

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 1, 2025

NEW ISSUE – BOOK-ENTRY-ONLY

**RATING: S&P: “AA+”
(See “RATING” herein)**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

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

**\$8,867,000*
GENERAL IMPROVEMENT BONDS, SERIES 2025
(Bank-Qualified) (Callable)**

Dated Date: Date of Delivery

Due: April 15, as shown
on the inside cover page

The \$8,867,000* General Improvement Bonds, Series 2025 (the “Bonds”) of the Township of Raritan, in the County of Hunterdon, New Jersey (the “Township”), will be issued in the form of one certificate for each maturity of the Bonds maturing in each year and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. See “THE BONDS – Book-Entry-Only System” herein.

Interest on the Bonds will be payable semiannually on April 15 and October 15 in each year until maturity or prior redemption, commencing on October 15, 2025. Principal of and interest due on the Bonds will be paid to DTC by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to optional redemption prior to their stated maturities. See “THE BONDS - Redemption” herein.

The Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

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

The Bonds will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township Attorney, Joseph Sordillo, Esq., Warren, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. Delivery is anticipated to be via the facilities of DTC in Brooklyn, New York, on or about April 23, 2025.

**BIDS FOR THE BONDS WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE UNTIL
11:00 A.M. ON APRIL 8, 2025. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICE OF SALE
POSTED AT WWW.MUNIHUB.COM.**

* Preliminary, subject to change

This is a Preliminary Official Statement complete with the exception of the specific information permitted to be omitted by Rule 15(c)(2)-12 of the Securities and Exchange Commission. The Township has authorized the distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15(c)(2)-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Township will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations requesting payment for the Bonds.

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

\$8,867,000* GENERAL IMPROVEMENT BONDS, SERIES 2025

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

| <u>Year (April 15)</u> | <u>Principal Amounts*</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP**</u> |
|----------------------------|-------------------------------|--------------------------|--------------|----------------|
| 2026 | \$627,000 | % | % | |
| 2027 | 655,000 | | | |
| 2028 | 675,000 | | | |
| 2029 | 680,000 | | | |
| 2030 | 690,000 | | | |
| 2031 | 725,000 | | | |
| 2032 | 1,150,000 | | | |
| 2033 | 1,180,000 | | | |
| 2034 | 1,235,000 | | | |
| 2035 | 1,250,000 | | | |

* Preliminary; subject to change.

** "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds, and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

MAYOR

Bob King

TOWNSHIP COMMITTEE

Bradford Perry, Deputy Mayor
Scott MacDade, Committeeman
Robyn Fatooh, Committeewoman
Scott Sipos, Committeeman

TOWNSHIP ADMINISTRATOR

Karen Gilbert

CHIEF FINANCIAL OFFICER/DIRECTOR OF FINANCE

Dale Melville

TOWNSHIP CLERK

Donna Kukla

TOWNSHIP ATTORNEY

DiFrancesco, Bateman, Kunzman, Davis, Lehrer & Flaum, P.C.
Warren, New Jersey

AUDITOR

Suplee, Clooney & Company
Westfield, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

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

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

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

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

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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

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

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OFFICIAL STATEMENT
Relating to the
TOWNSHIP OF RARITAN,
IN THE COUNTY OF HUNTERDON, NEW JERSEY

\$8,867,000* GENERAL IMPROVEMENT BONDS, SERIES 2025

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Raritan (the “Township”), in the County of Hunterdon (the “County”), New Jersey (the “State”), in connection with the sale and issuance of its \$8,867,000* General Improvement Bonds, Series 2025 (the “Bonds”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement contains specific information relating to the Bonds, including its general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General Description

The Bonds will be dated their date of delivery and will mature on April 15 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds will bear interest from their dated date, payable semi-annually on April 15 and October 15 in each year until maturity or prior redemption, commencing on October 15, 2025, at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

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

* Preliminary, subject to change.

Redemption

The Bonds maturing prior to April 15, 2033 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 15, 2033 are redeemable at the option of the Township, in whole or in part, on any date on or after April 15, 2032 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed bond registrar. However, as long as DTC (or any successor thereto) acts as securities depository for the bonds, notice of redemption may be sent to such securities depository by email or as otherwise permitted by the securities depository regulations. Any failure of the securities depository to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township. The Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

BOOK-ENTRY-ONLY SYSTEM*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

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

* Source: The Depository Trust Company.

relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE TOWNSHIP MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE BONDS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE BONDS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

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

Discontinuation of Book-Entry-Only System

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

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the "Local Bond Law"), the bond ordinances adopted by the Township Committee of the Township referred to in the chart that follows and by a resolution duly adopted by the Township Committee of the Township on March 18, 2025 (the "Resolution"). The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all Bonds shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount Funded From Bond Proceeds |
|------------------------------|--|---|
| #20-11 | Various capital improvements, finally adopted August 4, 2020. | \$1,116,500 |
| #21-04 | Various capital improvements, finally adopted March 16, 2021. | 974,500 |
| #22-14 | Various capital improvements, final adopted June 8, 2022. | 1,801,000 |
| #23-09 | Various capital improvements, finally adopted April 18, 2023. | 2,341,000 |
| #24-13 | Various capital improvements, finally adopted 06/05/2024. | 2,634,000 |
| Total: | | <u>\$8,867,000</u> |

Proceeds from the sale and issuance of the Bonds will be used to: (i) currently refund the Township’s \$6,233,000 Bond Anticipation Note, dated and issued on April 25, 2024 and maturing on April 24, 2025; (ii) currently refund the Township’s \$2,634,000 Bond Anticipation Note, dated and issued on August 1, 2024 and maturing on April 24, 2025; and (iii) pay the costs associated with the issuance of the Bonds.

SECURITY AND SOURCE OF PAYMENT

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

RESILIENCY PLANNING

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis, pandemic, weather related incident or other

emergency, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact local communities and issuers, including the Township. The Township cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township has received \$2,342,691.59 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Weather Related Matters

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services and escalated recovery costs. The Township has an Office of Emergency Management and also engages with the County of Hunterdon Office of Emergency Management to plan for and respond to emergencies, including weather related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks resulting from cybersecurity breaches, the Township has insurance through the New Jersey Intergovernmental Insurance Fund (the "JIF"). The JIF outsources contracts to provide insurance and ongoing training for safe practices.

MARKET PROTECTION

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

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of the Township, as annually determined by the State Director of Taxation, is \$5,659,254,703.33.

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

The Township has not exceeded its statutory debt limit. As of December 31, 2024, the statutory net debt as a percentage of average equalized valuation was 0.460%. As noted above, the statutory limit is 3½%.

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

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

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

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

The Township is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

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

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

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

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

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

Under legislation recently enacted to address the COVID-19 emergency, P.L. 2020, c. 74 (A3971), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

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

Tax bills are mailed annually in June by the Township's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. These interest rates and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of \$10,000 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the Township is on file with the Township Clerk and is available for review during business hours.

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

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

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

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

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

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the “Discount Bonds”). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal

income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of the Premium Bonds may have taxable gain from the disposition of the Premium Bonds, even though the Premium Bonds are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences of Holding the Bonds

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

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

Bank-Qualification

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

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

Changes in Federal Tax Law Regarding the Bonds

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

State Taxation

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

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

FINANCIAL STATEMENTS

Excerpts from the audited financial statements of the Township as of and for the years ended December 31, 2023, and 2022, together with the Notes to the Financial Statements for the years then ended, as well as unaudited financial data of the Township for the year ended December 31, 2024, are presented in Appendix “B” to this Official Statement (the “Financial Statements”) . The Township’s independent auditor, Suplee Clooney & Company, Westfield, New Jersey, takes responsibility for the audited financial statements to the extent and for the period set forth in the “Independent Auditor’s Report” contained in Appendix “B” of this Official Statement. See APPENDIX B – EXCERPTS FROM UNAUDITED FINANCIAL DATA AND AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF RARITAN, IN THE COUNTY OF HUNTERDON, NEW JERSEY.

LITIGATION

To the knowledge of the Township Attorney, Joseph Sordillo, Esq., of DiFrancesco, Bateman, Kunzman, Davis, Lehrer & Flaum, P.C., Warren, New Jersey (the “Township Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, 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. A certificate to such effect will be executed by the Township Attorney and delivered to the Underwriter (as hereinafter defined) at the closing.

SECONDARY MARKET DISCLOSURE

The Township, pursuant to the Resolution, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township shall provide:

(a) On or prior to September 30 of each year, beginning September 30, 2025 for the fiscal year ending December 31, 2024, electronically to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) the Township and overlapping indebtedness, (ii) property valuation information

and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township;
- (13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Township, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

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

(c) In a timely manner to EMMA, notice of failure of the Township to provide required annual financial information on or before the date specified in the Resolution.

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Township from time to time, without the consent of the holders or beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall not or no longer will be required to be provided.

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

The Township has previously entered into secondary market disclosure undertakings in accordance with the Rule with respect to its own obligations and obligations of the Raritan Township Municipal Utilities Authority for which the Township is an obligated person. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth in Appendix "C" attached hereto. Certain legal matters will be passed upon for the Township by the Township Attorney.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____ (the “Underwriter”) at a price of \$_____ (consisting of the par amount of the Bonds plus [net] original issue premium in the amount of \$_____ and less underwriter’s discount in the amount of \$_____). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement.

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

RATING

S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (the “Rating Agency”), has assigned ratings of “AA+” to the Bonds based upon the creditworthiness of the Township. The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency’s judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

MUNICIPAL ADVISOR

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

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Mayor and the Chief Financial Officer of the Township that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Auditor has participated in the preparation of the financial statements described herein under the heading entitled “FINANCIAL STATEMENTS” and contained in Appendix “B” hereto.

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

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Dale Melville, Chief Financial Officer, Township of Raritan, One Municipal Drive, Flemington, NJ 08822, (908) 806-6897, or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, 08691, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF RARITAN, IN THE COUNTY OF HUNTERDON, NEW JERSEY

By: _____
Dale Melville
Chief Financial Officer

Dated: April __, 2025

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APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF
RARITAN, IN THE COUNTY OF HUNTERDON, NEW JERSEY**

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INFORMATION REGARDING THE TOWNSHIP OF RARITAN¹

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

General Information

The Township was formed in 1838 when Raritan, Delaware, East Amwell and West Amwell were separated from the Township of Amwell. The Borough of Flemington was part of the Township until 1910 when it was incorporated as a separate municipality.

