

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2026**

**NEW ISSUE**

**Not Rated**

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

**\$22,418,146 BOND ANTICIPATION NOTES  
of the  
TOWNSHIP OF JEFFERSON  
IN THE COUNTY OF MORRIS  
NEW JERSEY  
BOND ANTICIPATION NOTES  
(Non-Callable)**

**Rate of Interest: %  
Reoffered to Yield: %**

**Dated: June 11, 2026**

**Due Date: June 11, 2027**

The \$22,418,146 Bond Anticipation Notes (the "Notes") of the Township of Jefferson (the "Township") are payable as to principal and interest at the maturity of the Notes upon presentation and surrender at the office of the Chief Financial Officer of the Township of Jefferson, Weldon Road, Lake Hopatcong, New Jersey 07849, the paying agent.

The Notes are issued, together with funds on hand, to: (i) fund various capital improvements, including payment at maturity of bond anticipation notes issued to finance such projects; and (ii) pay for expenses incurred in connection with the issuance of the Notes.

The Notes are not subject to redemption prior to maturity.

The Notes are valid and legally binding obligations of the Township and all the taxable property within the Township is subject ultimately to the levy of ad valorem taxes for the payment of principal and interest on the Notes, without limitation as to rate or amount; provided, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See "Noteholders' Remedies in the Event of Default" and "Municipal Bankruptcy" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to approval of legality by Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Township. Certain legal matters will be passed upon for the Township by Thomas N. Ryan, Esq., Sparta, New Jersey, Counsel to the Township. Delivery of definitive Notes will be made on or about June 11, 2026.

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

Dated: May , 2026

The Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction. This Preliminary Official Statement is "deemed final" by the Township for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, except for any information permitted by such Rule to be omitted.

**TOWNSHIP OF JEFFERSON**  
Municipal Building  
Weldon Road  
Lake Hopatcong, New Jersey 07849

**MAYOR**  
Eric F. Wilsusen  
Term Expires December 31, 2026

**TOWNSHIP COUNCIL**

<u>MEMBER</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Josh Kalish	President	December 31, 2026
Barbie Garruto	Vice President	December 31, 2028
Melissa Senatore	Councilperson	December 31, 2026
Robert Birmingham	Councilperson	December 31, 2028
Dan Schultz	Councilperson	December 31, 2028

**TOWNSHIP ADMINISTRATOR**  
Debra J. Millikin

**DEPUTY TOWNSHIP CLERK**  
Amanda Nevins

**CHIEF FINANCIAL OFFICER**  
William J. Eagen

**CONSULTANTS AND ADVISORS**

**COUNSEL**  
Laddey Clark & Ryan, LLP  
Sparta, New Jersey

**AUDITOR**  
Nisivoccia LLP  
Mount Arlington, New Jersey

**BOND COUNSEL**  
Hawkins Delafield & Wood LLP  
Newark, New Jersey

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

The information which is set forth herein has been provided by the Township of Jefferson and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Township of Jefferson. References in this Official Statement to State of New Jersey statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Township of Jefferson during normal business hours. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township of Jefferson since the date hereof.

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

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**OFFICIAL STATEMENT  
OF THE TOWNSHIP OF  
JEFFERSON IN THE  
COUNTY OF MORRIS  
NEW JERSEY  
RELATING TO \$22,418,146  
BOND ANTICIPATION NOTES**

**INTRODUCTORY STATEMENT**

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by the Township of Jefferson (the "Township") in the County of Morris (the "County"), a public body corporate and politic of the State of New Jersey (the "State"), to provide certain information relating to the Township and the \$22,418,146 Bond Anticipation Notes (the "Notes"), including their general description, the purposes of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial and economic information on the Township and other information pertinent to the Notes. This Official Statement should be read in its entirety in order to make an informed investment decision.

All financial and other information presented herein has been provided by the Township from its records except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

The Notes will be issued in the denominations of \$5,000 and any \$1,000 increment thereafter, except for one necessary odd denomination. Interest on the Notes is calculated thereafter on the basis of the 30 day month and a 360 day year. Both the principal and interest on the Notes will be payable in lawful money of the United States of America.

The Township has never defaulted on the payment of its debt service according to available records.

**AUTHORIZATIONS FOR THE NOTES**

The Notes are authorized and are issued pursuant to the laws of the State, including the Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"). The Notes are authorized by various ordinances adopted by the Township Council of the Township. The issuance of the Notes does not require voter approval through a referendum. Sale of the Notes was approved by a resolution of the Township Council adopted on May 6, 2026. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the state, and any person shall be barred from questioning the sale, execution, or delivery of the Notes by the Township.

The following table sets forth the ordinance number, par amount authorized, purpose, and the par amount of Notes sold.

<u>Ordinance Number</u>	<u>Funding Amount Authorized</u>	<u>Purpose</u>	<u>Notes to be Issued</u>
01-21	\$1,550,400	Addition to Municipal Building	\$101,400.00
12-21	530,000	Various Sanitary Sewer System Improvements	474,379.63
13-21	3,591,193	Various Improvements	3,041,193.00
08-22	320,000	Various Sanitary Sewer System Improvements	309,949.37
09-22	499,500	Various Water System Improvements	359,500.00
10-22	3,571,050	Various Improvements	3,251,050.00
10-23	450,000	Various Sewer System Improvements	443,000.00
11-23	788,500	Various Water System Improvements	63,500.00
12-23	3,527,421	Various Improvements	3,407,421.00
09-24	230,000	Various Water System Improvements	30,000.00
10-24	2,924,098	Various Improvements	2,924,098.00
11-24	3,087,500	Acquisition of Two New Fire Trucks	3,087,500.00
07-25	725,000	Various Water System Improvements	725,000.00
09-25	390,000	Various Sewer System Improvements	390,000.00
11-25	2,560,155	Various Improvements	2,560,155.00
17-26	2,922,819	Various Improvements	1,250,000.00
			<u>\$22,418,146.00</u>

## **PURPOSE OF ISSUE**

The Notes are issued, together with funds on hand, to: (i) finance the costs of various capital projects including the payment of bond anticipation notes maturing on June 12, 2026 in the amount of \$21,604,417 which were issued for such projects; and (ii) pay for expenses incurred in connection with the issuance of the Notes.

## **DESCRIPTION OF THE NOTES**

### **Term**

The Notes shall be dated and shall bear interest from June 11, 2026 and will mature in the amount and on the date set forth on the cover page of this Official Statement. Interest on the Notes is payable at maturity at the interest rate set forth on the cover page hereof.

### **Denomination and Place of Payment**

The Notes will be issued in the denominations of \$5,000 or any \$1,000 increment thereafter, except for one necessary odd denomination. Principal of and interest on the Notes are payable at the office of the paying agent set forth on the cover page hereof.

### **Non-Callable Feature**

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

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Notes will not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

## **SECURITY FOR THE NOTES**

The Notes will be general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal and the interest on the Notes. The Notes are direct obligations of the Township and, unless paid from other sources, the Township is required by law to levy ad valorem taxes upon all the real property taxable within the Township for the payment of the principal of and the interest on the Notes without limitation as to rate or amount. See "Noteholders' Remedies in the Event of Default" and "Municipal Bankruptcy" herein.

## **SEASONAL BORROWING**

The Township has not borrowed in anticipation of taxes this year, and has no plans to issue debt in this manner during the remainder of the year.

## **LONG TERM FINANCING**

The Township does not anticipate permanently financing any notes during the remainder of the year.

## **INVESTMENT OF TOWNSHIP FUNDS**

Township funds are invested strictly in accordance with the provisions of State law, in particular N.J.S.A. 40A:5-15.1. The Township is not authorized and has not invested Township funds in derivative products or reverse repurchase agreements.

## PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

### Legal Framework

The Local Bond Law governs the issuance of bonds and notes by municipalities to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of such projects.

### Debt Limits

The authorized bonded indebtedness of the Township is limited by statute, subject to exceptions noted below, to an amount equal to 3 ½% of its State equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements, and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. The Township is within its 3 ½% debt limit.

### Exceptions to Debt Limit

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

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. Pursuant to law, the Township has deducted the full amount of outstanding school debt.

### School Debt Limit

State law (N.J.S.A. 18A:14-2 et seq.) permits the authorization of debt of the Township for purposes of the school district not in excess of its limit of 4% of the equalized valuation basis, except that debt of the Township for purposes of the school district may be authorized in excess of such limit by using the available borrowing capacity of the Township. If such debt is in excess of the remaining borrowing capacity of the Township, the proposed debt authorization must be approved by the State Commissioner of Education, the Board, and a majority of voters of the school board.

### Short Term Financing (N.J.S.A. 40A:2-8(a))

A local governmental unit 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 resolution so provides. Any such note is designated a "bond anticipation note". Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as the same may be amended and supplemented, creating such capital expenditures. Bond anticipation notes, which are full faith and credit obligations of the issuer, may be issued for a period not exceeding one year and may be renewed from time to time for a period that does not exceed one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

### Assessment Bonds

Assessment bonds may be issued in annual serial installments with the first principal payment due within two years and the final principal payment due within twenty years of an issue's date. No principal payment may be larger than a prior year's principal payment.

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

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

### **Tax Anticipation Notes (N.J.S.A. 40A:4-64)**

The issuance of tax anticipation notes is limited in amount by law to collectively 30% of the tax levy plus 30% of realized miscellaneous revenues of the next preceding fiscal year and must be paid in full within 120 days of the close of a local government unit's current fiscal year.

### **APPROPRIATION NOT REQUIRED FOR PAYMENTS ON DEBT**

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 says "No officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose". 40A:2-4 states "The power and obligation of a local governmental unit to pay any and all bonds and notes issued by it pursuant to this Chapter, or any act of which this Chapter is a revision, shall be unlimited...".

### **STATUTORY REQUIREMENTS**

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

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

Under N.J.S.A. 40A:4-1 et seq., every local unit must adopt an operating budget in the form required by the New Jersey Division of Local Government Services (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division ("Director") prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Anticipated tax revenue is limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections. Anticipated nontax revenue is limited to the amount actually realized the previous year; the Director is empowered to permit higher levels of anticipation, should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

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

The operating budgets of local units must be in balance, i.e., the total of anticipated revenue must equal the total appropriations. If, in any year, the Township's expenditures exceed its realized revenue for that year, then such excess (deficit) must be raised in the succeeding year's budget.

The Township is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director shall transmit to the County Board a certificate setting forth the amount required for the operation of the Township for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges, and changes in revenue, but excluding the amount to be raised by taxes for school purposes where required to be included in the Township budget.

The certificate shall be prepared by using the revenue and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year, and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year.

### **Appropriation "Caps"**

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

In summary, in determining the CAP for each budget year, the prior year's total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by 2.5% or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce) (the "Cost-of-Living Adjustment"), whichever is less, thereby producing the basic CAP, which then may be increased by certain known increases in revenues and State or federal expenditures mandated after July 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage rate up to but not to exceed 3.5%. A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

### **Property Tax Levy Cap**

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

### **Real Estate Taxes**

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

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in a municipality and payable in a 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 December 31 of such preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will be at least equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

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

### **Miscellaneous Revenues**

N.J.S.A. 40A:4-26 provides that "No 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 local governmental unit's 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 governmental unit."

In addition, budget amendments must be approved by the Director, except for federal and state grant-in-aid offsetting appropriations.

