

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 18, 2024

NEW ISSUE - BOOK-ENTRY ONLY

RATING: S&P: "AAA"

In the opinion of Gibbons P.C., Bond Counsel to the Township (as defined herein), assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from the gross income of the owners of the Bonds 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 the alternative minimum tax under the Code. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax. See "TAX MATTERS" herein.

TOWNSHIP OF WARREN
COUNTY OF SOMERSET, NEW JERSEY

\$7,475,000 GENERAL OBLIGATION BONDS, SERIES 2024
(BANK-QUALIFIED) (CALLABLE)

Dated: Date of Delivery

Due: July 15, as shown below

The \$7,475,000 General Obligation Bonds, Series 2024 (the "Bonds"), will be issued by the Township of Warren, New Jersey (the "Township") in fully registered form and, when issued, the Bonds will be registered in the name of Cede & Co. ("Cede"), as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearinghouse transactions, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form (without certificates) through DTC Participants, as hereinafter defined, in the denomination of \$5,000 each or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Provided DTC or its nominee Cede is the registered owner of the Bonds, principal of, redemption premium, if any, and interest (payable semi-annually beginning on July 15, 2025 and on each January 15 and July 15 thereafter until maturity or prior optional redemption) on the Bonds will be paid to DTC or its nominee which is obligated to remit such principal, redemption premium, if any, and interest to DTC Participants, as defined herein. DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are being issued pursuant to the Local Bond Law of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended, various ordinances and a resolution of the Township, to refinance certain outstanding bond anticipation notes and permanently finance specified general improvements of the Township.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be valid and binding general obligations of the Township, payable as to principal, redemption premium, if any, and interest from the levy of ad valorem taxes upon all taxable property within the Township, without limitation as to rate or amount.

The Bonds are subject to redemption prior to their stated maturities as described herein. See "REDEMPTION PROVISIONS" herein.

Maturities, Principal Amounts, Interest Rates, Yields and CUSIP Numbers

Table with 10 columns: Year, Principal Amount, Interest Rate, Yield, CUSIP, Year, Principal Amount, Interest Rate, Yield, CUSIP. Rows list maturity years from 2025 to 2032 and 2033 to 2039 with corresponding principal amounts.

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey, and certain other conditions described herein. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about October 15, 2024 in New York, New York, or at such other place and time as may be agreed to by the Township.

ELECTRONIC BIDS VIA BIDCOMP/PARITY
WILL BE RECEIVED UNTIL 11:00 A.M. ON SEPTEMBER 26, 2024

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**TOWNSHIP OF WARREN
COUNTY OF SOMERSET, NEW JERSEY**

MAYOR

VICTOR J. SORDILLO

TOWNSHIP COMMITTEE

LISA LONTAI, DEPUTY MAYOR
SHAUN FINE
VANESSA KIAN
GEORGE K. LAZO

TOWNSHIP ADMINISTRATOR

MARK M. KRANE

CHIEF FINANCIAL OFFICER

KAREN DENAVE, CMFO

TOWNSHIP CLERK

CATHY REESE, RMC

TOWNSHIP ATTORNEY

WILLIAM J. WILLARD, ESQ.
DIFRANCESCO, BATEMAN, KUNZMAN,
DAVIS, LEHRER AND FLAUM PC

AUDITORS

SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

BOND COUNSEL

GIBBONS P.C.
NEWARK, 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 other information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty by the Township is made as to the accuracy or completeness from such other sources and such information is not to be construed as a representation or warranty by the Township. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, ordinances, 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.

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 term CUSIP referenced on the front cover page hereof is a registered trademark of 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 on the front cover page hereof 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 numbers are subject to being changed after the issuance of the Bonds.

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF WARREN
IN THE COUNTY OF SOMERSET, NEW JERSEY**

\$7,475,000 GENERAL OBLIGATION BONDS, SERIES 2024

INTRODUCTION

This Official Statement (the "Official Statement") which includes the front cover page and the appendices attached hereto, has been prepared by the Township of Warren (the "Township") in the County of Somerset (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$7,475,000 General Obligation Bonds, Series 2024, dated the date of delivery. This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer.

THE BONDS

General Description

The Bonds shall be dated the date of delivery and will mature on July 15 of each year and in the principal amounts shown below. The Bonds shall bear interest from their date, payable on each January 15 and July 15, commencing July 15, 2025 (each, an "Interest Payment Date"), in each year until maturity or prior optional redemption at the rates per annum shown on the front cover page hereof. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), acting as securities depository, by the Township. Interest on the Bonds will be credited to the participants of DTC as last listed on the records of DTC as of each next preceding January 1 and July 1 (the "Record Dates" for the payment of interest on the Bonds).

Maturity Schedule

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMONT</u>
2025	\$375,000	2033	\$525,000
2026	400,000	2034	525,000
2027	425,000	2035	550,000
2028	425,000	2036	550,000
2029	425,000	2037	575,000
2030	450,000	2038	575,000
2031	475,000	2039	700,000
2032	500,000		

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity and in the principal amount of each such maturity. The Bonds will be issued in book-entry form only. So long as DTC or its nominee, Cede & Co. (or any successor or assign), 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 assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

REDEMPTION PROVISIONS

The Bonds maturing on or prior to July 15, 2033 shall not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 15, 2034 shall be subject to redemption prior to their respective maturity dates, on or after July 15, 2033 at the option of the Township, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the 'Redemption Price'), plus in each case accrued interest thereon 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 such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notices of redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by lot. If notice of redemption has been given as described 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 accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

BOOK-ENTRY ONLY SYSTEM

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 bond certificate will be issued for each year of maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

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

Purchases of 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 interest in the 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.