The Township is located in the heart of the County in the western part of the State. The land area is approximately 37.7 square miles of gently rolling land surrounding the Borough of Flemington, the County seat of government. The Township is approximately 50 miles from Philadelphia and 55 miles from New York City. The area is served by good roads, which converge in the Flemington-Raritan area from other parts of the State. Route 31 from Trenton to Clinton goes through the Township from North to South while Route 202 from the New Hope/Lambertville area to Somerville travels Northeast through the Township.

Form of Government

The Township has a Township Committee form of government, comprised of five (5) elected representatives. The committee chooses the Mayor from among their own ranks. A full-time Administrator is in charge of day-to-day government operations. Regular meetings are held in the modern Municipal Building located at One Municipal Drive.

Pension and Retirement Systems

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

The Public Employees’ Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified

¹ Source: The Township, unless otherwise indicated.

members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

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

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

[Remainder of Page Intentionally Left Blank]

Employment and Unemployment Comparisons

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

| | <u>Total Labor Force</u> | <u>Employed Labor Force</u> | <u>Total Unemployed</u> | <u>Unemployment Rate</u> |
|------------------------|-------------------------------------|--|------------------------------------|-------------------------------------|
| <u>Township</u> | | | | |
| 2023 | 12,691 | 12,256 | 435 | 3.4% |
| 2022 | 12,450 | 12,089 | 361 | 2.9% |
| 2021 | 12,117 | 11,551 | 566 | 4.7% |
| 2020 | 12,029 | 11,223 | 806 | 6.7% |
| 2019 | 12,275 | 11,969 | 306 | 2.5% |
| <u>County</u> | | | | |
| 2023 | 69,322 | 66,902 | 2,420 | 3.5% |
| 2022 | 68,058 | 65,989 | 2,069 | 3.0% |
| 2021 | 66,288 | 63,053 | 3,235 | 4.9% |
| 2020 | 65,809 | 61,260 | 4,549 | 6.9% |
| 2019 | 67,454 | 65,659 | 1,795 | 2.7% |
| <u>State</u> | | | | |
| 2023 | 4,829,671 | 4,615,722 | 213,949 | 4.4% |
| 2022 | 4,736,213 | 4,552,563 | 183,650 | 3.9% |
| 2021 | 4,648,814 | 4,337,793 | 311,021 | 6.7% |
| 2020 | 4,638,386 | 4,200,980 | 437,406 | 9.4% |
| 2019 | 4,687,390 | 4,525,044 | 162,346 | 3.5% |

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

Income (as of 2023)

| | <u>Township</u> | <u>County</u> | <u>State</u> |
|-------------------------|------------------------|----------------------|---------------------|
| Median Household Income | \$159,808 | \$139,453 | \$101,050 |
| Median Family Income | 195,083 | 166,462 | 123,892 |
| Per Capita Income | 78,885 | 71,070 | 53,118 |

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

Population

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

| <u>Year</u> | <u>Township</u> | | <u>County</u> | | <u>State</u> | |
|-------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> |
| 2023 est. | 24,637 | 5.08% | 130,183 | 0.96% | 9,290,841 | 0.02% |
| 2020 | 23,447 | 5.69 | 128,947 | 0.47 | 9,288,994 | 5.65 |
| 2010 | 22,185 | 11.99 | 128,349 | 5.21 | 8,791,894 | 4.49 |
| 2000 | 19,809 | 26.85 | 121,989 | 13.19 | 8,414,350 | 8.85 |
| 1990 | 15,616 | 88.33 | 107,776 | 23.37 | 7,730,188 | 4.96 |

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

Largest Taxpayers

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

| <u>Taxpayers</u> | <u>2024 Assessed Valuation</u> | <u>% of Total Assessed Valuation</u> |
|--------------------------------------|------------------------------------|--|
| Flemington Fair Associates | \$61,946,600 | 1.44% |
| Hunterdon Medical Center | 35,808,400 | 0.83% |
| Bedford Fall LLC | 35,359,200 | 0.82% |
| Reep - RTL Flemington NJ LLC | 25,900,000 | 0.60% |
| Johanna Foods, Inc. | 23,654,700 | 0.55% |
| RVSC II Villages at Healthquest, LLC | 19,818,200 | 0.46% |
| Clojo Circle LLC c/o Flem Retail | 19,486,900 | 0.45% |
| Raritan Junction LLC | 19,197,700 | 0.45% |
| Raritan Village Shopping Center | 17,105,500 | 0.40% |
| 1200 Route 523 LLC | <u>16,850,000</u> | <u>0.39%</u> |
| Total | <u>\$275,127,200</u> | <u>6.40%</u> |

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

Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Current Year Collection</u> | <u>Current Year % of Collection</u> |
|-------------|-----------------|------------------------------------|---|
| 2024U | \$125,498,021 | \$124,921,771 | 99.54% |
| 2023 | 116,994,007 | 116,356,926 | 99.46% |
| 2022 | 114,158,909 | 113,481,728 | 99.41% |
| 2021 | 110,597,057 | 109,861,879 | 99.34% |
| 2020 | 107,441,228 | 106,889,068 | 99.49% |

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Tax</u> | <u>Total Delinquent</u> | <u>% of Tax Levy</u> |
|-------------|--------------------------------------|-------------------------------------|-----------------------------|--------------------------|
| 2024U | \$40,539 | \$520,557 | \$561,096 | 0.45% |
| 2023 | 36,609 | 567,657 | 604,266 | 0.52% |
| 2022 | 55,769 | 526,038 | 581,807 | 0.51% |
| 2021 | 45,250 | 670,623 | 715,873 | 0.65% |
| 2020 | 52,899 | 440,285 | 493,184 | 0.46% |

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

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

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Township

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

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

| <u>Year</u> | <u>Municipal</u> | <u>Local School</u> | <u>Regional School</u> | <u>County</u> | <u>Total</u> |
|-------------|------------------|---------------------|------------------------|---------------|--------------|
| 2024 | \$0.397 | \$1.345 | \$0.663 | \$0.492 | \$2.897 |
| 2023 | 0.348 | 1.285 | 0.634 | 0.457 | 2.724 |
| 2022 | 0.319 | 1.292 | 0.633 | 0.411 | 2.623 |
| 2021 | 0.315 | 1.265 | 0.645 | 0.398 | 2.571 |
| 2020 | 0.314 | 1.235 | 0.628 | 0.394 | 2.519 |

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

Valuation of Property

| <u>Year</u> | <u>Aggregate Assessed Valuation of Real Property</u> | <u>Aggregate True Value of Real Property</u> | <u>Ratio of Assessed to True Value</u> | <u>Assessed Value of Personal Property</u> | <u>Equalized Valuation</u> |
|-------------|--|--|--|--|----------------------------|
| 2024 | \$4,299,388,200 | \$6,124,484,615 | 70.20% | \$0 | \$6,124,484,615 |
| 2023 | 4,289,215,100 | 5,699,953,621 | 75.25 | 0 | 5,699,953,621 |
| 2022 | 4,260,254,500 | 5,153,325,874 | 82.67 | 0 | 4,554,604,026 |
| 2021 | 4,185,681,100 | 4,554,604,026 | 91.90 | 0 | 4,340,763,867 |
| 2020 | 4,139,786,500 | 4,340,763,867 | 95.37 | 0 | 4,252,970,881 |

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

Classification of Ratables

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

| <u>Year</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Farm</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Apartments</u> | <u>Total</u> |
|-------------|--------------------|--------------------|--------------|-------------------|-------------------|-------------------|-----------------|
| 2024 | \$35,207,300 | \$3,381,720,700 | \$68,851,000 | \$659,942,300 | \$105,571,500 | \$48,095,400 | \$4,299,388,200 |
| 2023 | 42,030,100 | 3,378,006,700 | 70,263,400 | 658,686,100 | 107,697,400 | 32,531,400 | 4,289,215,100 |
| 2022 | 49,103,200 | 3,354,143,300 | 69,334,300 | 647,156,400 | 107,985,900 | 32,531,400 | 4,260,254,500 |
| 2021 | 49,627,400 | 3,316,986,500 | 67,822,500 | 616,567,800 | 106,985,900 | 27,691,000 | 4,185,681,100 |
| 2020 | 64,085,700 | 3,280,483,500 | 67,047,400 | 611,238,700 | 104,218,000 | 12,713,200 | 4,139,786,500 |

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

Financial Operations

The following table summarizes budgeted information on changes in financial resources and fund balance for the last five (5) fiscal years for the Current Fund. This summary should be used in conjunction with the tables from which it is derived.