### **Deferral of Current Expenses**

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the Township Council. With minor exceptions set forth below, such appropriations must be included in full in the following year's budget.

Under the amended CAP law emergency resolutions aggregating less than 3% of the previous year's final current operating appropriations may be raised in the portion of the Township's budget outside the CAP if approved by at least two-thirds of the members of the Council and the Director. Emergency appropriations that aggregate more than 3% of the previous year's final current operating appropriations must be raised within the CAP. Emergency resolutions for debt service, capital improvements, the Township's share of federal or state grants and other statutorily permitted items are outside the CAP.

The exceptions are certain enumerated quasi-capital projects such as ice and snow removal and repair of flood damage to streets, roads and bridges which may be amortized over three years and tax map preparation, revision of ordinances, and master plan preparation which may be amortized over five years.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A. 40A:4-58, until the last two months of the year. However, no transfers may be made under this section from appropriations for contingent expenses, deferred charges, cash deficit of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund, or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

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

### **Local Fiscal Affairs Law**

N.J.S.A. 40A:5-1 et seq. regulates the nonbudgetary financial activities of local governmental units. The Chief Financial Officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies and commissions.

An annual independent audit of the local governmental unit's accounts for the previous year must be performed by a New Jersey licensed Registered Municipal Accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of a local governmental unit's financial procedures and must be filed with the Director prior to June 1 or each year. A synopsis of the Audit Report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion. The entire annual audit report is filed with the Municipal Clerk and is available for review during business hours.

## **Capital Budget**

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

## **FINANCIAL OPERATIONS**

### **Basis of Accounting**

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

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

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

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

### **Current Fund**

The Township's finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund. The Township operates on a January 1 to December 31 fiscal year.

### **General Expenditures**

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

### **Tax Collection Procedure**

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

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality remits 100% of the county taxes, payable quarterly on the 15th days of February, May, August and November.

Tax bills for the second half of the current calendar year and an estimate, based on 50% of the current fiscal year's tax levy, for the first half of the following calendar year are mailed annually in June and are due August and November in the current calendar year, and February and May of the following calendar year. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sales as of July 1 following the year of levy, in accordance with State statutes. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

#### **NOTEHOLDERS' REMEDIES IN THE EVENT OF DEFAULT**

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

#### **MUNICIPAL BANKRUPTCY**

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

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

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

#### **ABSENCE OF MATERIAL LITIGATION**

To the knowledge of the Township or the Township Attorney, Laddey Clark & Ryan, LLP, there is no litigation pending or threatened, restraining or enjoining the issuance or the delivery of the Notes now being offered for sale, or the levy or the collection of any taxes to pay the principal of or the interest on said Notes, or in any manner questioning the authority or the proceedings for the issuance of said Notes or for the levy or the collection of said taxes, or contesting the corporate existence or the boundaries of the Township or the title of any other present officers. A certificate to such effect will be executed by the Township's Attorney and delivered to the original purchaser of the Notes at the closing. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters relating to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, whose approving opinion will be delivered with the Notes substantially in the form as set forth in Appendix D. Certain legal matters will be passed upon for the Township by its Attorney, Laddey Clark & Ryan, LLP.

### **TAX MATTERS**

#### **Opinion of Bond Counsel**

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

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

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

#### **Certain Ongoing Federal Tax Requirements and Covenants**

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

#### **Certain Collateral Federal Tax Consequences**

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

The Notes are not taken into account (subject to certain limitations) in determining the portion of a financial institution’s interest expense subject to the pro rata interest disallowance rule of Section 265(b) of the Code for costs of indebtedness incurred or continued to purchase or carry certain tax-exempt obligations. The Notes, however, are taken into account in the calculation of the amount of a financial institution’s preference items under Section 291 of the Code.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Information Reporting and Backup Withholding**

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

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

### **Note Premium**

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

### **Miscellaneous**

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

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

## CERTAIN 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 cyber-attacks, 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.

## SECONDARY MARKET DISCLOSURE

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

The Notices include notices of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) note calls (other than mandatory sinking fund redemptions) if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Township, any of which affect holders of the Notes, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

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

The undertaking may be amended or modified without consent of the holders of the Notes under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Township upon the delivery of the Notes will be on file at the office of the Township Clerk.

The Township has appointed Phoenix Advisors, LLC, a division of First Security Municipal Advisors, Inc., to serve as continuing disclosure agent to ensure timely filings.

## **PREPARATION OF OFFICIAL STATEMENT**

Nisivoccia LLP, Auditor for the Township, has assisted in the preparation of this Official Statement with information obtained from Township documents and from other sources, including publicly available sources, considered reliable, but Nisivoccia LLP, does not make any warranty or other representation with respect to the accuracy and completeness of such information.

Nisivoccia LLP takes responsibility for the audited financial statements to the extent specified in the Independent Auditors' Report.

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

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

## **UNDERWRITING**

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_ (the "Underwriter") at a price of \$\_\_\_\_\_.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in the offering of the Notes to the public. 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 set forth on the cover page of this Official Statement, and such yield may be changed, from time to time, by the Underwriter without prior notice.

## **CLOSING CERTIFICATES**

The purchaser will be furnished, at the time the Notes are delivered, certificates in form satisfactory to Bond Counsel evidencing (a) the proper execution and delivery of the Notes, (b) receipt and payment therefor, and (c) the absence of litigation now pending or, to the knowledge of the officers signing the Notes, threatened to restrain or enjoin the issuance or delivery of the Notes.

Upon request, the Township will state in a certificate signed on its behalf by its Chief Financial Officer and delivered at the closing, that to such official's knowledge the descriptions and statements in this Official Statement, on the date of this Official Statement, are true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

## **ADDITIONAL INFORMATION**

Additional information may be obtained from the Township of Jefferson, Municipal Building, Weldon Road, Lake Hopatcong, New Jersey, 07849, attention: William J. Eagen, Chief Financial Officer (973-208-6136).

## **MISCELLANEOUS**

All summaries and explanations of provisions of laws, statutes or documents herein do not purport to summarize or describe all of the provisions thereof, and reference is made to said laws, statutes or documents for further information.

The economic, debt and other summaries which appear in Appendix A attached hereto have been prepared from publicly available sources of information described in said Appendix.

This Official Statement is not to be construed as a contract or agreement between the Township and the purchaser or holder 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 made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

The Township of Jefferson,  
in the County of Morris, New Jersey

By: /s/  
William J. Eagen  
Chief Financial Officer

APPENDIX A

DESCRIPTION OF TOWNSHIP OF JEFFERSON  
TOGETHER WITH CERTAIN ECONOMIC  
AND DEBT INFORMATION

# THE TOWNSHIP OF JEFFERSON

## General Information

The Township was founded in 1804 and is situated in the northwest sector of Morris county. Shaped like a parallelogram, the area of the Township is approximately 42 square miles or 26,880 acres. The Rockaway River flows along the eastern side of the Bowling Green Mountain Range in a southerly direction. Lake Hopatcong, a major recreational area, is in the southern portion of the Township. Milton, a second major community in the Township, is located near Route 23 in the northern part of the Township.

Nearly 20,500 people reside in the Township, with many working residents commuting by car or bus to New York City and to laboratories, research plants and corporate offices in Morris County. Most of the businesses in the Township are service oriented.

## Type of Government

The Township operates under the Mayor and Council Plan E form of government. The legislative power is exercised by the five-member Council elected on a staggered basis for four-year terms. The Council directs the Township by setting priorities, determining policies and establishing goals. The Mayor, Mr. Eric F. Wilsusen, is elected by the voters for a term of four years. The Mayor is the chief executive who enforces the charter and ordinances of the Township and all general law applicable thereto. Mr. Eric F. Wilsusen is in his second term.

## Township Officials

### Administrator

Mrs. Debra J. Millikin was appointed Administrator on April 8, 2019. Mrs. Millikin oversees the daily operations of the Township.

### Clerk

The Township Clerk recently resigned as of May 16, 2026. Deputy Township Clerk Amanda Nevins has assumed the Township Duties until the Township Clerk position is filled.

### Chief Financial Officer

William J. Eagen was appointed Chief Financial Officer in April 3, 2002 and is tenured. Mr. Eagen is responsible for the maintenance of the Township's finances.

### Municipal Utilities

The Township has a consultant handling the water licensing. Matthew Palko is the licensed operator for wastewater for the Municipal Utilities. Debra J. Millikin oversees operations of the Municipal Utilities.

## Land Development

The Township is a suburban community of predominantly single family detached owner-occupied homes, ranging in average price from \$190,000 for small older houses to \$3,500,000 for newer lakeside residences. Zoning for residential building lots average three-quarter acre.

Of the total land area of 26,880 acres, approximately 25%, or 6,793 acres, has been developed. Of the remaining 20,087 acres, 9,047 or 33% of the Township's land area, is developable. The remaining 11,040 is held by a public entity and is not developable.

In 2004, the State of New Jersey enacted the Highlands Water Protection and Planning Act. Regulations were adopted in May 2005. Over 80% of the Township is located within the Highlands preserved area. While the exact impact of this legislation upon the Township has not been quantified, land development has been curtailed almost 100%.

## **Educational Facilities**

The Township is in a fortunate position of having a balanced system of modern schools on decentralized and well-located sites, and having developed sufficient capacity to accommodate expected enrollments for the coming years.

The Board of Education (the "Board"), is composed of nine members elected on a staggered basis for three-year terms, governs the operations of the school district, a Type II school district co-terminus with the Township's borders. The Board is the policy making body and appoints the Superintendent of Schools who is responsible for the educative process and business operation of the school district.

In 2019, Kean University opened its Skylands Campus in Jefferson Township.

## **District Facilities**

The Board operates five schools for children in grades Kindergarten through twelve and special programs for children who need the services of special education classes.

## **Health Care Facilities**

Hospital services are available at Saint Clare - Riverside Hospital in Denville, Chilton Memorial Hospital in Pompton Plains, Dover General Hospital in Dover, Morristown Medical Center in Morristown, and Newton Medical Center in Newton. All hospitals offer medical care in modern facilities.

Within the Township are the Milton First Aid Squad and the Jefferson Township Rescue with approximately 80 active volunteers operating six ambulances.

## **Municipal Services**

### **Police**

The Police Department consists of a Chief of Police, one Police Captain, 3 Lieutenants, 6 sergeants, and a 27-man uniformed force, including 3 detectives, and 11 civilian personnel, 7 permanent, and 4 part-time.

The New Jersey State Police are also stationed within the Township at Lake Hopatcong.

### **Fire**

Fire protection is furnished by two volunteer fire companies with a complement of 85 active volunteers located in Milton and Lake Hopatcong and two auxiliary fire sub-stations. Apparatus includes 5 Pumpers, 2 Tenders, 2 Aerial Trucks, 2 Emergency Trucks, 2 Chief's Cars, one Fireboat, one 12-foot Inflatable Zodiac Rescue Boat, 2 All-Terrain Vehicles, and one Rescue Boat.

### **Emergency Management**

The Office of Emergency Management apparatus includes an All-Terrain Utility Vehicle/Gator, a side-by-side vehicle, two (2) vehicles, and three (3) drones.

### **Department of Public Works**

The Department of Public Works oversees the maintenance and snow clearing of Township roads. The D.P.W. has 20 full-time employees.

