\$322,617.06
2023	\$65,000.00	6,445.58	8,917.60	80,858.15	370,295.96
2022	65,000.00	61,994.05	1,953.77	37,463.62	370,790.93

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 110,793.30	\$ 2,417,837.39
Grant Fund	449,739.37	
Animal Control Fund		69,872.60
Trust Other Fund		11,370.47
General Capital Fund	3,316,598.02	127,511.98
Sewer Utility Operating Fund		1,482,146.35
Sewer Utility Capital Fund	<u>231,608.10</u>	<u></u>
	\$ <u>4,108,738.79</u>	\$ <u>4,108,738.79</u>

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

NOTE 14: DEFERRED COMPENSATION PLAN

The Township offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all Township employees, permit them to defer a portion of their salaries until future years. The Township does not make any contribution to the plans. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

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

The Plans are administered by the Lincoln National Life Insurance Company, AXA Equitable and Mass Mutual Financial Group.

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The Township's defined benefit OPEB plan, Township of Union Postretirement Healthcare Plan (the Plan), provides OPEB for all eligible employees of the Township in accordance with the terms of their labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Township. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The Plan provides retirees and their eligible dependents medical, prescription drug and dental benefits provided that they have meet the eligibility requirement contained in the Township's various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	589
Inactive employees entitled to but not currently receiving benefits payments	-0-
Active employees	<u>389</u>
	<u>978</u>

Total Net OPEB Liability

At December 31, 2024, the Plan reported a liability of \$209,893,810.00 for the Township's proportionate share of the collective net OPEB liability. The total net OPEB liability measured as of December 31, 2024 was determined by an actuarial valuation as of December 31, 2024.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period January 1, 2024 through December 31, 2024.

For the year ended December 31, 2024, the State reported OPEB expense of \$16,593,014.00. This OPEB expense was based on the OPEB plans December 31, 2024 measurement date.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability (Continued)

At December 31, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Subtotals Based on Prior Valuations		\$4,322,079
Changes of assumptions	<u>\$97,872,092</u>	<u>20,113,866</u>
	<u><u>\$97,872,092</u></u>	<u><u>\$24,435,945</u></u>

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2025	\$2,488,262
2026	11,025,315
2027	8,917,828
2028	8,917,828
2029	8,917,828
Total Thereafter	<u>33,169,086</u>
	<u><u>\$73,436,147</u></u>

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:

Inflation rate	2.50%
Salary Increases	2.50%

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

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

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

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. 100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for December 31, 2024 was 4.08%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at 12/31/23	\$229,822,523
Changes for the year:	
Service Cost	2,030,589
Interest Cost	7,442,009
Changes in assumptions or other inputs	(22,260,032)
Benefit payments	<u>(7,141,279)</u>
Net change in OPEB liability	<u>(19,928,713)</u>
Balance at 12/31/24	<u><u>\$209,893,810</u></u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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

The following presents the Net OPEB liability associated with the Township as of December 31, 2024, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	December 31, 2024		
	1.00% <u>Decrease (3.08%)</u>	At Discount <u>Rate (4.08%)</u>	1.00% <u>Increase (5.08%)</u>
Township's proportionate Share of the Net OPEB Liability	\$235,437,225	\$209,893,810	\$189,536,437

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

The following presents the total Net OPEB liability associated with the Township as of December 31, 2024, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	December 31, 2024		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
Township's proportionate share of the Net OPEB Liability	\$191,832,102	\$209,893,810	\$232,546,032

NOTE 16: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2024:

	Balance December 31, <u>2023</u>	<u>Net Change</u>	Balance December 31, <u>2024</u>
Land	\$4,631,700.00		\$4,631,700.00
Buildings	2,180,017.00		2,180,017.00
Machinery and Equipment	<u>29,648,324.33</u>	<u>\$3,114.97</u>	<u>29,651,439.30</u>
	<u>\$61,043,324.33</u>	<u>\$3,114.97</u>	<u>\$61,046,439.30</u>

NOTE 17: LEASES

Lease Receivable

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

- Cell Tower – CC Holdings. The current lease term expires 9/30/2025 with 3 remaining extensions available. The lessee can terminate the lease for different reasons outlined in the original agreement. Monthly payments in 2024 totaled \$83,962.25.
- Dunkin Donuts. The current lease term expires 11/30/2026 with no remaining extensions available. Monthly payments in 2024 totaled \$24,600.00.

As discussed in Note 1, New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the lease receivable as an asset on their balance sheets or revenue on the Statement of Revenues.