**Budgeted Information of Operations and Changes in Fund Balances
for the Years Ended December 31**

| <u>Anticipated Revenues</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Balance Utilized | \$1,762,050 | \$2,062,050 | \$2,199,964 | \$2,071,989 | \$1,930,000 |
| Miscellaneous Revenues | 5,250,117 | 5,245,387 | 6,552,389 | 6,794,626 | 5,693,451 |
| Receipts from Delinquent Taxes | 554,075 | 450,000 | 600,000 | 525,000 | 540,000 |
| Amount to be Raised by Taxation | <u>12,683,529</u> | <u>12,882,675</u> | <u>13,152,600</u> | <u>14,485,301</u> | <u>16,193,416</u> |
| Total Revenue: | <u>\$20,249,771</u> | <u>\$20,640,113</u> | <u>\$22,504,952</u> | <u>\$23,876,917</u> | <u>\$24,356,867</u> |
| <u>Appropriations</u> | | | | | |
| General Appropriations | \$14,386,537 | \$15,092,090 | \$16,024,510 | \$19,497,585 | \$20,203,865 |
| Operations (Excluded from CAPS) | 422,375 | 391,899 | 763,281 | 1,161,070 | 301,787 |
| Deferred Charges and Statutory Expenditures | 2,389,004 | 2,580,100 | 2,687,950 | 41,000 | 41,000 |
| Capital Improvement Fund | 249,600 | 60,500 | 573,894 | 306,478 | 875,000 |
| Municipal Debt Service | 1,787,255 | 1,500,524 | 1,440,318 | 1,748,032 | 1,812,464 |
| Reserve for Uncollected Taxes | <u>1,015,000</u> | <u>1,015,000</u> | <u>1,015,000</u> | <u>1,122,751</u> | <u>1,122,751</u> |
| Total Appropriations: | <u>\$20,249,771</u> | <u>\$20,640,113</u> | <u>\$22,504,952</u> | <u>\$23,876,917</u> | <u>\$24,356,867</u> |

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

| <u>Year</u> | <u>Fund Balance - Current Fund</u> | |
|--------------------|---|---|
| | <u>Balance 12/31</u> | <u>Utilized in Budget of Succeeding Year</u> |
| 2024U | \$4,709,026 | N/A |
| 2023 | 3,701,387 | 1,930,000 |
| 2022 | 3,389,606 | 2,071,989 |
| 2021 | 3,454,274 | 2,199,964 |
| 2020 | 4,184,426 | 2,062,050 |

U: Unaudited
Source: 2024 Annual Financial Statement and Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2024

General Purpose Debt

| | |
|---|---------------------|
| Serial Bonds | \$7,496,000 |
| Bond Anticipation Notes | 8,867,000 |
| Bonds and Notes Authorized but Not Issued | 9,691,201 |
| Other Bonds, Notes and Loans | 0 |
| Total: | <u>\$26,054,201</u> |

Regional School District Debt

| | |
|---|---------------------|
| Serial Bonds | \$42,385,050 |
| Temporary Notes Issued | 581 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Total: | <u>\$42,385,632</u> |

Regional School District Debt (HS)

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

Self-Liquidating Debt

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

TOTAL GROSS DEBT

\$68,439,832

Less: Statutory Deductions

General Purpose Debt \$0

Regional School Debt #1 42,385,632

Regional School District Debt #2 0

Self-Liquidating Debt 0

Total: \$42,385,632

TOTAL NET DEBT

\$26,054,201

Overlapping Debt (as of December 31, 2024)²

| <u>Name of Related Entity</u> | <u>Related Entity Debt Outstanding</u> | <u>Township Percentage</u> | <u>Township Share</u> |
|--|---|---------------------------------------|----------------------------------|
| Regional School District | \$46,360,000 | 91.43% | \$42,385,050 |
| Regional School District (HS) | 0 | 0.00% | 0 |
| Raritan Twp Municipal Utilities Authority (2023) | 7,594,538 | 100.00% | 7,594,538 |
| County (2023) | 71,347,396 | 20.96% | <u>14,950,989</u> |
| Net Indirect Debt | | | \$64,930,577 |
| Net Direct Debt | | | <u>26,054,201</u> |
| Total Net Direct and Indirect Debt | | | <u>\$90,984,778</u> |

Debt Limit

| | |
|--|----------------------|
| Average Equalized Valuation Basis (2022, 2023, 2024) | \$5,659,254,703 |
| Permitted Debt Limitation (3 1/2%) | 198,073,915 |
| Less: Net Debt | <u>26,054,201</u> |
| Remaining Borrowing Power | <u>\$172,019,714</u> |
| Percentage of Net Debt to Average Equalized Valuation | 0.460% |
| Gross Debt Per Capita based on 2020 population of 23,447 | \$2,919 |
| Net Debt Per Capita based on 2020 population of 23,447 | \$1,111 |

Source: Annual Debt Statement of the Township

Litigation

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

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

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APPENDIX B

**EXCERPTS FROM UNAUDITED FINANCIAL DATA AND AUDITED FINANCIAL
STATEMENTS OF THE TOWNSHIP OF RARITAN, IN THE COUNTY OF HUNTERDON,
NEW JERSEY**

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AUDITED AND UNAUDITED FINANCIAL STATEMENTS

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SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300 Fax 908-789-8535

E-mail info@scnco.com

ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Raritan
County of Hunterdon
Raritan, New Jersey 08822

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2024 Annual Financial Statement (AFS) of the Township of Raritan, New Jersey as of December 31, 2024 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to representing in the form of financial statements information that is the representation of management of the Township of Raritan. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the Township of Raritan has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Robert W. Swisher
Robert W. Swisher, C.P.A., R.M.A.

March 4, 2025



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Raritan
County of Hunterdon
Raritan, New Jersey 08822

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Raritan (the "Township"), as of and for the years ended December 31, 2023 and 2022, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2023.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2023 and 2022, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

SUPLEE, CLOONEY & COMPANY LLC

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY LLC
Certified Public Accountants

/s/ Robert W. Swisher
Robert W. Swisher, C.P.A., R.M.A.

June 11, 2024

TOWNSHIP OF RARITAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| <u>ASSETS</u> | BALANCE DECEMBER 31, 2024 (Unaudited) | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 |
|--|---|---------------------------------|---------------------------------|
| Cash-Treasurer | \$ 7,905,672.33 | \$ 6,721,511.60 | \$ 7,745,438.48 |
| Change Fund | 775.00 | 775.00 | 775.00 |
| Due State of New Jersey-Chapter 20, PL 1971 | 6,366.07 | 5,465.92 | 4,741.95 |
| | <u>\$ 7,912,813.40</u> | <u>\$ 6,727,752.52</u> | <u>\$ 7,750,955.43</u> |
| Receivables and Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | \$ 520,556.97 | \$ 567,657.19 | \$ 526,037.73 |
| Tax Title Liens | 40,539.38 | 36,608.74 | 55,769.30 |
| Revenue Accounts Receivable | 15,477.07 | 5,928.84 | 7,067.42 |
| Interfunds Receivable | 15,477.07 | 81,020.00 | 16,907.39 |
| | <u>\$ 576,573.42</u> | <u>\$ 691,214.77</u> | <u>\$ 605,781.84</u> |
| Deferred Charges: | | | |
| Emergency Authorizations | 213,021.93 | 122,296.93 | 163,296.93 |
| | <u>\$ 213,021.93</u> | <u>\$ 122,296.93</u> | <u>\$ 163,296.93</u> |
| | <u>\$ 8,702,408.75</u> | <u>\$ 7,541,264.22</u> | <u>\$ 8,520,034.20</u> |
| Grant Fund: | | | |
| Cash | \$ 269,418.87 | \$ 352,213.61 | \$ 1,606,272.63 |
| Grants Receivable | 128,194.97 | 48,031.75 | 124,031.75 |
| Interfunds Receivable | 128,194.97 | 48,031.75 | 116,194.18 |
| | <u>\$ 397,613.84</u> | <u>\$ 400,245.36</u> | <u>\$ 1,846,498.56</u> |
| | <u>\$ 9,100,022.59</u> | <u>\$ 7,941,509.58</u> | <u>\$ 10,366,532.76</u> |

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

TOWNSHIP OF RARITAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

\$

| | BALANCE DECEMBER <u>31, 2024</u> (Unaudited) | BALANCE DECEMBER <u>31, 2023</u> | BALANCE DECEMBER <u>31, 2022</u> |
|---|---|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | \$ 1,693,002.78 | \$ 1,344,924.18 | \$ 1,493,940.67 |
| Prepaid Taxes | 637,021.86 | 459,960.47 | 661,087.99 |
| Tax Overpayments | 5,084.44 | 6,903.11 | 64,311.58 |
| Interfunds Payable | | 174,516.31 | 582,774.04 |
| County Taxes-Payable | 156,744.85 | 25,936.73 | 162,122.93 |
| Regional High School Taxes Payable | | | 751,805.00 |
| Municipal Open Space Taxes Payable | 12,281.27 | 6,531.53 | 5,958.06 |
| Reserve for Encumbrances | 480,654.20 | 507,575.03 | 565,760.99 |
| Reserve for Miscellaneous Deposits | 432,019.62 | 622,314.62 | 236,884.93 |
| | \$ 3,416,809.02 | \$ 3,148,661.98 | \$ 4,524,646.19 |
| Reserve for Receivables and Other Assets | 576,573.42 | 691,214.77 | 605,781.84 |
| Fund Balance | 4,709,026.31 | 3,701,387.47 | 3,389,606.17 |
| | 8,702,408.75 | \$ 7,541,264.22 | \$ 8,520,034.20 |
| Grant Fund: | | | |
| Encumbrances Payable | \$ 1,364.54 | \$ 13,325.94 | \$ 3,122.30 |
| Interfunds Payable | | 81,020.00 | 68,340.11 |
| Unappropriated Reserves | 158,780.90 | 17,739.58 | 1,350,621.50 |
| Appropriated Reserves | 237,468.40 | 288,159.84 | 424,414.65 |
| | \$ 397,613.84 | \$ 400,245.36 | \$ 1,846,498.56 |
| | \$ 9,100,022.59 | \$ 7,941,509.58 | \$ 10,366,532.76 |