## **Solid Waste Removal**

Pick-up of solid waste is by an outside contractor and is paid from general taxation.

## **Recreational Facilities**

The coordination and supervision of most of the Township's recreational programs are under the direction of the Recreation Director and Recreation Advisory Board.

Swimming facilities are available at many of the public, quasi-public and private lakes and camps in the Township. There are also numerous public parks in the Township. Active organized recreational programs include baseball and softball leagues, football, lacrosse and soccer.

The Bowling Green Golf Course is open to the general public for golfing and tennis facilities. Berkshire Valley Golf Course, operated by Morris County, is also available to the general public.

The Township also has a modern library which is supported by State aid and local property taxes.

The Township, by referendum, passed a recreation and open space tax which represents up to one cent per \$100 of assessed value for recreation and up to two cents per \$100 of assessed value for open space. In 2014, by referendum, the Open Space and Recreation tax was combined to up to one cent per \$100 of assessed value.

## **Transportation Facilities**

Commuter service is provided by the Lakeland Bus Co. and New Jersey Department of Transportation Bus Service from certain points in the Township and along Routes 46 and 23 to New York City and the adjacent areas.

Interstate Route 80 passes through the Township's southerly tip in an east/west direction. Three State maintained roads, Routes 23, 15 and 181, offer north to south access to Route 46 and Interstate Route 80. With the completion of widening of Routes 23 and 15, increased commercial expansion has occurred in the Township.

## **UTILITIES**

### **Public Utilities**

Utility needs are supplied by First Energy Co., NJ Natural Gas, various telephone companies, Cablevision and other major utility providers, and various companies are used for gas and heating repair services.

### **Municipal Utilities**

### **General Information**

Prior to 1979, the Township was served entirely by privately owned and operated water and sewer companies. Between 1979 and 1989, the Township acquired ten water systems, and two sewage systems. The Municipal Utilities has authorized improvements to the water supply and distribution systems, and has completed improvements of the White Rock Wastewater Treatment Plant.

At present, the Municipal Utilities provides potable water to approximately 48% of the Township's residents, while providing sanitary sewage collection, treatment and disposal for 25% of the Township's residents.

### **Service Areas**

The Township is divided into two distinct service regions: one is the Lake Hopatcong Division in the southern portion, and the second is the Milton Division with a small system on Vassar Road in the northern portion.

The Lake Hopatcong Division encompasses the Lake Shawnee, Lake Forest, Lake Winona, Prospect Point, East Shores neighborhoods and the Peaks.

The Milton Division encompasses the White Rock Lake, Paderewski Road, Maryann Road, Aztec, MADOC, Chamberlain Road and Pecan Lane. All systems have been interconnected since 1999.

**Water System**

The sources of water are from 9 (nine) wells and an interconnection with the Morris County Municipal Utilities Authority. Water storage consists of 7 (seven) storage tanks, 4 (four) of which are in service, with a storage capacity of approximately three million gallons ("MG"). Water is treated at the well heads for PH adjustment and chlorination. The water utility has approximately 3,900 customers.

**Sewer System**

Lake Hopatcong Division

No wastewater treatment facility is available to residences or businesses in the area served by this Division. Residences and businesses have individual private septic or subsurface disposal systems. The Peaks has a sewer system.

Milton Division

Serves 719 residential customers and 27 commercial customers. There are two wastewater treatment facilities. The White Rock Wastewater Treatment Plant has a maximum treatment capacity of .129 MGD and the Moosepac Treatment Plant has a maximum capacity of .07 MGD. Average daily wastewater flow is approximately .120 MGD for White Rock Wastewater Treatment Plant and Moosepac Treatment Plant is approximately .025 MGD. A capital project interconnected the two wastewater plants in 2019.

**MUNICIPAL UTILITIES  
COMPARISON OF USER CHARGES AND COLLECTIONS**

	<b>User Charge</b>	<b>Collection</b>	
		<b>Amount</b>	<b>Percent</b>
<b>Water System:</b>			
2025	\$2,785,737	\$2,792,273	100.23%
2024	2,557,000	2,527,383	98.84
2023	2,482,426	2,477,551	99.80
2022	2,380,890	2,587,043	108.66
2021	2,382,050	2,384,018	100.08
<b>Sewer System:</b>			
2025	\$1,025,949	\$1,026,796	100.08%
2024	1,003,000	1,011,958	100.89
2023	1,025,000	1,005,572	98.10
2022	986,000	1,048,057	106.29
2021	999,075	986,409	98.73

Source: Township audited financial statements.

**MUNICIPAL UTILITIES  
COMPARATIVE SCHEDULES OF FUND BALANCES**

	<b>Balance <u>December 31</u></b>	<b>Utilized In Succeeding Year's <u>Budget</u></b>
<b>Water System:</b>		
2025	\$978,944	\$322,000
2024	778,273	321,982
2023	530,112	127,107
2022	349,191	28,500
2021	74,708	28,500
 <b>Sewer System:</b>		
2025	\$423,125	\$400,265
2024	558,813	384,689
2023	572,876	324,967
2022	667,776	227,834
2021	535,768	135,000

Source: Township's audited financial statements.

**MUNICIPAL UTILITIES  
HISTORICAL OPERATIONS**

**Water System:**

	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Revenues:					
User Charges	\$2,770,135	\$2,527,383	\$2,477,551	\$2,588,609	\$2,384,018
Other	206,151	440,314	135,026	175,388	110,052
Prior Year's Operating Surplus	<u>321,982</u>	<u>127,107</u>	<u>28,500</u>	<u>28,500</u>	<u>50,000</u>
	3,298,268	3,094,804	2,641,077	2,792,497	2,544,070
Expenses:					
Operations	1,945,046	1,828,293	1,692,853	1,621,146	1,638,504
Net Available for Debt Service	1,353,222	1,266,511	948,224	1,171,351	905,566
Debt Service	973,514	913,970	897,073	866,571	935,373
Coverage .	1.46x	1.39x	1.06x	1.35x	.97x

Source: Township's audited financial statements.

**Sewer System:**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:					
User Charges	\$1,026,796	\$1,011,958	\$1,000,572	\$1,048,057	\$986,436
Other	333,220	431,383	147,440	351,760	243,552
Prior Year's Operating Surplus	<u>384,689</u>	<u>324,967</u>	<u>227,834</u>	<u>135,000</u>	<u>135,000</u>
	\$1,744,705	1,768,308	1,380,846	1,534,817	1,364,988
Expenses:					
Operations	1,334,4899	1,256,967	1,221,934	1,180,633	1,142,192
Net Available for Debt Service	410,216	511,341	158,912	354,184	222,796
Debt Service	193,679	210,267	178,340	90,435	86,318
Coverage	2.12x	2.43x	.89x	3.92x	2.58x

Source: The Township's audited financial statements.

## RETIREMENT SYSTEMS

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one or two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by the State. The Division of Pensions within the Treasury Department of the State is the Administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System and the Police and Firemen's Retirement System.

### Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") includes approximately eighty-two (82) permanent employees. PERS is evaluated every year. Employee rates for contribution are normally determined by the rate applicable at the age of enrollment.

### Police and Firemen's Retirement System

Approximately thirty-eight (38) Police personnel are covered under the Police and Firemen's Retirement System ("PFRS"). The following schedule sets forth the retirement benefits paid by the Township for the past five years from the Township's Current Fund and from the Municipal Utilities' Operating Fund.

### Defined Contribution Retirement Program

There are approximately twenty-one employees who are in the Defined Contribution Retirement Program.

<b>Current Fund</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
PERS	\$900,836	\$938,477	\$855,898	\$787,647	\$749,613
PFRS	1,745,833	1,625,327	1,604,385	1,436,972	1,277,018
OASI*	832,639	820,606	804,873	768,172	766,254
DCRP	<u>19,569</u>	<u>19,195</u>	<u>19,965</u>	<u>18,982</u>	<u>16,716</u>
	<u>\$3,498,877</u>	<u>\$3,403,605</u>	<u>\$3,285,121</u>	<u>\$3,011,773</u>	<u>\$2,809,601</u>
<b>Water System</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
PERS	\$69,019	\$71,903	\$65,576	\$30,347	\$57,433
OASI*	<u>33,382</u>	<u>32,164</u>	<u>34,266</u>	<u>39,815</u>	<u>41,754</u>
	<u>\$102,401</u>	<u>\$104,067</u>	<u>\$99,842</u>	<u>\$70,162</u>	<u>\$99,187</u>
<b>Sewer System</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
PERS	25,354	26,415	\$24,089	\$22,169	\$21,098
OASI*	<u>22,088</u>	<u>21,442</u>	<u>22,838</u>	<u>25,526</u>	<u>22,711</u>
	<u>\$47,442</u>	<u>\$47,857</u>	<u>\$46,927</u>	<u>\$47,695</u>	<u>\$43,809</u>

\*Social Security.

Source: The Township's audited financial statements.

#### **LIABILITY INSURANCE**

The Township currently has no plans to implement self-insurance.

#### **COLLECTIVE BARGAINING REPRESENTATION**

The Policemen's Benevolent Association represents thirty-six (36) police officers. The police contract expired December 31, 2025.

Jefferson Township Police management represents two (2) police superior officers. The Police Management contracts for the Police Chief and the Police Captain expire 12/31/2027.

The twenty-nine (29) clerical employees are represented by Local 911 - White Collar Unit. The clerical employees contract expires December 31, 2028.

There are four (4) supervisors in the D.P.W.'s Foremen's Unit Council No. 6: one (1) supervisor Diesel Mechanic, one (1) Asst. Public Works Director, one (1) supervisor heavy equipment operator and one (1) maintenance supervisor of grounds. The contract with the foremen expires December 31, 2028.

The D.P.W. - Blue Collar Unit has twenty-one (21) members - rank and file workers. Represented by Local 911 - Blue Collar Unit. The contract expires December 31, 2028.

#### **PROPOSED CAPITAL IMPROVEMENT PROGRAM**

The capital budget does not constitute the approval or appropriation of funds, but sets forth a plan for possible capital expenditures. Each capital expenditure when to be incurred is subject to approval by resolution of the Township Council and must be included as part of each year's budget as finally adopted. The Township's proposed Capital Improvement Program annual funding amount is summarized below.

**Annual Funding Amounts**

<u>Year</u>	<u>General</u>	<u>Water</u>	<u>Sewer</u>
2026	\$5,223,069	\$2,550,000	\$765,000

**Annual Funding Amounts**

<u>Project Title</u>	<u>Estimated Total Cost</u>	<u>Funding Sources and Amounts</u>		
		<u>Budget and Capital Improvement Fund</u>	<u>Other Reserves/ Grants</u>	<u>Debt Authorized</u>
Various Improvements	\$5,223,069	\$1,511,033	\$789,218	\$2,922,818
Improvements to Water System	2,550,000	130,000	0	2,420,000
Improvements to Sewer System	765,000	223,500	0	541,500
Total	\$8,538,069	\$1,864,533	\$789,218	\$5,884,318

Source: The Township's adopted bond ordinances in 2026.