NOTE 17: LEASES (CONTINUED)

LEASE PAYABLE

The Township, as lessee, has entered into the following leases:

- Seaboard Properties- Suite 2. The current lease term expires 9/30/2029 with two remaining five year extensions available. The lessee can terminate the lease in the event the Tenant determines that the Premises can no longer be used advantageously for the purposes of a Library provided the Tenant gives 120 days written notice or may assign or sublet this Lease. Monthly payments in 2024 totaled \$168,789.50.
- Seaboard Properties- Suite 1. The current lease term expires 9/30/2029 with two remaining five year extensions available. Monthly payments in 2024 totaled \$26,100.00.
- Union Medical Park, LLC. The current lease term expires 12/31/2025. Monthly payments in 2024 totaled \$265,626.23.

As discussed in Note 1, New Jersey’s municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the lease payable as a liability or a right to use asset on their balance sheets or expense on the Statement of Expenditures.

NOTE 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER <u>31, 2024</u>	2025 BUDGET <u>APPROPRIATION</u>	DEFERRED TO BUDGETS OF SUCCEEDING <u>YEARS</u>
<u>Current Fund:</u>			
Emergency Authorization	<u>\$1,000,000.00</u>	<u>\$200,000.00</u>	<u>\$800,000.00</u>
	<u>\$1,000,000.00</u>	<u>\$200,000.00</u>	<u>\$800,000.00</u>

NOTE 19: SUBSEQUENT EVENTS

The Township has evaluated material subsequent events occurring after the financial statement date through June 17, 2025 which is the date the financial statements were available to be issued.

Based upon this evaluation, the Township has had the following debt issuances:

General Improvement Bonds, Series 2025 in the amount of \$89,241,000.00. The bonds are dated January 15, 2025 with a final maturity date of January 15, 2048.

Bond Anticipation Notes in the amount of \$15,000,000.00 that provides short term financing for various capital projects. The Bond Anticipation Notes mature on January 2, 2026.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

February __, 2026

Mayor and Township Committee
of the Township of Union
Union, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Committee of the Township of Union, in the County of Union, a municipal corporation organized and existing under the laws of the State of New Jersey (the "Township"), and other proofs submitted to us relative to the authorization, issuance, sale, execution and delivery of the \$47,112,421 principal amount of Bond Anticipation Notes, Series 2026 (the "Notes") of the Township. The Notes are dated February 27, 2026, mature February 26, 2027, and bear interest at the rate of _____ per centum (____%) per annum.

The Notes are issued in fully registered book-entry form, without certificates, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC Participants, which will, in turn, remit such payments to the beneficial owners of the Notes. The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are authorized by, and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Township Committee of the Township, approved by the Mayor, as applicable, and published as required by law (the "Ordinances"); and (iii) a resolution duly adopted by the Township Committee of the Township on January 27, 2026 (the "Resolution", and together with the Ordinances, the "Authorizing Documents").

The Notes are being issued to (i) refund, on a current basis, a \$12,959,421 principal portion of prior bond anticipation notes issued in the amount of \$15,000,000 on April 3, 2025 and maturing April 2, 2026 (the "Prior April Notes") (the remaining balance of the Prior April Notes will be paid with grant monies received in the amount of \$2,040,579), (ii) refund, on a current basis, \$10,000,000 prior bond anticipation notes issued on July 31, 2025 and maturing April 2, 2026, and (iii) temporarily finance various general capital improvements and acquisitions of the Township in the amount of \$24,153,000, including paying the costs associated with the issuance of the Notes.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Notes pursuant to, as applicable, the Local Bond Law and the Authorizing Documents, (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the Township, which are enforceable in accordance with their terms, and (iii) the Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Township has covenanted in a tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the provisions of the Code and the aforementioned covenants in its tax certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state, local or foreign tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

I, THEODORE GEORGIU, Chief Financial Officer of the Township of Union, in the County of Union (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of \$47,112,421 principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"), dated February 27, 2026 and maturing on February 26, 2027, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable: (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 or other material events effecting the tax-exempt status of the security; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the Township other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *"Financial Obligation"* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below), through the EMMA system, consistent with the Rule (as defined below).

If the Township (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the Township shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days.

The Township's obligations under this Certificate shall terminate upon the redemption, defeasance or payment in full of the Notes.

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Township, the purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NW Financial Group, LLC, Bloomfield, New Jersey. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township this ____ day of February, 2026.

**TOWNSHIP OF UNION,
IN THE COUNTY OF UNION,
STATE OF NEW JERSEY**

THEODORE GEORGIU,
Chief Financial Officer

Acknowledged and Accepted by:

**NW FINANCIAL GROUP, LLC
as Dissemination Agent**

Authorized Signatory

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