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

| | <u>YEAR 2024</u> (Unaudited) | <u>YEAR 2023</u> | <u>YEAR 2022</u> |
|---|---------------------------------|--------------------------|--------------------------|
| <u>REVENUE AND OTHER INCOME</u> | | | |
| Fund Balance Utilized | \$ 1,930,000.00 | \$ 2,071,989.23 | \$ 2,199,963.70 |
| Miscellaneous Revenue Anticipated | 6,307,650.72 | 7,124,940.59 | 6,567,934.27 |
| Receipts from Delinquent Taxes | 567,645.61 | 558,262.83 | 889,858.38 |
| Receipts from Current Taxes | 124,921,770.57 | 116,356,925.74 | 113,481,727.51 |
| Non-Budget Revenue | 170,156.01 | 343,596.04 | 199,619.77 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | 791,106.97 | 1,106,228.52 | 363,385.01 |
| Tax Overpayments Canceled | | 53,795.35 | 377.83 |
| Reserves Canceled | | 81,000.00 | 20,340.00 |
| Interfunds Returned | 65,542.93 | | 28,556.12 |
| <u>Total Income</u> | <u>\$ 134,753,872.81</u> | <u>\$ 127,696,738.30</u> | <u>\$ 123,751,762.59</u> |
| <u>EXPENDITURES</u> | | | |
| Budget Appropriations: | | | |
| Operations within "CAPS": | | | |
| Operating | \$ 17,353,950.00 | \$ 16,841,762.07 | \$ 16,024,509.96 |
| Deferred Charges and Statutory Expenditures | 2,849,915.00 | 2,655,823.33 | 2,596,950.00 |
| Operations Excluded from "CAPS": | | | |
| Operating | 381,950.43 | 1,248,289.21 | 790,607.38 |
| Capital Improvements | 1,006,725.00 | 306,477.99 | 573,893.59 |
| Municipal Debt Service | 1,808,756.27 | 1,721,309.14 | 1,420,317.64 |
| Deferred Charges | 41,000.00 | 41,000.00 | 91,000.00 |
| Municipal Open Space Taxes | 865,627.38 | 429,494.98 | 429,849.53 |
| County Taxes | 21,184,363.04 | 19,557,971.83 | 17,505,634.99 |
| County Share of Added Taxes | 156,744.85 | 25,936.73 | 162,122.93 |
| Regional High School Tax | 28,478,147.00 | 27,203,607.00 | 26,962,612.00 |
| Regional School Tax | 57,820,780.00 | 55,119,652.00 | 55,038,384.00 |
| Receivables Canceled | | 81,000.00 | 20,340.00 |
| Interfunds Advanced | | 64,112.61 | |
| Refund of Prior Year Revenue | | 16,530.88 | 244.64 |
| <u>Total Expenditures</u> | <u>\$ 131,947,958.97</u> | <u>\$ 125,312,967.77</u> | <u>\$ 121,616,466.66</u> |
| Excess in Revenue | <u>\$ 2,805,913.84</u> | <u>\$ 2,383,770.53</u> | <u>\$ 2,135,295.93</u> |
| Adjustments to Income Before Fund Balance | \$ | | |
| Expenditures Included above which are by Statute | | | |
| Deferred Charges to the Budget of the Succeeding Year | 131,725.00 | | |
| Statutory Excess to Fund Balance | 2,937,638.84 | \$ 2,383,770.53 | \$ 2,135,295.93 |
| <u>Fund Balance</u> | | | |
| Balance, January 1 | 3,701,387.47 | 3,389,606.17 | 3,454,273.94 |
| | <u>\$ 6,639,026.31</u> | <u>\$ 5,773,376.70</u> | <u>\$ 5,589,569.87</u> |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | 1,930,000.00 | 2,071,989.23 | 2,199,963.70 |
| Fund Balance, December 31 | <u>\$ 4,709,026.31</u> | <u>\$ 3,701,387.47</u> | <u>\$ 3,389,606.17</u> |

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

TOWNSHIP OF RARITAN

CURRENT FUND

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

| | ANTICIPATED | | REALIZED | EXCESS OR (DEFICIT) |
|---|------------------|----------------------------|------------------|---------------------------|
| | BUDGET | SPECIAL N.J.S. 40A:4-87 | | |
| Fund Balance Anticipated | \$ 2,071,989.23 | | \$ 2,071,989.23 | |
| Miscellaneous Revenues: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | \$ 26,000.00 | | \$ 25,752.00 | \$ (248.00) |
| Other | 40,500.00 | | 20,821.00 | (19,679.00) |
| Fees and Permits: | | | | |
| Construction Code Official | 860,750.00 | | 846,686.00 | (14,064.00) |
| Other | 297,500.00 | | 336,740.06 | 39,240.06 |
| Interest on Investments | 103,750.00 | | 452,499.60 | 348,749.60 |
| Fines: | | | | |
| Municipal Court | 91,250.00 | | 100,667.41 | 9,417.41 |
| Interest and Costs on Taxes | 119,500.00 | | 111,387.60 | (8,112.40) |
| Municipal Relief Aid | 107,751.86 | | 107,751.86 | |
| Energy Receipts Tax | 2,079,919.00 | | 2,079,919.44 | 0.44 |
| Hotel/Motel Occupance Tax | 116,225.00 | | 134,138.08 | 17,913.08 |
| Interlocal - Hunterdon Central High School - Resource Officer | 95,846.34 | | 155,719.00 | 59,872.66 |
| Interlocal - Four Shared Courts | 264,176.29 | | 217,550.69 | (46,625.60) |
| Uniform Fire Safety Act | 84,687.00 | | 65,608.00 | (19,079.00) |
| Cable Franchise Fees | 32,800.00 | | 99,915.19 | 67,115.19 |
| Escrow - Administrative Fees | 43,500.00 | | 6,270.99 | (37,229.01) |
| Borough of Flemington - Lease of Courtroom | 11,250.00 | | 19,748.63 | 8,498.63 |
| Balance- Flemington Court Lease- 2022 | 27,000.00 | | | (27,000.00) |
| PERC Fees | 21,400.00 | | 24,600.00 | 3,200.00 |
| Conover Trust | 222,267.41 | | | (222,267.41) |
| PILOT - Raritan Junction | 52,624.00 | | 52,624.00 | |
| Class III Officers | 165,000.00 | | 107,912.50 | (57,087.50) |
| Uniform Fire Safety - LEA Rebate | 107,500.00 | | 111,557.94 | 4,057.94 |
| Community Services Contribution | 186,835.03 | | 177,493.28 | (9,341.75) |
| Kingwood Fire- LEA Rebate | 12,274.00 | | 15,166.50 | 2,892.50 |
| Flemington Raritan- Class III Officers | 165,000.00 | | 302,500.00 | 137,500.00 |
| Kingwood Fire Safety | 9,000.00 | | 16,621.50 | 7,621.50 |
| ARP- Revenue Replacement | 1,348,621.50 | | 1,350,621.50 | 2,000.00 |
| Kingwood Construction | 51,000.00 | | 46,750.00 | (4,250.00) |
| Clean Communities Program | | 77,218.88 | 77,218.88 | |
| Recycling Tonnage Program | 50,698.94 | | 50,698.94 | |
| Sustainable New Jersey Grant | | 10,000.00 | 10,000.00 | |
| | \$ 6,794,626.37 | \$ 87,218.88 | \$ 7,124,940.59 | \$ 243,095.34 |
| Receipts from Delinquent Taxes | \$ 525,000.00 | | \$ 558,262.83 | \$ 33,262.83 |
| Amount to be Raised by Taxation for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | \$ 14,485,301.00 | | \$ 15,143,014.20 | \$ 657,713.20 |
| <u>Budget Totals</u> | \$ 23,876,916.60 | \$ 87,218.88 | \$ 24,898,206.85 | \$ 934,071.37 |
| Non-Budget Revenue | | | 343,596.04 | 343,596.04 |
| | \$ 23,876,916.60 | \$ 87,218.88 | \$ 25,241,802.89 | \$ 1,277,667.41 |

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

TOWNSHIP OF RARITAN

CURRENT FUND

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

| | |
|--|--------------------------|
| Allocation of Current Tax Collections: | |
| Collections Realized on a Cash Basis | \$ 116,356,925.74 |
| Allocated to: | |
| School and County Taxes | 101,907,167.56 |
| Municipal Open Space Taxes | 429,494.98 |
| | <u>\$ 102,336,662.54</u> |
| Balance for Support of Municipal Budget Appropriations | \$ 14,020,263.20 |
| Add: Appropriation-"Reserve for Uncollected Taxes" | <u>1,122,751.00</u> |
| Amount for Support of Municipal Budget Appropriations | <u>\$ 15,143,014.20</u> |
| Receipts from Delinquent Taxes: | |
| Delinquent Tax Collections | \$ 534,177.28 |
| Tax Title Liens | <u>24,085.55</u> |
| | <u>\$ 558,262.83</u> |
| Licenses - Other: | |
| Clerk | \$ 37,746.00 |
| Less: Refunds | <u>16,925.00</u> |
| | <u>\$ 20,821.00</u> |
| Construction Code Fees: | \$ 847,349.00 |
| Less: Refunds | <u>663.00</u> |
| | <u>\$ 846,686.00</u> |
| Fees and Permits: | \$ 336,890.06 |
| Less: Refunds | <u>150.00</u> |
| | <u>\$ 336,740.06</u> |
| <u>Analysis of Non-Budget Revenues</u> | |
| Miscellaneous Revenue Not Anticipated: | |
| Treasurer: | |
| Refund of Prior Year Expenditures | \$ 81,120.00 |
| Senior Citizen and Veterans Administrative Fee | 2,060.03 |
| Police Outside Services Administrative Fees | 103,824.89 |
| Fire Permits- Readington | 39,420.00 |
| Canceled Tax Premiums | 19,100.00 |
| Miscellaneous | 16,721.14 |
| Construction | <u>72,000.09</u> |
| | <u>\$ 334,246.15</u> |
| Tax Collector | <u>9,349.89</u> |
| | <u>\$ 343,596.04</u> |