**CURRENT FUND REVENUE SOURCES**

<u>Year</u>	<u>Budget Requirement</u>	<u>Surplus Appropriated</u>	<u>Miscellaneous Revenues</u>	<u>Raised By Taxation</u>	<u>Surplus</u>
2025	\$35,597,213	\$4,035,165	\$5,014,852	\$26,800,370	\$2,404,817
2024	34,719,018	3,460,665	6,654,539	26,064,042	4,210,149
2023	32,362,811	3,118,000	5,596,084	24,760,505	3,014,148
2022	30,985,650	2,836,690	4,809,540	25,110,358	3,242,544
2021	29,113,372	2,580,000	3,752,894	23,945,951	3,005,319

Source: The Township's audited financial statements.

**CURRENT FUND BALANCES AND AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET**

<u>Year</u>	<u>Balance December 31</u>	<u>Amount</u>	<u>Utilized in Succeeding Year's Budget Percent</u>
2025	\$4,517,027	\$3,009,188	66.62%
2024	6,147,375	4,035,165	65.64
2023	5,397,891	3,460,665	64.11
2022	5,659,343	3,118,000	55.09
2021	5,107,666	2,836,690	55.67

Source: The Township's audited financial statements.

**TAX INFORMATION**  
**As of December 31 for Years Shown**

**Tax Collection Procedure**

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

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, Local and regional school districts cover the current calendar year. Turnover of the tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality remits 100% of the county taxes, payable quarterly on the 15th days of February, May, August and November.

Tax bills for the second half of the current calendar year and an estimate, based on 50% of the current fiscal year's tax levy, for the first half of the following calendar year are mailed annually in June and are due in the current calendar year, and February and May of the following calendar year. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sales as of July 1 following the year of levy, in accordance with State statutes. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

**TAX RATES, TAX LEVIES, TAX COLLECTIONS**

**Tax Rate Apportionment Per \$1,000 of Assessed Valuation**

<u>Year</u>	<u>Municipal(1)</u>	<u>Local County(2)</u>	<u>School</u>	<u>Tax Rate</u>
2025	9.99	2.95	18.10	31.04
2024	9.70	2.86	17.46	30.02
2023	9.36	2.78	17.12	29.26
2022	9.04	2.64	16.82	28.50
2021	8.76	2.58	16.60	27.94

(1) Includes Garbage District and Open Space District.

(2) Includes Open Space District.

Source: As obtained from Township Tax Collector.

**MAJOR REAL PROPERTY TAXPAYERS**

<b><u>Taxpayer</u></b>	<b><u>2026 Assessed Taxpayer Valuation</u></b>
Ridge Plaza LLC`	\$18,800,000
City of Newark	16,890,900
757 Route 15 Realty	11,400,400
Seneca Gardens LLC	7,542,700
Gelormino Associates	6,912,200
Leifken Brothers Marinas LLC	6,867,200
Fifteen South Plaza	5,250,000
Lizeth's Lakeside Plaza LLC	3,744,500
Seretis Properties LLC	3,732,800
Good Kids Holdings LLC	<u>3,669,800</u>
	<u>\$84,810,500</u>
Percent of the Township's Total Real Property Assessed Valuation	2.92%

Source: The Township Assessor.

**PROPERTY VALUATIONS**

**Real Property Net Assessed Valuation by Classification**

<b><u>Classification</u></b>	<b><u>2026</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Residential	\$2,604,533,600	\$2,605,895,600	\$2,596,842,600	\$2,574,116,500	\$2,536,552,300
Apartment	26,103,900	26,143,500	26,096,300	25,862,200	25,821,600
Farm	10,855,500	9,570,400	9,524,100	7,684,700	6,855,000
Commercial	212,409,620	209,738,440	206,737,560	206,841,880	204,096,600
Industrial	5,164,400	5,164,400	5,164,400	5,808,900	5,541,900
Vacant Land	<u>45,262,000</u>	<u>46,121,300</u>	<u>46,614,600</u>	<u>47,377,500</u>	<u>56,398,700</u>
Subtotal	2,904,329,020	2,902,633,640	2,890,979,560	2,867,691,680	2,835,266,100
Exempt:					
Public	169,692,600	169,640,600	169,635,600	169,133,600	169,253,100
Other	<u>60,002,200</u>	<u>48,580,700</u>	<u>44,937,600</u>	<u>42,328,300</u>	<u>41,587,700</u>
Total	<u>\$3,134,023,820</u>	<u>3,120,854,940</u>	<u>\$3,105,552,760</u>	<u>\$3,079,153,580</u>	<u>\$3,046,106,900</u>

**Net Assessed and Equalized Property Valuations**

<b><u>Classification</u></b>	<b><u>2026</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Net Assessed Valuation:					
Real Property Personal Tangible Property	\$2,904,329,020	\$2,902,633,640	\$2,890,979,560	\$2,867,691,680	\$2,835,266,100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Total	\$2,904,329,120	\$2,902,633,740	\$2,890,979,660	\$2,867,691,780	\$2,835,266,200
Percent Increase/(Decrease) Over Previous Year	0.06 %	0.40 %	0.81%	1.14%	0.42%
Equalized Valuation:					
Equalization Ratio	69.72%	81.0%	86.58%	97.79%	101.32%
Equalized Valuation	4,165,704,274	3,583,055,968	3,339,084,846	2,932,500,031	2,800,655,943
Percent Increase/ (Decrease)	16.26%	7.31%	13.86%	4.79%	1.03%

Source: County of Morris Abstract of Ratables for years shown.

**APPENDIX B  
TOWNSHIP OF JEFFERSON  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2025**

**TOWNSHIP OF JEFFERSON  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2025**

TOWNSHIP OF JEFFERSON  
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## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

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

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2024, or the changes in financial position or where applicable, cash flows thereof for the year then ended.

#### **Basis for Opinions**

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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

***Emphasis of Matters***

As discussed in Note 18 to the financial statements, the Township implemented GASB Statement No. 101, *Compensated Absences*, during the year ended December 31, 2024. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

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

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

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.

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - CURRENT FUND

	December 31, 2025
<u>ASSETS</u>	
<u>Regular Fund</u>	
Cash and Cash Equivalents	\$ 8,948,385.94
Change Fund	750.00
	8,949,135.94
Due from State of NJ:	
Senior Citizens and Veterans Deductions	1,119.28
	8,950,255.22
Receivables and Other Assets with Full Reserves:	
Delinquent Taxes Receivable	1,014,987.52
Tax Title Liens Receivable	1,166,801.18
Property Acquired for Taxes at Assessed Valuation	4,202,280.00
Due from:	
Animal Control Trust Fund	9,095.50
Other Trust Funds	23,006.67
Water Utility Capital Fund	900,000.00
Jefferson Township Library	33,227.01
Total Receivables with Full Reserves	7,349,397.88
Deferred Charges:	
Special Emergency Authorizations (40A:4-53)	1,500,000.00
	1,500,000.00
Total Regular Fund	17,799,653.10
Federal and State Grant Fund:	
Grants Receivable	569,553.13
Due from Current Fund	169,395.02
Total Federal and State Grant Fund	738,948.15
TOTAL ASSETS	\$ 18,538,601.25

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - CURRENT FUND  
(Continued)

December 31, 2025

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund

Liabilities:

Appropriation Reserves:

Unencumbered	\$ 2,180,366.73
Encumbered	365,074.18

Total Appropriation Reserves	2,545,440.91
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Accounts Payable - Vendors	328,959.16
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County Taxes Payable	14,304.56
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County Taxes - PILOT Fees	330.48
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Garbage District Tax Payable	2,756.64
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Prepaid Taxes	595,659.39
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Due to State of New Jersey - Building Surcharge Fees	36.00
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Due to State of New Jersey - Marriage Licenses	650.00
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Due to State of New Jersey - Lead Safe	80.00
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Due to Federal and State Grant Fund	169,395.02
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Reserve for Pending Tax Appeals	201,353.99
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Reserve for Sale of Assets	505,100.00
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Reserve for Revaluation of Property	1,359,562.00
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Reserve for Note Payment	209,600.00
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	5,933,228.15
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Reserve for Receivables and Other Assets	7,349,397.88
--	--------------

Fund Balance	4,517,027.07
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Total Regular Fund	17,799,653.10
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Federal and State Grant Fund:

Encumbrances Payable	65,276.87
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Appropriated Reserves	673,671.28
-----------------------	------------

Total Federal and State Grant Fund	738,948.15
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TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 18,538,601.25
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THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF JEFFERSON  
CURRENT FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	For the Year Ended December 31, 2025
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 4,035,165.00
Miscellaneous Revenue Anticipated	5,014,852.52
Receipts from Delinquent Taxes	1,005,920.69
Receipts from Current Taxes	88,934,830.20
Nonbudget Revenue	465,018.98
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	1,565,811.65
Interfunds Returned	65,318.91
Cancellation of Appropriated Grant Reserves	68,286.81
Total Income	101,155,204.76
 <u>Expenditures</u>	
Budget Appropriations:	
Municipal Purposes	34,927,213.04
County Taxes	8,563,775.34
Local School District Taxes	52,517,146.00
Municipal Open Space Tax	290,745.88
Special Garbage District Tax	2,932,792.64
Prior Year Veterans and Senior Citizens Disallowed	2,750.00
Cancellation of Grants Receivable	50,635.92
Interfunds Advanced	965,329.18
Total Expenditures	100,250,388.00
 Excess in Revenue	 904,816.76
 Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years	  1,500,000.00
 Statutory Excess to Fund Balance	 2,404,816.76
 <u>Fund Balance</u>	
Balance, January 1	6,147,375.31
	8,552,192.07
Decreased by:	
Utilized as Anticipated Revenue	4,035,165.00
Balance, December 31	\$ 4,517,027.07

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF REVENUE - CURRENT FUND

	For the Year Ended December 31, 2025	
	Budget After Modification	Realized
Fund Balance Anticipated	\$ 4,035,165.00	\$ 4,035,165.00
Miscellaneous Revenue Anticipated	4,741,482.85	5,014,852.52
Receipts from Delinquent Taxes	1,025,000.00	1,005,920.69
Amount to be Raised by Taxes for Support of Municipal Budget:		
Local Tax for Municipal Purposes	24,606,009.90	25,610,814.84
Minimum Library Tax	1,189,555.50	1,189,555.50
Nonbudget Revenue		465,018.98
	\$ 35,597,213.25	\$ 37,321,327.53
Adopted Budget	\$ 35,065,237.63	
Budget Amendments	531,975.62	
	\$ 35,597,213.25	

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF EXPENDITURES - CURRENT FUND

	For the Year Ended December 31, 2025		
	Budget After Modification	Paid or Charged	Reserved
Operations for Municipal Purposes:			
Salaries and Wages	\$ 12,788,354.88	\$ 11,359,889.23	\$ 1,428,465.65
Other Expenses	12,910,703.33	12,177,595.31	733,108.02
Capital Improvements	1,497,520.00	1,497,520.00	
Debt Service	4,209,117.00	4,209,116.79	
Deferred Charges and Statutory Expenditures	3,521,518.04	3,502,724.98	18,793.06
Total Operations for for Municipal Purposes	34,927,213.25	32,746,846.31	2,180,366.73
Reserve for Uncollected Taxes	2,170,000.00	2,170,000.00	
	\$ 37,097,213.25	\$ 34,916,846.31	\$ 2,180,366.73
Adopted Budget	\$ 35,065,237.63		
Added by N.J.S.A. 40A:4-87	531,975.62		
Added by N.J.S.A. 40A:4-55	1,500,000.00		
	\$ 37,097,213.25		

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - TRUST FUNDS

December 31, 2025

ASSETS

Animal Control Fund:

Cash and Cash Equivalents

\$ 39,477.30

39,477.30

Other Trust Funds:

Cash and Cash Equivalents

3,026,512.36

3,026,512.36

Assessment Trust Fund:

Cash and Cash Equivalents

160,762.13

Dam Restoration Rehabilitation Receivable

284,494.65

445,256.78

TOTAL ASSETS

\$ 3,511,246.44

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:

Due to Current Fund

\$ 9,095.50

Due to State of New Jersey

48.60

Reserve for Animal Control Expenditures

30,333.20

39,477.30

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - TRUST FUNDS

December 31, 2025

LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)

Other Trust Funds:	
Due to Current Fund	\$ 23,006.67
Reserve for:	
Soil Removal	1,600.00
Open Space Expenditures	651,951.61
Community Service	11,426.99
POAA	147.85
Public Defender	26,764.52
Dog Trust / Pound Donations	22,096.77
Dodge Grant - Education	623.92
Cash Bonds	76,380.16
Review Fees	50,225.06
Road Opening / Paving	11,825.00
Tax Sales Premium	422,300.00
Tree Removal	17,700.00
Health Center	968.33
Timber Sale	114.61
Storm Recovery	334,874.38
Developmental Drainage	15,688.34
Peaks Catch Basin	500.00
Cat Isolation	7,070.06
Municipal Alliance	0.06
Accumulated Absences	87,779.13
Mobile Cameras / Court Fees	8,228.00
Outside Liens	1,352.49
Redevelopment Escrow	28,455.17
Fire Inspection Fees	60,559.33
Unemployment Compensation	15,904.46
Disposal of Forfeited Property	4,890.39
Developer Escrow	80,358.01
Housing Trust	116,349.87
Police Outside Employment	584,742.17
Recreation Program	357,929.01
Cannabis Escrow	4,700.00
	<u>3,026,512.36</u>
Assessment Trust Fund:	
Due to Lake Swannanoa Homeowners Association	301,537.19
Reserve for Assessments and Liens	143,719.59
	<u>445,256.78</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 3,511,246.44</u>

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - GENERAL CAPITAL FUND

December 31, 2025

ASSETS

Cash and Cash Equivalents	\$ 3,938,296.73
Grants Receivable	338,785.00
Due from Jefferson Township Board of Education	78,580.65
Deferred Charges to Future Taxation:	
Funded	1,370,000.00
Unfunded	21,637,817.00
	<u>21,637,817.00</u>
<u>TOTAL ASSETS</u>	<u>\$ 27,363,479.38</u>

LIABILITIES, RESERVES AND FUND BALANCE

Serial Bonds Payable	\$ 1,370,000.00
Bond Anticipation Notes Payable	18,937,817.00
Improvement Authorizations:	
Funded	1,569,212.64
Unfunded	3,781,057.08
Capital Improvement Fund	188,765.89
Reserve for:	
Encumbrances	583,538.82
Fire Apparatus	22,451.97
Payment of Debt Service	420,062.88
Payment of Debt Service - Grants	92,677.32
Fund Balance	397,895.78
	<u>397,895.78</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 27,363,479.38</u>

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

TOWNSHIP OF JEFFERSON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

		<u>For the Year Ended December 31, 2025</u>
Balance December 31, 2024		\$ 456,013.50
Increased by:		
Improvement Authorizations Canceled	\$ 42,594.68	
Premium on Note Sale	182,125.24	
		224,719.92
		680,733.42
Decrease by:		
Appropriated to Finance Improvement Authorizations	118,000.00	
Anticipated as Revenue in Current Fund Budget	164,837.64	
		282,837.64
Balance December 31, 2025		\$ 397,895.78

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - WATER UTILITY FUND

	<u>December 31, 2025</u>
<u>ASSETS</u>	
Operating Fund:	
Cash and Cash Equivalents	\$ 1,183,639.98
Receivables with Full Reserves:	
Consumer Accounts Receivable	327,019.04
Water Utility Liens	30,453.92
	<u>357,472.96</u>
Total Operating Fund	<u>1,541,112.94</u>
Capital Fund:	
Cash and Cash Equivalents	2,218,786.30
Fixed Capital	20,553,459.98
Fixed Capital Authorized and Uncompleted	6,139,645.32
Total Capital Fund	<u>28,911,891.60</u>
<u>TOTAL ASSETS</u>	<u>\$ 30,453,004.54</u>

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - WATER UTILITY FUND  
(Continued)

	December 31, 2025
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Operating Fund:	
Appropriation Reserves:	
Unencumbered	\$ 123,869.28
Encumbered	34,973.37
	158,842.65
Accounts Payable - Vendors	230.00
Accrued Interest on Bonds	5,535.94
Accrued Interest on Notes	30,690.22
Accrued Interest on Loans	255.95
Water Rent Overpayments	9,141.43
	204,696.19
Reserve for Receivables	357,472.96
Fund Balance	978,943.79
	1,541,112.94
Capital Fund:	
Serial Bonds Payable	1,320,000.00
Bond Anticipation Notes	1,388,000.00
New Jersey Environmental Infrastructure Trust Payable:	
Fund Loan	8,964.33
Trust Loan	11,611.00
Improvement Authorizations:	
Funded	124,471.07
Unfunded	4,319,185.22
Due Current Fund	900,000.00
Capital Improvement Fund	78,354.68
Encumbrances Payable	379,466.48
Reserve for Amortization	19,101,884.65
Deferred Reserve for Amortization	751,645.32
Reserve for Water Supply Improvements	501,130.72
Fund Balance	27,178.13
	28,911,891.60
Total Capital Fund	28,911,891.60
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 30,453,004.54</u>

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

TOWNSHIP OF JEFFERSON  
WATER UTILITY OPERATING FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>For the Year Ended December 31, 2025</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 321,981.60
Rents	2,770,134.88
Nonbudget Revenue	82,800.86
Water Tower Cell Phone Lease	123,349.86
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	142,945.79
Total Income	<u>3,441,212.99</u>
<u>Expenditures</u>	
Budget Expenditures:	
Operating	1,747,527.00
Capital Improvements	65,000.00
Debt Service	973,514.18
Deferred Charges and Statutory Expenditures	132,519.00
Total Expenditures	<u>2,918,560.18</u>
Excess in Revenue	522,652.81
<u>Fund Balance</u>	
Balance January 1	<u>778,272.58</u>
	1,300,925.39
Decreased by:	
Utilized as Anticipated Revenue	<u>321,981.60</u>
Balance December 31	<u><u>\$ 978,943.79</u></u>

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

TOWNSHIP OF JEFFERSON  
WATER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE

	<u>For the Year Ended</u> <u>December 31, 2025</u>
Balance December 31, 2024	\$ 27,178.13
Balance December 31, 2025	<u>\$ 27,178.13</u>

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF REVENUE - WATER UTILITY OPERATING FUND

	For the Year Ended December 31, 2025	
	Budget	Realized
Operating Fund Balance Anticipated	\$ 321,981.60	\$ 321,981.60
Water Rents	2,527,000.00	2,770,134.88
Water Tower Cell Phone Lease	90,264.40	123,349.86
	2,939,246.00	3,215,466.34
Nonbudget Revenue		82,800.86
	\$ 2,939,246.00	\$ 3,298,267.20

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF EXPENDITURES - WATER UTILITY OPERATING FUND

For the Year Ended December 31, 2025

	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:			
Salaries and Wages	\$ 497,304.00	\$ 436,119.73	\$ 61,184.27
Other Expenses	1,250,223.00	1,195,037.34	55,185.66
Capital Improvements:			
Capital Improvement Fund	65,000.00	65,000.00	
Debt Service:			
Payment on Bond Principal	815,000.00	815,000.00	
Payment on Bond Anticipation Notes & Capital Notes	40,000.00	40,000.00	
Interest on Bonds	62,535.00	51,116.41	
Interest on Notes	72,135.00	63,150.97	
NJEIT Loan/Trust	4,530.00	4,246.80	
Deferred Charges and Statutory Expenditures:			
Deferred Charges to Future Revenue - Ordinance #10-05	20,000.00	20,000.00	
Statutory Expenditures:			
Public Employees' Retirement System	69,019.00	69,019.00	
Social Security System (O.A.S.I.)	40,000.00	33,382.39	6,617.61
Unemployment Compensation Insurance	3,500.00	2,618.26	881.74
	<u>\$ 2,939,246.00</u>	<u>\$ 2,794,690.90</u>	<u>\$ 123,869.28</u>

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - SEWER UTILITY FUND

	<u>December 31, 2025</u>
<u>ASSETS</u>	
Operating Fund:	
Cash and Cash Equivalents	\$ 533,955.95
Receivables with Full Reserves:	
Consumer Accounts Receivable	73,315.05
	73,315.05
Total Operating Fund	607,271.00
Capital Fund:	
Cash and Cash Equivalents	922,003.23
Fixed Capital	8,447,117.79
Fixed Capital Authorized and Uncompleted	2,553,286.22
Total Capital Fund	11,922,407.24
<u>TOTAL ASSETS</u>	\$ 12,529,678.24

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - SEWER UTILITY FUND  
(Continued)

December 31, 2025

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:

Appropriation Reserves:

Unencumbered

\$ 42,190.13

Encumbered

37,748.88

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79,939.01

Sewer Utility Overpayments

712.53

Accrued Interest on Notes

28,271.27

Accrued Interest on Loans

1,911.46

---

110,834.27

Reserve for Receivables

73,315.05

Fund Balance

423,121.68

Total Operating Fund

---

607,271.00

Capital Fund:

Bond Anticipation Notes Payable

1,278,600.00

New Jersey Environmental Infrastructure Trust Payable:

Trust Loan

94,000.00

Improvement Authorizations:

Funded

218,660.50

Unfunded

845,929.59

Capital Improvement Fund

111,268.34

Reserve for Encumbrances

81,787.00

Reserve for Pay Debt Service

51,270.86

Reserve for Amortization

8,374,517.79

Deferred Reserve for Amortization

863,286.22

Fund Balance

3,086.94

Total Capital Fund

---

11,922,407.24

TOTAL LIABILITIES, RESERVES AND FUND BALANCE

\$ 12,529,678.24

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

TOWNSHIP OF JEFFERSON  
SEWER UTILITY OPERATING FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>For the Year Ended December 31, 2025</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 384,689.00
Sewer Service Charges	1,026,796.19
Jefferson Township Board of Education	194,280.68
Nonbudget Revenue	57,539.81
Sewer Capital Reserve to Pay Debt Service	81,400.00
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	32,460.06
Total Income	<u>1,777,165.74</u>
<u>Expenditures</u>	
Budget Expenditures:	
Operating	1,130,135.00
Capital Improvements	150,000.00
Debt Service	193,678.58
Deferred Charges and Statutory Expenditures	54,354.00
Total Expenditures	<u>1,528,167.58</u>
Excess in Revenue	248,998.16
<u>Fund Balance</u>	
Balance January 1	<u>558,812.52</u>
	807,810.68
Decreased by:	
Utilized as Anticipated Revenue	384,689.00
Balance December 31	<u><u>\$ 423,121.68</u></u>

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

TOWNSHIP OF JEFFERSON  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE

	<u>For the Year Ended</u> <u>December 31, 2025</u>
Balance December 31, 2024	\$ 3,086.94
Balance December 31, 2025	<u>\$ 3,086.94</u>