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

TOWNSHIP OF RARITAN

CURRENT FUND

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

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|--|----------------|------------------------------|--------------------|-------------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>OPERATIONS WITHIN "CAPS"</u> | | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 187,541.33 | \$ 187,541.33 | \$ 185,041.52 | \$ 2,499.81 | \$ |
| Other Expenses - Postage and Photocopying | 65,750.00 | 79,150.00 | 78,818.60 | 331.40 | |
| Other Expenses - Miscellaneous | 68,125.00 | 71,125.00 | 70,105.45 | 1,019.55 | |
| Mayor and Committee: | | | | | |
| Salaries and Wages | 35,953.97 | 35,953.97 | 35,067.45 | 886.52 | |
| Other Expenses | 4,130.00 | 4,130.00 | 3,893.65 | 236.35 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 279,322.74 | 178,322.74 | 169,503.33 | 8,819.41 | |
| PERC Witness Pay: | | | | | |
| Other Expenses - Elections | 24,100.00 | 24,100.00 | 12,409.09 | 11,690.91 | |
| Other Expenses | 65,445.00 | 65,445.00 | 41,279.02 | 24,165.98 | |
| Financial Administration: | | | | | |
| Salaries and Wages | 236,218.17 | 236,218.17 | 203,736.84 | 32,481.33 | |
| Other Expenses | 27,685.00 | 37,685.00 | 33,055.51 | 4,629.49 | |
| Other Expenses - Annual Audit | 48,600.00 | 48,600.00 | 46,260.00 | 2,340.00 | |
| Data Processing: | | | | | |
| Other Expenses | 156,600.00 | 241,600.00 | 236,358.71 | 5,241.29 | |
| Revenue Administration: | | | | | |
| Salaries and Wages | 121,640.00 | 121,640.00 | 121,435.04 | 204.96 | |
| Other Expenses | 10,100.00 | 10,100.00 | 9,621.49 | 478.51 | |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 154,718.48 | 154,718.48 | 154,718.46 | 0.02 | |
| Other Expenses | 27,900.00 | 27,900.00 | 20,490.40 | 7,409.60 | |
| Legal Services: | | | | | |
| Other Expenses | 167,500.00 | 187,500.00 | 184,233.90 | 3,266.10 | |
| Engineering Services: | | | | | |
| Salaries and Wages | 89,778.01 | 145,778.01 | 141,834.93 | 3,943.08 | |
| Other Expenses | 158,000.00 | 63,000.00 | 62,749.60 | 250.40 | |
| Historical Commission: | | | | | |
| Other Expenses | 2,950.00 | 2,950.00 | 2,950.00 | | |
| <u>LAND USE ADMINISTRATION</u> | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 81,919.55 | 41,919.55 | 35,625.59 | 6,293.96 | |
| Other Expenses | 32,300.00 | 32,300.00 | 28,900.73 | 3,399.27 | |
| Board of Adjustment: | | | | | |
| Salaries and Wages | 80,619.55 | 95,619.55 | 87,930.89 | 7,688.66 | |
| Other Expenses | 31,300.00 | 31,300.00 | 26,194.39 | 5,105.61 | |
| <u>PUBLIC SAFETY FUNCTIONS:</u> | | | | | |
| Police Department: | | | | | |
| Salaries and Wages | 4,657,590.92 | 4,357,590.92 | 4,300,398.18 | 57,192.74 | |
| Other Expenses | 351,800.00 | 351,800.00 | 308,589.77 | 43,210.23 | |
| First Aid Organization: | | | | | |
| OSHA/PEOSHA | 17,400.00 | 17,400.00 | 17,338.56 | 61.44 | |
| Aid to Maintenance Contract - Flem/Rar FAS - ARP | 39,000.00 | 39,000.00 | 39,000.00 | | |
| Emergency Management Service: | | | | | |
| Salaries and Wages | 9,996.00 | 9,996.00 | 9,791.86 | 204.14 | |
| Other Expenses | 21,500.00 | 21,500.00 | 20,150.43 | 1,349.57 | |

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

TOWNSHIP OF RARITAN

CURRENT FUND

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

| | <u>APPROPRIATIONS</u> | | <u>EXPENDED</u> | | <u>UNEXPENDED BALANCE CANCELED</u> |
|---|-----------------------|--------------------------------------|----------------------------|-----------------|--|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | |
| <u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u> | | | | | |
| <u>PUBLIC SAFETY FUNCTIONS(CONTINUED):</u> | | | | | |
| Fire Department: | | | | | |
| Other Expenses - ARP | \$ 181,500.00 | \$ 181,500.00 | \$ 156,900.17 | \$ 24,599.83 | \$ |
| Fire Hydrants | 305,924.72 | 305,924.72 | 272,066.08 | 33,858.64 | |
| OSHA/PEOSHA (P.L. 1983 Ch. 516) - ARP | 12,000.00 | 12,000.00 | 7,802.83 | 4,197.17 | |
| Uniform Fire Safety Program: | | | | | |
| Salaries and Wages | 253,691.36 | 283,691.36 | 278,232.00 | 5,459.36 | |
| Other Expenses | 70,000.00 | 70,000.00 | 57,101.16 | 12,898.84 | |
| Municipal Prosecutor: | | | | | |
| Other Expenses | 50,000.00 | 50,000.00 | 45,541.99 | 4,458.01 | |
| Municipal Court: | | | | | |
| Salaries and Wages | 373,097.08 | 228,097.08 | 170,123.22 | 57,973.86 | |
| Other Expenses | 22,700.00 | 22,700.00 | 19,894.53 | 2,805.47 | |
| Municipal Public Defender: | | | | | |
| Salaries and Wages | 120.00 | 120.00 | | 120.00 | |
| <u>PUBLIC WORKS FUNCTIONS:</u> | | | | | |
| Streets and Roads Maintenance: | | | | | |
| Salaries and Wages | 1,397,112.00 | 1,397,112.00 | 1,242,597.56 | 154,514.44 | |
| OSHA/PEOSHA | 7,100.00 | 7,100.00 | 7,094.80 | 5.20 | |
| Other Expenses | 197,150.00 | 197,150.00 | 188,961.84 | 8,188.16 | |
| Snow Removal: | | | | | |
| Salaries and Wages | 100,000.00 | 100,000.00 | 3,415.60 | 96,584.40 | |
| Other Expenses | 157,000.00 | 157,000.00 | 45,678.14 | 111,321.86 | |
| Recycling: | | | | | |
| Salaries and Wages | 50,112.00 | 50,112.00 | 36,006.98 | 14,105.02 | |
| Solid Waste Collection: | | | | | |
| Other Expenses | 50,008.75 | 50,008.75 | 41,034.19 | 8,974.56 | |
| Public Buildings and Grounds: | | | | | |
| Salaries and Wages | 107,724.92 | 117,724.92 | 116,055.33 | 1,669.59 | |
| Other Expenses | 117,590.00 | 117,590.00 | 117,078.03 | 511.97 | |
| Vehicle Maintenance: | | | | | |
| Salaries and Wages | 293,273.90 | 160,273.90 | 144,226.93 | 16,046.97 | |
| Other Expenses | 256,400.00 | 276,400.00 | 276,005.76 | 394.24 | |
| Condo Act Service Per N.J.S.A. 40A:35-3d: | | | | | |
| Other Expenses | 25,000.00 | 25,000.00 | 11,474.22 | 13,525.78 | |
| <u>HEALTH AND WELFARE:</u> | | | | | |
| Public Health Services: | | | | | |
| Salaries and Wages | 58,751.36 | 58,851.36 | 58,751.42 | 99.94 | |
| Other Expenses | 4,250.00 | 4,250.00 | 3,915.24 | 334.76 | |
| Environmental Commission: | | | | | |
| Other Expenses | 1,265.00 | 1,265.00 | 581.64 | 683.36 | |
| <u>RECREATION AND EDUCATION:</u> | | | | | |
| Maintenance of Parks: | | | | | |
| Salaries and Wages | 222,371.43 | 192,371.43 | 187,772.88 | 4,598.55 | |
| Other Expenses | 2,950.00 | 2,950.00 | 2,751.17 | 198.83 | |
| Community Garden: | | | | | |
| Other Expenses | 500.00 | 500.00 | 493.90 | 6.10 | |
| <u>INSURANCE:</u> | | | | | |
| Liability Insurance | 338,400.00 | 338,400.00 | 334,341.00 | 4,059.00 | |
| Workers Compensation Insurance | 329,922.91 | 329,922.91 | 329,922.91 | | |
| Employee Group Insurance | 3,350,000.00 | 3,854,500.00 | 3,843,697.28 | 10,802.72 | |
| Health Benefit Waiver | 82,500.00 | 82,500.00 | 79,238.10 | 3,261.90 | |
| <u>UNIFORM CONSTRUCTION CODE:</u> | | | | | |
| Code Enforcement: | | | | | |
| Salaries and Wages | 568,770.12 | 573,770.12 | 572,347.04 | 1,423.08 | |
| Other Expenses | 23,479.10 | 23,479.10 | 13,299.39 | 10,179.71 | |