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF REVENUE - SEWER UTILITY OPERATING FUND

For the Year Ended  
December 31, 2025

	Budget	Realized
Fund Balance Anticipated	\$ 384,689.00	\$ 384,689.00
Sewer Service Charges	1,011,000.00	1,026,796.19
Sewer Capital Reserve to Pay Debt Service	81,400.00	81,400.00
Jefferson Township Board of Education	57,404.81	194,280.68
	1,534,493.81	1,687,165.87
Nonbudget Revenue		57,539.81
	\$ 1,534,493.81	\$ 1,744,705.68

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF EXPENDITURES - SEWER UTILITY OPERATING FUND

For the Year Ended December 31, 2025

	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:			
Salaries and Wages	\$ 326,536.00	\$ 292,079.15	\$ 34,456.85
Other Expenses	803,599.00	801,045.71	2,553.29
Capital Improvements:			
Capital Improvement Fund	150,000.00	150,000.00	
Debt Service:			
Payment on Bond Anticipation Notes and Capital Notes	81,400.00	81,400.00	
Interest on Notes	61,200.00	55,811.27	
NJ Environmental Infrastructure Trust	57,404.81	56,467.31	
Statutory Expenditures:			
Public Employees' Retirement System	25,354.00	25,354.00	
Social Security System (O.A.S.I.)	26,000.00	22,087.66	3,912.34
Unemployment Compensation Insurance	3,000.00	1,732.35	1,267.65
	<u>\$ 1,534,493.81</u>	<u>\$ 1,485,977.45</u>	<u>\$ 42,190.13</u>

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

TOWNSHIP OF JEFFERSON  
BALANCE SHEET - GARBAGE DISTRICT FUND

December 31, 2025

ASSETS

Operating Fund:			
Cash and Cash Equivalents		\$	103,545.71
Due Current Fund			<u>2,756.64</u>
Total Operating Fund			<u>106,302.35</u>
 <u>TOTAL ASSETS</u>		 \$	 <u><u>106,302.35</u></u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Appropriation Reserves:			
Encumbered		\$	<u>11,654.75</u>
			11,654.75
Fund Balance			<u>94,647.60</u>
Total Operating Fund			<u>106,302.35</u>
 <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		 \$	 <u><u>106,302.35</u></u>

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

TOWNSHIP OF JEFFERSON  
GARBAGE DISTRICT FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>For the Year Ended December 31, 2025</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 59,204.00
2025 Tax Levy	2,932,792.64
Miscellaneous Revenue	14,402.96
Total Income	<u>3,006,399.60</u>
<u>Expenditures</u>	
Budget Expenditures:	
Operating	2,973,772.91
Deferred Charges and Statutory Expenditures	5,707.96
Total Expenditures	<u>2,979,480.87</u>
Excess in Revenue	26,918.73
<u>Fund Balance</u>	
Balance January 1	<u>126,932.87</u>
	153,851.60
Decreased by:	
Utilized as Anticipated Revenue	<u>59,204.00</u>
Balance December 31	<u><u>\$ 94,647.60</u></u>

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF REVENUE - GARBAGE DISTRICT FUND

For the Year Ended  
December 31, 2025

	Budget	Realized
Fund Balance Anticipated	\$ 59,204.00	\$ 59,204.00
Amount to be Rasied by Taxes	2,930,036.00	2,932,792.64
	2,989,240.00	2,991,996.64
Nonbudget Revenue		14,402.96
	\$ 2,989,240.00	\$ 3,006,399.60

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

TOWNSHIP OF JEFFERSON  
STATEMENT OF EXPENDITURES - GARBAGE DISTRICT FUND

	For the Year Ended December 31, 2025	
	Budget After Modification	Paid or Charged
Operating:		
Salaries and Wages	\$ 75,000.00	\$ 70,530.13
Other Expenses	22,000.00	19,342.03
Disposal Fees	86,000.00	84,900.75
Contractual Services	2,799,000.00	2,799,000.00
Statutory Expenditures:		
Social Security System (O.A.S.I.)	6,640.00	5,395.55
Unemployment Compensation Insurance	600.00	312.41
	\$ 2,989,240.00	\$ 2,979,480.87

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

TOWNSHIP OF JEFFERSON  
GENERAL FIXED ASSETS ACCOUNT GROUP  
BALANCE SHEET

	<u>December 31, 2025</u>
<u>ASSETS</u>	
Land	\$ 27,369,000.00
Building and Improvements	7,284,586.00
Machinery & Equipment	<u>23,364,370.00</u>
<u>TOTAL ASSETS</u>	<u>\$ 58,017,956.00</u>
 <u>RESERVE</u>	
Reserve for Fixed Assets	<u>\$ 58,017,956.00</u>
<u>TOTAL RESERVE</u>	<u>\$ 58,017,956.00</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Jefferson 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. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the municipal library, or volunteer fire and first aid squads.

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

B. Description of Funds

The accounting policies of the Township conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds:

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

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for 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.

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

(Continued)

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

B. Description of Funds (Cont'd)

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

Sewer Utility 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.

Garbage District Fund – Fund is used to account for the receipt and disbursement of funds for solid waste disposal.

General Fixed Assets Account Group – Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E “General Fixed Assets”.

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

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

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

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

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

C. Basis of Accounting (Cont'd)

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

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

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

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

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

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

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets Account Group – In accordance with the New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at historical cost as estimated by the independent appraisal company which conducted the inventory of the Township's assets in 1995. Subsequent fixed assets purchases are valued at historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Water Utility Fund and Sewer Utility Fund. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Water Utility and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water Utility and Sewer Utility Funds are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

Note 2: Long-Term Debt

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

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

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

Summary of Municipal Debt

	December 31,		
	2024	2023	2022
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 21,237,662.00	\$ 19,346,064.00	\$ 19,061,643.00
Water Utility:			
Bonds, Notes, and Loans	3,762,334.33	4,296,051.33	4,271,229.33
Sewer Utility:			
Notes and Loans	1,502,379.81	1,636,671.03	1,349,179.83
Total Issued	26,502,376.14	25,278,786.36	24,682,052.16
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	2,453,848.04	1,003,848.04	1,230,748.04
Water Utility:			
Bonds and Notes	131,000.00	151,000.00	171,000.00
Total Authorized but not Issued	2,584,848.04	1,154,848.04	1,401,748.04
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
General:			
Reserve to Pay Debt Service	562,740.20	612,740.20	490,806.99
Sewer Utility:			
Reserve to Pay Debt Service	132,670.86	192,670.86	252,393.64
Net Bonds, Notes and Loans Issued and Authorized but not Issued	\$ 28,391,813.12	\$ 25,628,223.34	\$ 25,340,599.57

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 0.696%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 13,260,000.00	\$ 13,260,000.00	
Water Utility Debt	3,893,334.33	3,893,334.33	
Sewer Utility Debt	1,502,379.81	1,502,379.81	
General Debt	23,691,510.04	562,740.20	\$ 23,128,769.84
	\$ 42,347,224.18	\$ 19,218,454.34	\$ 23,128,769.84

Net Debt: \$23,128,769.84 divided by Average Equalized Valuations of \$3,324,579,704.00 of Real Property = 0.696%.

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

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

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

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Serial Bonds:				
General Capital Fund	\$ 3,715,000.00		\$ 1,175,000.00	\$ 2,540,000.00
Water Utility	2,865,000.00		730,000.00	2,135,000.00
Bond Anticipation Notes:				
General Capital Fund	15,631,064.00	\$ 18,697,662.00	15,631,064.00	18,697,662.00
Water Utility	1,403,000.00	1,603,000.00	1,403,000.00	1,603,000.00
Sewer Utility	1,420,000.00	1,360,000.00	1,420,000.00	1,360,000.00
NJEIT Loans Payable:				
Water Utility	28,051.33		3,717.00	24,334.33
Sewer Utility	216,671.03		74,291.22	142,379.81
<b>Total</b>	<b>\$25,278,786.36</b>	<b>\$ 21,660,662.00</b>	<b>\$ 20,437,072.22</b>	<b>\$ 26,502,376.14</b>
	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
Serial Bonds:				
General Capital Fund	\$ 4,865,000.00		\$ 1,150,000.00	\$ 3,715,000.00
Water Utility	3,595,000.00		730,000.00	2,865,000.00
Bond Anticipation Notes:				
General Capital Fund	14,196,643.00	\$ 15,631,064.00	14,196,643.00	15,631,064.00
Water Utility	644,500.00	1,403,000.00	644,500.00	1,403,000.00
Sewer Utility	1,030,000.00	1,420,000.00	1,030,000.00	1,420,000.00
NJEIT Loans Payable:				
Water Utility	31,729.33		3,678.00	28,051.33
Sewer Utility	319,179.83		102,508.80	216,671.03
<b>Total</b>	<b>\$24,682,052.16</b>	<b>\$ 18,454,064.00</b>	<b>\$ 17,857,329.80</b>	<b>\$ 25,278,786.36</b>

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

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

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

3-1/2% Average Equalized Valuation of Real Property	\$ 116,360,289.64
Net Debt	<u>23,128,769.84</u>
Remaining Borrowing Power	<u><u>\$ 93,231,519.80</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,094,804.29
Deductions:	
Operating and Maintenance Cost	\$ 1,768,293.00
Debt Service	<u>913,969.84</u>
Total Deductions	<u>2,682,262.84</u>
Excess in Revenue	<u><u>\$ 412,541.45</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,768,307.69
Deductions:	
Operating and Maintenance Cost	\$ 1,106,967.00
Debt Service	<u>210,267.19</u>
Total Deductions	<u>1,317,234.19</u>
Excess in Revenue	<u><u>\$ 451,073.50</u></u>

If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount, or the total amount of debt service for that fund, whichever is less.