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

TOWNSHIP OF RARITAN

CURRENT FUND

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

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|--|------------------|------------------------------|--------------------|---------------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u> | | | | | |
| <u>UNCLASSIFIED:</u> | | | | | |
| Accumulated Sick Leave Fund: | | | | | |
| Other Expenses | \$ 50,000.00 | \$ 50,000.00 | \$ 50,000.00 | \$ | \$ |
| <u>UTILITIES EXPENSES AND BULK PURCHASES:</u> | | | | | |
| Utilities: | | | | | |
| Other Expenses | 557,613.70 | 597,613.70 | 587,048.92 | 10,564.78 | |
| <u>TOTAL OPERATIONS WITHIN "CAPS"</u> | \$ 16,873,762.07 | \$ 16,841,762.07 | \$ 15,988,935.64 | \$ 852,826.43 | \$ |
| <u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u> | \$ 16,873,762.07 | \$ 16,841,762.07 | \$ 15,988,935.64 | \$ 852,826.43 | \$ |
| Detail: | | | | | |
| Salaries and Wages | \$ 9,377,722.89 | \$ 8,744,822.89 | \$ 8,271,951.61 | \$ 472,871.28 | \$ |
| Other Expenses | 7,496,039.18 | 8,096,939.18 | 7,716,984.03 | 379,955.15 | |
| <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u> | | | | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Social Security System (O.A.S.I.) | \$ 661,951.68 | \$ 693,951.68 | \$ 691,465.17 | \$ 2,486.51 | \$ |
| Public Employees Retirement System of NJ | 637,853.40 | 637,853.40 | 637,853.40 | | |
| Police and Firemen's Retirement System of NJ | 1,272,255.48 | 1,272,255.48 | 1,272,255.48 | | |
| DCRP - Employers Share | 14,515.00 | 14,515.00 | 6,792.78 | 7,722.22 | |
| State Unemployment Insurance | 37,247.77 | 37,247.77 | 27,872.69 | 9,375.08 | |
| <u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u> | \$ 2,623,823.33 | \$ 2,655,823.33 | \$ 2,636,239.52 | \$ 19,583.81 | \$ |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u> | \$ 19,497,585.40 | \$ 19,497,585.40 | \$ 18,625,175.16 | \$ 872,410.24 | \$ |
| <u>OTHER OPERATIONS EXCLUDED FROM "CAPS"</u> | | | | | |
| Length of Service Awards Program (Fire) | \$ 51,000.00 | \$ 51,000.00 | \$ 35,537.50 | \$ 15,462.50 | \$ |
| Recycling Tax (P. L. 2007, C.311) | 2,500.00 | 2,500.00 | 1,286.24 | 1,213.76 | |
| NJPDES/Stormwater General Permit Tier A: Streets and Roads | 4,050.00 | 4,050.00 | 4,050.00 | | |
| Public Employees Retirement System | 34,254.60 | 34,254.60 | 34,254.60 | | |
| Police & Fire Retirement System | 180,440.52 | 180,440.52 | 180,440.52 | | |
| Landfill/Solidwaste Disposal | 2,491.25 | 2,491.25 | | 2,491.25 | |
| Gasoline & Diesel | 56,568.30 | 56,568.30 | 56,568.30 | | |
| Workers Compensation Insurance | 23,677.09 | 23,677.09 | 23,677.09 | | |
| Shared Service Agreements: | | | | | |
| Hunterdon Central RHS Resource Officer | 425,846.34 | 425,846.34 | 322,428.75 | 103,417.59 | |
| Kingwood Construction Shared Service | 51,000.00 | 51,000.00 | | 51,000.00 | |
| Hampton Borough Municipal Court | 264,176.29 | 264,176.29 | 148,174.45 | 116,001.84 | |
| Kingwood Fire Safety | 9,000.00 | 9,000.00 | | 9,000.00 | |
| <u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u> | | | | | |
| Clean Communities Program (N.J.S.A. 40A:4-87 +\$77,218.88) | | 77,218.88 | 77,218.88 | | |
| Recycling Tonnage Grant | 50,698.94 | 50,698.94 | 50,698.94 | | |
| Sustainable New Jersey Grant (N.J.S.A. 40A:4-87 +\$10,000.00) | | 10,000.00 | 10,000.00 | | |
| Matching Funds for Grants | 5,367.00 | 5,367.00 | | 5,367.00 | |
| <u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u> | \$ 1,161,070.33 | \$ 1,248,289.21 | \$ 944,335.27 | \$ 303,953.94 | \$ |

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

TOWNSHIP OF RARITAN

CURRENT FUND

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

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|---|-------------------------|--|-------------------------|------------------------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u> | | | | | |
| Deferred Charges to Future Taxation: Ordinance #2014-12 | \$ 41,000.00 | \$ 41,000.00 | \$ 41,000.00 | \$ | \$ |
| <u>TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u> | \$ 41,000.00 | \$ 41,000.00 | \$ 41,000.00 | \$ | \$ |
| <u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u> | | | | | |
| Capital Improvement Fund | \$ 122,977.99 | \$ 122,977.99 | \$ 122,977.99 | \$ | \$ |
| Emergency Management Equipment | 2,500.00 | 2,500.00 | 2,500.00 | | |
| Purchase of Police Equipment | 16,000.00 | 16,000.00 | 12,440.00 | 3,560.00 | |
| <u>TOTAL CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"</u> | \$ 306,477.99 | \$ 306,477.99 | \$ 137,917.99 | \$ 168,560.00 | \$ |
| <u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u> | | | | | |
| Payment of Bond Principal | \$ 1,161,136.00 | \$ 1,161,136.00 | \$ 1,161,135.85 | \$ | \$ 0.15 |
| Payment of Bond Anticipation Notes | 85,214.60 | 85,214.60 | 84,000.00 | | 1,214.60 |
| Interest on Bonds | 208,350.22 | 208,350.22 | 208,349.17 | | 1.05 |
| Interest on Notes | 189,906.94 | 189,906.94 | 164,400.00 | | 25,506.94 |
| Payment of IBank Principal | 57,991.86 | 57,991.86 | 57,991.86 | | |
| Payment of IBank Interest | 27,222.74 | 27,222.74 | 27,222.74 | | |
| Payment of IBank Admin Fee | 2,420.52 | 2,420.52 | 2,420.52 | | |
| Payment of IBank Origination Fee | 15,789.00 | 15,789.00 | 15,789.00 | | |
| <u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u> | \$ 1,748,031.88 | \$ 1,748,031.88 | \$ 1,721,309.14 | \$ | \$ 26,722.74 |
| <u>PURPOSES EXCLUDED FROM "CAPS"</u> | \$ 3,256,580.20 | \$ 3,343,799.08 | \$ 2,844,562.40 | \$ 472,513.94 | \$ 26,722.74 |
| <u>SUB-TOTAL GENERAL APPROPRIATIONS</u> | \$ 22,754,165.60 | \$ 22,841,384.48 | \$ 21,469,737.56 | \$ 1,344,924.18 | \$ 26,722.74 |
| <u>RESERVE FOR UNCOLLECTED TAXES</u> | <u>1,122,751.00</u> | <u>1,122,751.00</u> | <u>1,122,751.00</u> | | |
| <u>TOTAL GENERAL APPROPRIATIONS</u> | <u>\$ 23,876,916.60</u> | <u>\$ 23,964,135.48</u> | <u>\$ 22,592,488.56</u> | <u>\$ 1,344,924.18</u> | <u>\$ 26,722.74</u> |
| Amendment by (NJSA 40A:4-87) Budget | | \$ 87,218.88 23,876,916.60 <u>\$ 23,964,135.48</u> | | | |
| Reserve for Uncollected Taxes | | | \$ 1,122,751.00 | | |
| Reserve for Grants Appropriated | | | 137,917.82 | | |
| Deferred Charges | | | 41,000.00 | | |
| Disbursements | | | 20,961,972.90 | | |
| Encumbrances Payable | | | 328,846.84 | | |
| | | | <u>\$ 22,592,488.56</u> | | |

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

TOWNSHIP OF RARITAN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

| <u>ASSETS</u> | BALANCE DECEMBER 31, 2024 (Unaudited) | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 |
|---|--|---------------------------------|---------------------------------|
| Animal Control Fund: | | | |
| Cash | \$ 38,977.93 | \$ 68,084.42 | \$ 94,923.31 |
| Other Funds: | | | |
| Cash | \$ 7,499,233.18 | \$ 7,020,880.46 | \$ 7,337,054.33 |
| Due Current Fund | | 78,443.88 | 78,443.88 |
| | <u>\$ 7,499,233.18</u> | <u>\$ 7,099,324.34</u> | <u>\$ 7,415,498.21</u> |
| | <u>\$ 7,538,211.11</u> | <u>\$ 7,167,408.76</u> | <u>\$ 7,510,421.52</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Animal Control Fund: | | | |
| Due Current Fund | \$ | \$ | \$ 16,907.39 |
| Due State of New Jersey | | 21.00 | 52.20 |
| Reserve for Animal Control Fund Expenditures | 38,977.93 | 68,063.42 | 77,963.72 |
| | <u>\$ 38,977.93</u> | <u>\$ 68,084.42</u> | <u>\$ 94,923.31</u> |
| Other Funds: | | | |
| Reserve For: | | | |
| Miscellaneous Trust Deposits | \$ 6,008,284.41 | \$ 6,227,925.81 | \$ 6,738,125.42 |
| Due Current Fund | 15,408.03 | | |
| Open Space Trust Deposits | 1,416,750.09 | 812,607.88 | 620,232.33 |
| Fund Balance | 58,790.65 | 58,790.65 | 57,140.46 |
| | <u>\$ 7,499,233.18</u> | <u>\$ 7,099,324.34</u> | <u>\$ 7,415,498.21</u> |
| | <u>\$ 7,538,211.11</u> | <u>\$ 7,167,408.76</u> | <u>\$ 7,510,421.52</u> |

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

TOWNSHIP OF RARITANGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER 31, 2024 (Unaudited) | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 (as restated) |
|--|--|---------------------------------|--|
| <u>ASSETS</u> | | | |
| Cash | \$ 2,818,684.98 | \$ 1,703,875.59 | \$ 941,214.82 |
| Deferred Charges to Future Taxation - Funded | 8,980,372.09 | 10,341,689.15 | 11,699,681.01 |
| Deferred Charges to Future Taxation - Unfunded | 17,073,828.49 | 14,573,543.49 | 8,816,043.49 |
| Interfunds Receivable | | 96,072.43 | 456,476.09 |
| NJIB Loan Receivable | 6,500,000.00 | 6,500,000.00 | 3,000,000.00 |
| Grants Receivable | 106,758.50 | 106,758.50 | 106,758.50 |
| | <u>\$ 35,479,644.06</u> | <u>\$ 33,321,939.16</u> | <u>\$ 25,020,173.91</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds Payable | \$ 7,496,000.00 | \$ 8,786,000.00 | \$ 10,086,000.00 |
| Bond Anticipation Notes | 8,867,000.00 | 6,367,000.00 | 4,110,000.00 |
| Interfunds Payable | 69.04 | | |
| Improvement Authorizations: | | | |
| Funded | 870,730.05 | 337,504.44 | 422,787.42 |
| Unfunded | 9,010,314.99 | 8,293,664.61 | 4,413,174.96 |
| Various Reserves and Deposits | 3,374.12 | 3,374.12 | 3,374.12 |
| NJIB Loan Payable | 1,484,372.09 | 1,555,689.15 | 1,613,681.01 |
| Future NJIB Loan Payable | 6,500,000.00 | 6,500,000.00 | 3,000,000.00 |
| Contracts Payable | 1,055,005.59 | 897,780.83 | 1,118,510.70 |
| Reserve for Grants Receivable | 101,758.50 | 101,758.50 | 101,758.50 |
| Capital Improvement Fund | | 6,514.51 | 59,336.52 |
| Fund Balance | 91,019.68 | 472,653.00 | 91,550.68 |
| | <u>\$ 35,479,644.06</u> | <u>\$ 33,321,939.16</u> | <u>\$ 25,020,173.91</u> |

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

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>2024</u> (Unaudited) | <u>2023</u> |
|--|----------------------------|-----------------------------|
| Balance, January 1 | \$ 472,653.00 | \$ 91,550.68 |
| Increased by: | | |
| Funded Improvement Authorizations Canceled | | 346,041.16 |
| Premium on Sale of Bonds and Notes | 48,422.03 | 35,061.16 |
| | <u>48,422.03</u> | <u>381,102.32</u> |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | <u>430,055.35</u> | <u> </u> |
| Balance, December 31, | <u>\$ 91,019.68</u> | <u>\$ 472,653.00</u> |

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

TOWNSHIP OF RARITAN

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER <u>31, 2023</u> | BALANCE DECEMBER <u>31, 2022</u> |
|-------------------------------------|--|--|
| <u>FIXED ASSETS</u> | | |
| Land | \$ 18,826,730.10 | \$ 18,747,615.00 |
| Buildings | 9,526,235.00 | 9,526,235.00 |
| Machinery and Equipment | <u>14,975,179.00</u> | <u>14,525,994.00</u> |
| <u>TOTAL FIXED ASSETS</u> | <u>\$ 43,328,144.10</u> | <u>\$ 42,799,844.00</u> |
| <u>RESERVE</u> | | |
| Investments in General Fixed Assets | <u>\$ 43,328,144.10</u> | <u>\$ 42,799,844.00</u> |

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

TOWNSHIP OF RARITAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

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

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

C. Basis of Accounting

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

General Fixed Assets – N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage system are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund.

Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by the Township. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

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

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

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

The New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pensions and Benefits' reporting on GASB 68. As of the date of this report, the information for the period ended June 30, 2023 was not available; therefore, the information dated June 30, 2022 is disclosed.

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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

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

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

D. Basic Financial Statements

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

E. Restatement/Reclassifications of Prior Balances

Certain accounts have been restated in the prior year to conform to categories established in the current fiscal year. None of these restated accounts were material to the financial statements taken as a whole.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

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

The Township of Raritan had the following cash and cash equivalents at December 31, 2023:

| | <u>Cash in Bank</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reconciled Balance</u> |
|----------------------|-------------------------|--------------------|---------------------|-------------------------------|
| Current Fund | \$6,845,599.82 | \$43,193.55 | \$167,281.77 | \$6,721,511.60 |
| Grant Fund | 352,652.41 | | 438.80 | 352,213.61 |
| Animal Control Fund | 69,866.42 | | 1,782.00 | 68,084.42 |
| Trust Other Fund | 7,087,282.64 | 3,450.36 | 69,852.54 | 7,020,880.46 |
| General Capital Fund | 1,847,601.74 | | 143,726.15 | 1,703,875.59 |
| | <u>\$16,203,003.03</u> | <u>\$46,643.91</u> | <u>\$383,081.26</u> | <u>\$15,866,565.68</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2023, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$250,000.00 was covered by Federal Depository Insurance and \$15,950,576.49 was covered by NJ GUDPA. \$2,426.54 is invested in the New Jersey Cash Management Fund.

B. Investments

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

As of December 31, 2023, the Township has \$2,426.54 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1, and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Township is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township.

SUMMARY OF MUNICIPAL DEBT

| | <u>YEAR 2023</u> | <u>YEAR 2022</u> | <u>YEAR 2021</u> |
|--|------------------------------------|------------------------------------|------------------------------------|
| Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ <u>16,708,689.15</u> | \$ <u>15,774,901.00</u> | \$ <u>13,690,000.00</u> |
| Net Debt Issued | \$ <u>16,708,689.15</u> | \$ <u>15,774,901.00</u> | \$ <u>13,690,000.00</u> |
| Authorized But Not Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ <u>8,206,543.49</u> | \$ <u>4,740,823.50</u> | \$ <u>6,522,000.00</u> |
| TOTAL BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED | \$ <u><u>24,915,232.64</u></u> | \$ <u><u>20,515,724.50</u></u> | \$ <u><u>20,212,000.00</u></u> |

SUMMARY OF REGULATORY 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 regulatory net debt of .485%.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2023 the Township has authorized but not issued bonds and notes as follows:

General Capital Fund \$ 8,206,543.49

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2023

| CALENDAR YEAR | GENERAL | | TOTAL |
|------------------|------------------------|----------------------|------------------------|
| | PRINCIPAL | INTEREST | |
| 2024 | 1,290,000.00 | 183,387.50 | 1,473,387.50 |
| 2025 | 1,285,000.00 | 155,121.00 | 1,440,121.00 |
| 2026 | 765,000.00 | 127,620.00 | 892,620.00 |
| 2027 | 770,000.00 | 106,820.00 | 876,820.00 |
| 2028 | 785,000.00 | 87,095.00 | 872,095.00 |
| 2029-33 | 3,176,000.00 | 202,100.00 | 3,378,100.00 |
| 2034-35 | 715,000.00 | 14,350.00 | 729,350.00 |
| | <u>\$ 8,786,000.00</u> | <u>\$ 876,493.50</u> | <u>\$ 9,662,493.50</u> |

INFRASTRUCTURE TRUST LOANS

| CALENDAR YEAR | I-BANK LOAN | | ADMIN FEE | TOTAL |
|------------------|------------------------|----------------------|---------------------|------------------------|
| | PRINCIPAL | INTEREST | | |
| 2024 | \$ 71,317.06 | \$ 29,686.54 | \$ 2,420.52 | \$ 103,424.12 |
| 2025 | 72,133.20 | 28,870.40 | 2,420.52 | 103,424.12 |
| 2026 | 72,973.79 | 28,029.82 | 2,420.52 | 103,424.13 |
| 2027 | 73,839.62 | 27,163.98 | 2,420.52 | 103,424.12 |
| 2028 | 74,741.69 | 26,261.90 | 2,420.52 | 103,424.11 |
| 2029-33 | 389,460.37 | 115,557.64 | 12,102.60 | 517,120.60 |
| 2034-38 | 423,937.06 | 81,080.94 | 12,102.60 | 517,120.60 |
| 2039-42 | 377,286.36 | 26,728.04 | 9,682.08 | 413,696.48 |
| | <u>\$ 1,555,689.15</u> | <u>\$ 363,379.26</u> | <u>\$ 45,989.88</u> | <u>\$ 1,965,058.29</u> |

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

The Township had the following short-term debt:

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

| | | | | |
|-------------------------|-------|----------|----------|-----------------|
| Bond Anticipation Notes | 4.50% | 06/29/23 | 04/29/24 | \$ 1,200,500.00 |
| Bond Anticipation Notes | 4.50% | 06/29/23 | 04/29/24 | 1,024,500.00 |
| Bond Anticipation Notes | 4.50% | 06/29/23 | 04/29/24 | 1,801,000.00 |
| Bond Anticipation Notes | 4.50% | 06/29/23 | 04/29/24 | 2,341,000.00 |
| | | | | \$ 6,367,000.00 |

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2023, which was appropriated and included as anticipated revenue in the adopted budget in its own respective fund for the year ending December 31, 2024, is \$1,900,000.00

NOTE 5: PROPERTY TAXES

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

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

| | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 |
|---------------|---------------------------------|---------------------------------|
| Prepaid Taxes | \$459,960.47 | \$661,087.99 |

NOTE 6: PENSION PLANS

Plan Descriptions

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

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

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

Vesting and Benefit Provisions

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

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest alter four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of service or they may elect deferred retirement after achieving 10 years of service.

NOTE 6: PENSIONS (CONTINUED)

Vesting and Benefit Provisions (Continued)

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by the State of New Jersey legislation. During 2023, PERS provides for employee contributions of 7.50% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2023, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the state, amounted to \$2,009,771 for 2023, \$1,757,656.00 for 2022 and \$1,601,897.00 for 2021.

Certain portions of the costs are contributed by the employees.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2022. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2022.

Public Employees Retirement System (PERS)

At June 30, 2022, the State reported a net pension liability of \$8,043,338.00 for the Township’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Township’s proportion of the net pension liability was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Township’s proportion was 0.0532975738 percent, which was a decrease of 0.0010617619 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of \$333,148.00 for the Township’s proportionate share of the total pension expense. The pension expense recognized in the Township’s financial statements based on the April 1, 2022 billing was \$636,611.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 58,053.00 | \$ 51,195.00 |
| Changes of assumptions | 24,921.00 | 1,204,406.00 |
| Net difference between projected and actual earnings on pension plan investments | 332,906.00 | |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | <u>645,654.00</u> | <u>161,886.00</u> |
| | <u>\$ 1,061,534.00</u> | <u>\$ 1,417,487.00</u> |

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

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|--------------------------------|-----------------------|
| 2023 | (\$593,195.40) |
| 2024 | (254,752.40) |
| 2025 | (74,669.40) |
| 2026 | 470,732.60 |
| 2027 | <u>95,931.60</u> |
| | <u>(\$355,953.00)</u> |

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

| | |
|---------------------------|------------------|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | |
| Through 2026 | 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 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

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

| <u>Assets Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Equity | 27.00% | 8.12% |
| Non-U.S. Developed Market Equity | 13.50% | 8.38% |
| Emerging Market Equity | 5.50% | 10.33% |
| Private Equity | 13.00% | 11.80% |
| Real Estate | 8.00% | 11.19% |
| Real Assets | 3.00% | 7.60% |
| High Yield | 4.00% | 4.95% |
| Private Credit | 8.00% | 8.10% |
| Investment Grade Credit | 7.00% | 3.38% |
| Cash Equivalents | 4.00% | 1.75% |
| U.S. Treasury's | 4.00% | 1.75% |
| Risk Mitigation Strategies | 3.00% | 4.91% |

Discount Rate

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

| | June 30, 2022 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
| Township's proportionate share of the pension liability | \$10,333,333.00 | \$8,043,338.00 | \$6,094,460.00 |

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of December 31, 2022 was 0.0535105060%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2022 was \$16,924.00.