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

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

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

At December 31, 2024, the Township had capital debt issued and outstanding described as follows:

General Capital Serial Bonds

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
General Bonds of 2014	06/01/25	1.00-3.00%	\$ 695,000.00
General Bonds of 2016	06/01/28	2.00%	1,845,000.00
			<u>\$ 2,540,000.00</u>

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Various Capital Improvements	06/13/25	4.50%	\$ 329,200.00
Various Capital Improvements	06/13/25	4.50%	2,296,700.00
Various Capital Improvements	06/13/25	4.50%	500,000.00
Various Capital Improvements	06/13/25	4.50%	780,400.00
Addition to Municipal Building	06/13/25	4.50%	188,100.00
Addition to Municipal Building	06/13/25	4.50%	62,000.00
Various Capital Improvements	06/13/25	4.50%	2,831,193.00
Various Capital Improvements	06/13/25	4.50%	600,000.00
Various Capital Improvements	06/13/25	4.50%	2,906,050.00
Various Capital Improvements	06/13/25	4.50%	665,000.00
Various Capital Improvements	06/13/25	4.50%	2,527,421.00
Various Capital Improvements	06/13/25	4.50%	1,000,000.00
Various Capital Improvements	06/13/25	4.50%	924,098.00
Various Capital Improvements	06/13/25	4.50%	3,087,500.00
			<u>\$ 18,697,662.00</u>

Water Utility Capital Serial Bonds

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Water Utility Bonds	01/15/27	3.00%-4.125%	\$ 225,000.00
Water Refunding Bonds of 2013	07/01/25	3.00%-4.00%	470,000.00
Water Bonds of 2014	06/01/29	1.00%-3.00%	825,000.00
Water Bonds of 2016	06/01/31	2.00%	615,000.00
			<u>\$ 2,135,000.00</u>

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

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

Water Utility Capital Bond Anticipation Notes

Purpose	Maturity Date	Interest Rate	Balance Dec. 31, 2024
Improvements to the Water Supply and Distribution System	06/13/25	4.50%	\$ 85,000.00
Improvements to the Water Supply and Distribution System	06/13/25	4.50%	499,500.00
Various Improvements	06/13/25	4.50%	788,500.00
Various Improvements	06/13/25	4.50%	230,000.00
			<u>\$ 1,603,000.00</u>

Water Utility Capital NJ Environmental Infrastructure Trust (NJEIT) Loans

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2024
Water Treatment Plant Upgrades:			
Fund Loan	08/01/30	0.00%	\$ 10,843.33
Trust Loan	08/01/34	Various	13,491.00
			<u>\$ 24,334.33</u>

Sewer Utility Capital Bond Anticipation Notes

Purpose	Maturity Date	Interest Rate	Balance Dec. 31, 2024
Improvements to the Sanitary Sewerage System	06/13/25	4.50%	\$ 70,000.00
Improvements to the Sanitary Sewerage System	06/13/25	4.50%	520,000.00
Improvements to the Sanitary Sewerage System	06/13/25	4.50%	320,000.00
Improvements to the Sanitary Sewerage System	06/13/25	4.50%	450,000.00
			<u>\$ 1,360,000.00</u>

Sewer Utility Capital NJ Environmental Infrastructure Trust (NJEIT) Loans

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2024
Wastewater Treatment Plant Upgrades:			
Fund Loan	08/01/25	0.00%	\$ 4,379.81
Trust Loan	08/01/28	Various	138,000.00
			<u>\$ 142,379.81</u>

TOTAL DEBT ISSUED AND OUTSTANDING

\$ 26,502,376.14

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

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

Environmental Infrastructure Loans

The Township of Jefferson entered into four loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the revised aggregate amount of \$1,461,258.00, which represents direct obligations of the Township. The loan agreements were obtained to finance a portion of the cost of wastewater treatment system projects.

At December 31, 2024, the Township has borrowed or "drawn down" \$1,461,258.00 for these projects. The difference or unexpended proceeds of the "Trust" loan is being retired by NJ Environmental Infrastructure Trust from funds on hand, and any unexpended proceeds of the "Fund" is being reduced from future debt service payments. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account.

The Township will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of fifteen hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and  
Thereafter for Bonded Debt and Loans Issued and Outstanding

Calendar Year	General		Water Utility	
	Principal	Interest	Principal	Interest
2025	\$ 1,170,000.00	\$ 42,575.00	\$ 818,759.00	\$ 63,193.78
2026	475,000.00	22,650.00	348,804.00	34,054.91
2027	450,000.00	13,400.00	348,855.00	23,709.56
2028	445,000.00	4,450.00	273,914.00	14,904.58
2029			193,975.00	8,392.92
2030-2033			175,027.33	5,787.38
	<u>\$ 2,540,000.00</u>	<u>\$ 83,075.00</u>	<u>\$ 2,159,334.33</u>	<u>\$ 150,043.13</u>

Calendar Year	Sewer Utility		
	Principal	Interest	Total
2025	\$ 48,379.81	\$ 6,837.50	\$ 2,149,745.09
2026	45,000.00	4,587.50	930,096.41
2027	49,000.00	2,337.50	887,302.06
2028			738,268.58
2029			202,367.92
20230-2033			180,814.71
	<u>\$ 142,379.81</u>	<u>\$ 13,762.50</u>	<u>\$ 5,088,594.77</u>

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

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2024 included in the 2025 introduced budget for the Current, Water Utility Operating, Sewer Utility Operating and Garbage District Funds is as follows - \$4,035,165.00, \$321,981.60, \$384,689.00 and \$59,204.00, respectively.

Note 4: Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Jefferson has elected not to defer school taxes.

Note 5: Pension Plans

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of the retirement system, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to \$1,036,795 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$36,692 to the PERS for normal pension benefits on behalf of the Borough.

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Township's liability was \$11,765,331 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected

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

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

contributions of all participating members, actuarially determined. At June 30, 2023, the Township's proportion was .081%, which was an increase of 0.003% from its proportion measured as of June 30, 2022. The Township has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

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

For the year ended December 31, 2024, the Township recognized actual pension expense in the amount of \$1,723,645.

Actuarial Assumptions

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

This actuarial valuation used the following actuarial assumptions:

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

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

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

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

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

Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the below table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The table on the following page presents the Township's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed in the table, as well as what the

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

Note 5: Pension Plans (Cont'd)

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

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

Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 15,315,958	\$ 11,765,331	\$ 8,743,278

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

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

Special Funding Situation

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

Township contributions to PFRS amounted to \$1,625,327 for the year ended December 31, 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$274,039 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$272,569.

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Township's liability for its proportionate share of the net pension liability was \$13,004,636. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023.

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

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Township's proportion was .1177%, which was a decrease of .0012% from its proportion measured as of June 30, 2022. The Township has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,396,255 as of June 30, 2023. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the State's proportion was .1177%, which was a decrease of .0012% from its proportion measured as of June 30, 2022 which is the same proportion as the Township's.

Borough's Proportionate Share of the Net Pension Liability	\$ 13,004,636
State's Proportionate Share of the Net Pension Liability Associated with the Borough	2,396,255
Total Net Pension Liability	\$ 15,400,891

For the year ended December 31, 2024, the Township recognized total pension expense of \$1,625,327.

Actuarial Assumptions

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

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

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females.

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

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

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

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Note 5: Pension Plans (Cont'd)

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

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

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

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 21,458,446	\$ 15,400,891	\$ 10,356,396
<u>Pension Plan Fiduciary Net Position - PFRS</u>			

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Township recognized pension expense of \$19,194.93 for the year ended December 31, 2024. Employee contributions to DCRP amounted to \$33,151.33 for the year ended December 31, 2024.

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

Note 6: Accrued Sick and Vacation Benefits

The Township policy allows Township employees to accrue sick and vacation time. The current cost of such unpaid compensation upon termination or separation from the Township would approximate \$2,634,370.70. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accumulated Absence of \$11,866.98 reflected on the Other Trust Funds' balance sheet as of December 31, 2024.

Balance at December 31, 2023 (Restated)	\$ 2,929,823.97
Net Change	(295,453.27)
Balance at December 31, 2024	\$ 2,634,370.70
Amount Due within One Year	\$ 77,226.11

Note 7: Deferred Compensation Plan

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

Note 8: Selected Tax Rate Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A 6% penalty may be assessed for any unpaid taxes and other municipal charges in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after January 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10. In accordance with P.L. 1997, c.99, the Township held an accelerated tax sale.

TOWNSHIP OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 8: Selected Tax Rate Information (Cont'd)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Tax Rate</u>	\$ 2.903	\$ 2.829	\$ 2.754
<u>Apportionment of Tax Rate</u>			
Municipal	0.871	0.839	0.808
County	0.286	0.278	0.264
Local School	1.746	1.712	1.682
<u>Assessed Valuations</u>			
2024	<u>\$ 2,890,979,660.00</u>		
2023		<u>\$ 2,867,691,780.00</u>	
2022			<u>\$ 2,844,523,600.00</u>

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 87,009,428.49	\$ 85,822,156.27	98.64%
2023	84,069,454.22	82,796,792.69	98.49%
2022	81,403,160.90	80,375,927.14	98.80%

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

Note 9: Cash and Cash Equivalents and Investments

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

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

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

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

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Deposits:

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following pages.

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

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

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

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

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

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 750.00	\$ 10,720,465.31	\$ 10,721,215.31
Animal Control		43,541.30	43,541.30
Other Trust		2,683,837.33	2,683,837.33
Trust Assessment		158,259.25	158,259.25
Open Space		686,224.25	686,224.25
General Capital		5,404,951.31	5,404,951.31
Water Utility Operating		1,033,576.78	1,033,576.78
Water Utility Capital		1,145,202.12	1,145,202.12
Sewer Utility Operating		677,696.19	677,696.19
Sewer Utility Capital		1,285,005.68	1,285,005.68
Solid Waste Utility		122,020.92	122,020.92
	<u>\$ 750.00</u>	<u>\$ 23,960,780.44</u>	<u>\$ 23,961,530.44</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2024, was \$23,961,530.44 and the bank balance was \$24,349,955.07.

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

Note 10: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability

The Township is a member of the Statewide Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing low cost general liability, property and workers compensation insurance coverage to its members.

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

The Township's health insurance is carried through the North Jersey Municipal Employee Benefit Fund (the "HIF").

The Fund and HIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2024 audit reports of the Fund and HIF are not filed as of the date of this audit. Selected financial information for the Fund and HIF as of December 31, 2023 are as follows:

	<u>Statewide</u> <u>Insurance Fund</u>	<u>North Jersey</u> <u>Municipal Employee</u> <u>Benefits Fund</u>
Total Assets	\$ 50,687,086	\$ 18,604,219
Net Position	\$ 11,852,511	\$ 11,915,533
Total Revenue	\$ 33,517,869	\$ 52,081,686
Total Expenses	\$ 33,905,763	\$ 51,448,063
Change in Net Position	\$ (548,682)	\$ (1,357,786)
Member Dividends	\$ 160,788	\$ 1,991,409

Financial statements for the Fund are available at the office of the Fund's Executive Director:

Statewide Insurance Fund  
1 Sylvan Way  
Parsippany, NJ 07054  
(862)-260-2050

North Jersey Municipal Employee Benefit Fund  
77 Market Street, PO Box  
Park Ridge, NJ 07656  
(201)-573-1000

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.

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

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

The following is a summary of Township contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous year.

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ -0-	\$ -0-	\$ 607.66	\$ -0-	\$ 15,388.74
2023	-0-	-0-	167.36	-0-	14,781.08
2022	-0-	-0-	21.84	-0-	14,613.72

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 13,316.90	\$ 20,096.23
Federal and State Grant Fund	11,308.13	
Animal Control Fund		13,316.90
Other Trust Funds	2,176.15	
Water Utility Operating Fund		3,157.00
Water Utility Capital Fund	3,157.00	
Garbage District Fund	6,611.95	
	<u>\$ 36,570.13</u>	<u>\$ 36,570.13</u>

The Current Fund interfund receivable and Animal Control interfund payable is due to a statutory excess in the Animal Control Fund not turned over to the Current Fund by year end. The Current Fund interfund payable and Federal and State Grant Fund interfund receivable is due to the normal timing difference between the disbursement and receipt of grant funds. The Current Fund Interfund payable and Other Trusts Funds interfund receivable represents the Open Space added and omitted levy and interest earned and not turned over by year end. The Current Fund interfund payable and Garbage District Fund interfund receivable represents the garbage district added and omitted levy not turned over. The Water Utility Operating Fund interfund payable and Water Utility Capital Fund interfund receivable represents Water's interfund advanced not turned over.

Note 12: Economic Dependency

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

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

Note 13: Contingent Liabilities

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

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

The Township has entered into a settlement with a major taxpayer for the appeals for tax years 2010-2021. The Township will be refunding an amount of \$829,336,169.00. The Township has refunded \$217,477.78 in 2024 and the remaining balance is to be paid in 2025. The Township has established a reserve in anticipation of this settlement which will cover the majority of this refund.

The Township entered into an agreement as a co-borrower between the Township, Lake Swannanoa Homeowners Association, and the State of New Jersey for a dam restoration project. The Township collects amounts owed from the property owners and remits the amounts to pay the State of New Jersey loans on-behalf of the homeowners association.

Note 14: Open Space Trust Reserve

The Township established an Open Space Trust Fund. The Township has levied a tax equal to one cent per \$100 of total Township equalized real property valuation. The tax has remained one cent since the approval by the voters to establish the open space tax. The intention of the Township is to use this funding for open space and recreation purposes. The funds are being held in the Open Space Fund Reserve on the Other Trust Funds balance sheet. The balance in the Reserve for Open Space at December 31, 2024 is \$687,511.25.

Note 15: Fixed Assets

The following is a summarization of general fixed assets for the year ended December 31, 2024 and 2023:

	Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land and Land Improvements	\$ 27,362,800.00			\$ 27,362,800.00
Buildings and Building Improvements	7,284,586.00			7,284,586.00
Machinery and Equipment	19,217,759.02	\$ 3,786,551.69	\$ 203,378.02	22,800,932.69
	<u>\$ 53,865,145.02</u>	<u>\$ 3,786,551.69</u>	<u>\$ 203,378.02</u>	<u>\$ 57,448,318.69</u>
	Balance Dec. 31, 2022	Additions	Deletions	Balance Dec. 31, 2023
Land and Land Improvements	\$ 27,369,000.00		\$ 6,200.00	\$ 27,362,800.00
Buildings and Building Improvements	7,284,586.00			7,284,586.00
Machinery and Equipment	19,138,190.00	\$ 1,804,696.02	1,725,127.00	19,217,759.02
	<u>\$ 53,791,776.00</u>	<u>\$ 1,804,696.02</u>	<u>\$ 1,731,327.00</u>	<u>\$ 53,865,145.02</u>

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

Note 16: Post Retirement Benefits

A. General Information about the Township's OPEB Plan

Plan Description and Benefits Provided

The Township of Jefferson provides post-retirement benefits, as follows, to Township employees who meet the following criteria:

Under the collective bargaining agreement between the Township and the P.B.A., employees who retire from the Township with fifteen (15) or more years of service as defined by PFRS, shall be provided with retiree medical and prescription coverage (for Employee and their eligible dependents) under tier IV rates set forth with P.L.2011,C.78;39.

Under the Township's other collective bargaining agreements, for those employees who retire at age 62 or thereafter and have completed at least twelve (12) years of employment with the Township and twenty five (25) years total in pensionable service, the Township shall continue the said employee and spouse under the medical insurance policy, the prescription plan and the vision plan then current and applicable to persons covered by this agreement. Upon said employee attaining 65 years of age, the Township shall no longer be responsible to pay any amount toward premiums and, as stated above the said employee and his/her spouse shall no longer be covered by the Township's insurance policy. The scope and extent of coverage shall be pursuant to the terms of the then-current Agreement.

Employees retiring from the Township with thirty (30) or more years of service shall be entitled to the continuation of prescription and vision coverage into retirement at no cost to the employee, provided that this provision is not in conflict with P.L.2011,C.78;39 and 42. To the extent any of this provision conflicts with the aforesaid statute, State Law shall control.

The Township's defined benefits OPEB plan provides OPEB for all eligible retirees and their spouses. The plan is a single employer defined benefit OPEB plan administered by the Municipal Reinsurance Health Insurance Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Contributions

Certain plan members receiving benefits contributed a portion of the total premiums based on the number of years of service upon retirement.

NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowances from the Public Employees Retirement System. For purposes of this valuation and for conservatism, it was assumed that future retiree contribution percentage rates will not increase. Thus, it was assumed that a future retiree will contribute his/her current employee contribution as reported by the Township increased annually by the rate of medical trend.

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

Note 16: Post-Retirement Benefits (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

2024 employer contributions for retiree benefits paid by the Township were \$1,667,867 for 143 retirees.

Employees Covered by Benefit Terms

As of December 31, 2024, there were 143 retirees and spouses currently receiving retiree benefits, and 107 active participants of whom 9 are eligible to retire as of the valuation date.

Total OPEB Liability

The Township's OPEB liability of \$55,621,217 was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.08% at December 31, 2024
	3.26% at December 31, 2023
Salary Increases	2.50% per year
Inflation Assumptions	2.50% per year

The selected discount rate was based on the Bond Buyer 20 Index at December 31, 2024.

Health Care Trend Rates	Year	Medical	Drug	Dental
Year 1 Trend	2024	6.50%	14.00%	3.50%
Ultimate Trend	2032	4.50%	4.50%	3.50%

The medical trend rate reduces 0.25% per annum, leveling at 4.5% per annum in 2032.

The drug trend rate reduces 0.75% per annum, leveling at 4.5% per annum in 2030.

Mortality rates were based on the PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021.

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

Note 16: Post-Retirement Benefits (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2024	\$ 27,662,158
Changes for Year:	
Service Cost	691,134
Interest on Total OPEB Liability	895,024
Changes in Assumptions	28,170,050
Benefit Payments	(1,797,149)
Net Changes	27,959,059
Balance at December 31, 2024	\$ 55,621,217

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (3.08 percent) or 1 percentage higher (5.08 percent) than the current discount rate:

	December 31, 2024		
	1%	Discount Rate	1%
	Decrease (3.08%)	(4.08%)	Increase (5.08%)
Total OPEB Liability	\$ 62,513,140	\$ 55,621,217	\$ 60,829,383

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage lower or 1 percentage higher than the valuation healthcare cost trend rates:

	December 31, 2024		
	1%	Valuation Healthcare Trend Rates	1%
	Decrease	Trend Rates	Increase
Total OPEB Liability	\$ 51,305,511	\$ 55,621,217	\$ 60,829,383



APPENDIX C  
TOWNSHIP OF JEFFERSON  
SUMMARY OF  
2026 ADOPTED MUNICIPAL BUDGET FOR  
CURRENT FUND, WATER UTILITY FUND,  
SEWER UTILTY FUND AND GARBAGE DISTRICT FUND

TOWNSHIP OF JEFFERSON  
SUMMARY OF CURRENT FUND  
2026 ADOPTED BUDGET

Summary of General Revenues Anticipated:

Fund Balance Anticipated	\$ 3,009,188
Miscellaneous Revenues:	
Local Revenues	1,062,000
State Aid Without Offsetting Appropriations	2,114,812
Dedicated Uniform Construction Code Fees Offset with Appropriations	360,000
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services:	
Shared Service Agreements	80,600
Public and Private Revenues	38,844
Other Special Items	1,461,857
Total Miscellaneous Revenues	5,118,113
Receipts from Delinquent Taxes	1,025,000
Subtotal General Revenues (Items 1, 2, 3 and 4)	9,152,301
Amount to be Raised by Taxes for Support of Municipal Budget:	
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	25,520,805
Minimum Library Tax	1,367,989
Total Amount to be Raised by Taxes for Support of Municipal Budget	26,888,794
Total General Revenues	\$ 36,041,094

Summary of General Appropriations:

Within "CAPS":	
Operations:	
Salaries and Wages	\$ 12,523,588
Other Expenses	9,249,778
Total Operations Within "CAPS"	21,773,366
Deferred Charges and Statutory Expenditures	3,478,452
Total General Appropriations for Municipal Purposes Within "CAPS"	25,251,818
Excluded from "CAPS":	
Operations:	
Salaries and Wages	107,830
Other Expenses	2,378,519
Total Operations Excluded from "CAPS"	2,486,348
Capital Improvements	1,600,390
Debt Service	4,182,538
Deferred Charges and Statutory Expenditures	300,000
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	8,569,276
Subtotal General Appropriations	33,821,094
Reserve for Uncollected Taxes	2,220,000
Total General Appropriations	\$ 36,041,094

TOWNSHIP OF JEFFERSON  
SUMMARY OF WATER UTILITY FUND  
2026 ADOPTED BUDGET

Summary of Revenues Anticipated:

Fund Balance Anticipated	\$ 322,000
Rents	2,517,679
Other	100,000
Total Water Utility Revenues	<u>\$ 2,939,679</u>

Summary of Appropriations:

Operations:	
Salaries and Wages	\$ 616,725
Other Expenses	1,319,806
Capital Improvements	200,000
Debt Service	649,030
Deferred Charges and Statutory Expenditures	154,118
Total Water Utility Appropriations	<u>\$ 2,939,679</u>

TOWNSHIP OF JEFFERSON  
SUMMARY OF SEWER UTILITY FUND  
2026 ADOPTED BUDGET

Summary of Revenues Anticipated:

Fund Balance Anticipated	\$ 400,265
Rents	1,021,359
Other	103,071
Total Sewer Utility Revenues	<u>\$ 1,524,695</u>

Summary of Appropriations:

Operations:	
Salaries and Wages	\$ 335,927
Other Expenses	831,590
Capital Improvements	150,000
Debt Service	155,574
Deferred Charges and Statutory Expenditures	51,604
Total Sewer Utility Appropriations	<u>\$ 1,524,695</u>

TOWNSHIP OF JEFFERSON  
SUMMARY OF GARBAGE DISTRICT FUND  
2026 ADOPTED BUDGET

Summary of Revenues Anticipated:

Fund Balance Anticipated	\$ 60,000
Amount to be Raised by Taxes	3,134,300
Total Garbage District Revenues	<u>\$ 3,194,300</u>

Summary of Appropriations:

Operations:	
Salaries and Wages	\$ 80,000
Other Expenses	3,107,800
Deferred Charges and Statutory Expenditures	6,500
Total Garbage District Appropriations	<u>\$ 3,194,300</u>

APPENDIX D

FORM OF APPROVING LEGAL OPINION

# HAWKINS

HAWKINS DELAFIELD & WOOD LLP  
A NEW YORK LIMITED LIABILITY PARTNERSHIP  
ONE GATEWAY CENTER, 24TH FLOOR, NEWARK, NJ 07102  
(973) 642-8584 | HAWKINS.COM

ROBERT H. BEINFELD  
ERIC J. SAPIR  
CHARLES G. TOTO  
KRISTINE L. FLYNN  
DAVID S. HANDLER  
MICHELLE A. LOUCOPOLOS  
MEGAN I. SARTOR  
NILES B. MURPHY  
RYANN K. MCANDREWS  
AARON BONDAR\*  
MOSHIUR RAHMAN†

June 11, 2026

\*ADMITTED IN NY ONLY  
†ADMITTED IN PA ONLY

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

Ladies and Gentlemen:

We have acted as bond counsel to The Township of Jefferson, in the County of Morris, a municipal corporation of the State of New Jersey (the “Township”), and have examined a record of proceedings relating to the issuance by the Township of a Bond Anticipation Note in the denomination of \$22,418,146 (the “Note”). The Note is dated June 11, 2026, matures on June 11, 2027, bears interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_\_% ) per annum payable at maturity, is issued in registered form, is transferable as therein provided, and is issued pursuant to the Local Bond Law of the State of New Jersey, and by virtue of a bond ordinance or ordinances of the Township and a resolution of its governing body adopted May 6, 2026.

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

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

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

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

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

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

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

Very truly yours,