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2022, the State reported a net pension liability of \$11,772,964.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2022, the Township's proportion was 0.1028533800 percent, which was an increase of 0.0066646800 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension expense of \$7,767.00. The pension expense recognized in the Township's financial statements based on the April 1, 2022 billing was \$1,121,045.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 532,876.00 | \$ 721,254.00 |
| Changes of assumptions | 32,265.00 | 1,481,984.00 |
| Net difference between projected and actual earnings on pension plan investments | 1,078,058.00 | |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | <u>1,156,038.00</u> | <u>514,677.00</u> |
| | <u>\$ 2,799,237.00</u> | <u>\$ 2,717,915.00</u> |

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

| Year Ended | | <u>Amount</u> |
|----------------|----|------------------|
| <u>June 30</u> | | |
| 2023 | \$ | (460,563.80) |
| 2024 | | (248,030.80) |
| 2025 | | (230,197.80) |
| 2026 | | 877,061.20 |
| 2027 | | 135,488.20 |
| Thereafter | | <u>7,565.00</u> |
| | \$ | <u>81,322.00</u> |

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

| | |
|---------------------------|---------------------------|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | 3.25-16.25% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

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

| <u>Assets Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Equity | 27.00% | 8.12% |
| Non-U.S. Developed Market Equity | 13.50% | 8.38% |
| Emerging Market Equity | 5.50% | 10.33% |
| Private Equity | 13.00% | 11.80% |
| Real Estate | 8.00% | 11.19% |
| Real Assets | 3.00% | 7.60% |
| High Yield | 4.00% | 4.95% |
| Private Credit | 8.00% | 8.10% |
| Investment Grade Credit | 7.00% | 3.38% |
| Cash Equivalents | 4.00% | 1.75% |
| U.S. Treasury's | 4.00% | 1.75% |
| Risk Mitigation Strategies | 3.00% | 4.91% |

Discount Rate

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

| | June 30, 2022 | | |
|---|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
| Township's proportionate share of the PFRS pension liability | \$16,153,778.00 | \$11,772,964.00 | \$8,125,915.00 |

Special Funding Situation

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2022 and 2021 is 0.10285319% and 0.0961887589% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2022 and 2021 was \$260,847.00 and \$171,771.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2022 and 2021 was \$241,736.00 and \$220,219.00, respectively.

At June 30, 2022 and 2021, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,095,242.00 and \$1,977,349.00, respectively.

At June 30, 2022, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

| | |
|--|------------------------|
| Township's Proportionate Share of Net Pension Liability | \$11,772,964.00 |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township | <u>2,095,242.00</u> |
| | <u>\$13,868,206.00</u> |

Pension plan fiduciary net position

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

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Township, PBA employees hired prior to 2014 are allowed to accumulate unused vacation and sick pay over the life of their working careers, which may be taken as time off, or paid at a later date, at an agreed upon rate which is not to exceed \$15,000.00 in total under Chapter 78. It is estimated that, as of December 31, 2023, the current cost of such unpaid compensation would approximate \$1,571,430.70. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget or paid from a reserve that has been established through annual budget appropriations. At December 31, 2023, the amount reserved for unpaid compensated absences is \$32,224.96.

NOTE 8: DEFERRED COMPENSATION PLAN

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

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

All assets of the Plan are held by an independent administrator, the Equitable Life Assurance Society of the United States (the "AXA Equitable").

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 9: LITIGATION

The Township Attorney's letters did not indicate any litigation, claims or contingent liabilities which would materially affect the financial statements of the Township.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2023 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from current tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51.

NOTE 11: CONTINGENT LIABILITIES

The Township participated in several financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to financial assistance programs will be discussed in detail in Part III, Report Section of the 2023 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2023, the Township does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through Oxford United Healthcare. The Township of Raritan is a member of the Somerset County Joint Insurance Fund. This is an insured group of municipalities established for the purpose of providing low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum. The fund is an insurance purchasing pool in which the participants seek to lower insurance costs through their combined joint purchasing power. Each participant receives their own insurance policies. Risk transfers through the pool to the insurance company from which the policies are purchased. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township's claims are paid by the State.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

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

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------|---------------------------------|------------------------------|
| Current Fund | \$ 81,020.00 | \$ 174,516.31 |
| Grant Fund | | 81,020.00 |
| Trust Other Fund | 78,443.88 | |
| General Capital Fund | <u>96,072.43</u> | <u> </u> |
| | <u>\$ 255,536.31</u> | <u>\$ 255,536.31</u> |

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

NOTE 14: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description

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

NOTE 14: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Summary of Benefits

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

Employees Covered by Benefits Terms

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits payments | 100 |
| Inactive employees entitled to but not currently receiving benefits payments | -0- |
| Active employees | <u>91</u> |
| | <u>191</u> |

Contributions

The contribution requirements of the Township and Plan members are established and maybe be amended by the Township's governing body.

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Township's plan document, ranging from 3.0% to 35%.

Net OPEB Liability

The Township's total OPEB liability of \$57,773,760 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

NOTE 14: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 3.0%

Salary Increases:

Public Employees Retirement Fund (based on years of service)

| | | |
|------------------|------|---------------|
| Years of Service | 0-25 | 2.85% - 6.55% |
| Years of Service | >=29 | 2.75% |

Police and Firemen's Retirement Fund

| | | |
|------------------|------|----------------|
| Years of Service | 0-15 | 4.00% - 16.25% |
| Years of Service | >=17 | 3.25% |

Healthcare cost trend rates

Pre-Medicare: 7.00% decreasing to an ultimate rate of 4.50% in nine years.

Post-Medicare: 6.00% decreasing to 4.50% long-term trend rate over nine years.

Prescription Drugs: 9.00% decreasing to 4.50% long-term trend rate after nine years.

Mortality rates were based on the following:

Pre-Retirement Mortality - PUBGH2010EE Pub-2010 Public Plans, Fully Generational MP2021, "Safety" Classification, Headcount-Weighted, Ees & HA Mort.

Post-Retirement Mortality - PUBGH2010HA Pub-2010 Public Plans, Fully Generational MP2021, "General" Classification, Headcount-Weighted, Ees & HA Mort.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2020 to December 31, 2020.

NOTE 14: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the Total OPEB liabilities at December 31, 2023 and December 31, 2022, based on the Bond Buyer General Obligation-20 Municipal Bond Index, are 2.06% and 2.06%, respectively.

Changes in the Total OPEB Liability:

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Balance at 12/31/22 | \$57,313,493 |
| Changes for the year: | |
| Service Cost | 2,673,759 |
| Interest Cost | 1,223,499 |
| Changes in assumptions or other inputs | (2,242,713) |
| Benefit payments | <u>(1,194,278)</u> |
| Net change in OPEB liability | <u>460,267</u> |
| Balance at 12/31/23 | <u>\$57,773,760</u> |

Sensitivity of the Total OPEB liability to changes in the discount rate and 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 a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

| | <u>December 31, 2021</u> | | |
|---|--------------------------|--------------------|-------------------------|
| | <u>1.00%</u> | <u>At Discount</u> | <u>1.00%</u> |
| | <u>Decrease (1.06%)</u> | <u>Rate (2.06)</u> | <u>Increase (3.06%)</u> |
| Township's proportionate share of the Net OPEB Liability | \$69,150,147 | \$57,773,760 | \$48,897,091 |

NOTE 14: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | December 31, 2021 | | |
|--|-----------------------|-----------------------------------|-----------------------|
| | <u>1.00% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>1.00% Increase</u> |
| Township's proportionate share of the Net OPEB Liability | \$47,666,387 | \$57,773,760 | \$71,105,509 |

NOTE 15: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2023:

| | Balance December 31, <u>2022</u> | <u>Additions</u> | <u>Deletions</u> | Balance December 31, <u>2023</u> |
|-------------------------|--|---------------------|------------------|--|
| Land | \$18,747,615.00 | \$79,115.10 | | \$18,826,730.10 |
| Buildings | 9,526,235.00 | | | 9,526,235.00 |
| Machinery and Equipment | 14,525,994.00 | 449,185.00 | | 14,975,179.00 |
| | <u>\$42,799,844.00</u> | <u>\$528,300.10</u> | | <u>\$43,328,144.10</u> |

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, the following deferred charges are shown on the balance sheets of the various funds:

| | BALANCE DECEMBER <u>31, 2023</u> | 2024 BUDGET <u>APPROPRIATION</u> | DEFERRED TO BUDGETS OF SUCCEEDING <u>YEARS</u> |
|---|--|-------------------------------------|---|
| <u>Current Fund:</u> | | | |
| Special Emergency Authorization 40A:4-54 | <u>\$122,296.93</u> | <u>\$41,000.00</u> | <u>\$81,296.93</u> |

NOTE 17: PRIOR PERIOD ADJUSTMENTS

As stated in Note 1, restatements were made to prior year balances as follows:

| | BEGINNING BALANCE <u>12/31/2022</u> | <u>ADJUSTMENT</u> | BEGINNING BALANCE (AS RESTATED) <u>12/31/2022</u> | <u>EXPLANATION</u> |
|-----------------------------|---|-------------------|--|--------------------|
| <u>CAPITAL FUND:</u> | | | | |
| Deferred Charges to Future | | | | |
| Taxation: Funded | \$11,664,901.00 | \$34,780.01 | \$11,699,681.01 | To agree to net |
| NJ IBank Loan Payable | 1,578,901.00 | 34,780.01 | 1,613,681.01 | Proceeds per |
| Deferred Charges to Future | | | | NJ IBank closing |
| Taxation: Unfunded | 8,850,823.50 | (34,780.01) | 8,816,043.49 | schedules |
| Improvement Authorizations: | | | | |
| Funded | 552,439.31 | (129,651.89) | 422,787.42 | Adjust between |
| Unfunded | 4,318,303.08 | 94,871.88 | 4,413,174.96 | Funded/unfunded |

NOTE 18: SUBSEQUENT EVENTS

The Township of Raritan has evaluated subsequent events occurring after the financial statement date through June 11, 2024, which is the date the financial statements were available to be issued. The Township has determined that there are no subsequent events that need to be disclosed.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2025

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

Dear Township Committee Members:

We have acted as bond counsel to the Township of Raritan, in the County of Hunterdon, New Jersey (the "Township"), in connection with the issuance by the Township of its \$ _____ General Improvement Bonds, Series 2025, dated the date hereof (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey and a resolution of the Township adopted March 18, 2025 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

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

under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,