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

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

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 the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds 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 will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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 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 Beneficial Owners should confirm the foregoing information with DTC or the DTC participants.

The Township will not have any responsibility or obligation to the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to: (1) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (2) the payment by any DTC Direct Participant of any amount due to any Indirect Participant or Beneficial Owner with respect to the principal of or interest on the Bonds; (3) the delivery by any Direct Participant of any notice to any Indirect Participant or Beneficial Owner which is required or permitted under the terms of the Bonds to be given to owners of the Bonds; or (4) any consent given or other action taken by DTC as holder of the Bonds.

AUTHORIZATION

The Bonds have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes as amended, the "Local Bond Law"). The Bonds are authorized by various bond ordinances adopted by the Township Committee and by a resolution adopted by the Township Committee on August 15, 2024.

The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning the sale or the execution or the delivery of the Bonds by the Township.

PURPOSE OF THE BONDS

The proceeds of the Bonds will be used to currently refund \$5,668,796 of certain of the Township's outstanding bond anticipation notes and \$1,806,204 of the proceeds will be used to fund the unfinanced portion of various capital projects.

The projects to be funded in the sale are listed below.

<u>ORDINANCE NUMBER</u>	<u>DESCRIPTION</u>	<u>BONDS</u>
18-16	Installation of Microwave Links for Police and Public Safety Radio System	\$ 560,000
19-10	Acquisition of Property on Stirling Road	110,000
19-27	Acquisition of Dump Truck with Plow Spreader	140,000
20-10	Acquisition of Various Capital Improvements	455,000
21-01/22-17	Construction of a Pavilion	1,885,000
21-04	Improvements to King George Road	245,000
21-19	Purchase of Real Property	1,265,000
21-21/22-14	Various Acquisitions and Improvements	650,000
21-22	Acquisition of Various Fire Department Capital Equipment	1,250,000
23-19	Acquisition of Dump Truck with Plow and Spreader	245,000
24-01	Various Capital Improvements	<u>670,000</u>
		<u>\$ 7,475,000</u>

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the Township and unless paid from other sources, the Township is authorized and required by law to levy ad valorem taxes on all taxable property by the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

Enforcement of a claim for payment of principal of or interest on bonds and notes of the Township is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension for payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission.

NO DEFAULT

No principal or interest payments on Township indebtedness are past due. The Township has never defaulted on the payment of any bonds or notes.

MARKET PROTECTION

During the remainder of 2024, the Township does not anticipate issuing additional bonds. Based on the current financial condition of the Township, it is not anticipated that tax anticipation notes will be issued during 2024. The Township may issue bond anticipation notes during the remainder of 2024 as may be necessary.

GENERAL INFORMATION

Location and Area

The Township, incorporated in 1806, encompasses approximately 19.3 square miles, and is located in the easterly portion of the County in the State between the first and second ridges of the Watchung Mountains. The Township is approximately 40 miles from New York City, 40 miles from Trenton, and 85 miles from Philadelphia. It is bounded on the west by Bridgewater Township and Bernards Township, on the north by Bernards Township and Long Hill Township in Morris County, on the east by Berkeley Heights Township in Union County and the Borough of Watchung and on the south by Green Brook Township and Bridgewater Township. Interstate 78 runs along the northerly edge of the Township, which is accessed by Exits 33, 36 and 40.

The Township was originally inhabited by the Lenni Lenape Indians. In the 1700's, small settlements developed along the Passaic River and in the valley which became known as Washington Valley. Other settlements were known as Coontown, Warrentown, Smalleytown and Union Village. Warren Township was formed out of a part of Bernards Township and a part of Bridgewater Township by an act of the State Legislature on March 5, 1806.

The Township is a predominantly residential community with 5,369 housing units, 208 commercial units, and 12 industrial units and 1 apartment complex. Rail transportation service is not available in the Township, but is available in nearby Basking Ridge, Millington, Berkeley Heights and Dunellen. Train service to Newark and New York City is provided along these routes. The Township is located 20 miles from Newark International Airport. Bus transportation from New Jersey Transit is available in nearby Dunellen, Bound Brook, North Plainfield, Stirling and Basking Ridge. The Township offers weekday express bus service from Warren Township directly to New York Port Authority Bus Terminal.

The Township was voted, by New Jersey Monthly Magazine, the number one best place to live in Central New Jersey and number two in the state in 2013. A community oriented town where volunteers serve on boards and commissions such as fire departments, rescue squads, and recreation and sports activities. The Township has upscale subdivisions, maintains its rural character and the Township's Green Team has received a Silver Certification by Sustainable New Jersey.

Form of Government

The Township is governed by the Township form of government. The 5 member Township Committee is elected by the voters for staggered 3 year terms. The Township Committee is a collective executive and legislative body. A Mayor, Chairman of the Township Committee, is elected annually by the members of the Committee. The Mayor presides at the Township Committee meetings and votes as a member of the Committee. The Mayor has no other special powers under the Township form of government, except for those powers granted under general law and limited appointment powers.

A Township Administrator, appointed by the Township Committee, serves as chief administrative officer and is responsible for the day-to-day operations of the Township. The Administrator's position was created in 1975 and was recognized by the International City Management Association in 1987.

MUNICIPAL SERVICES

Public Safety

The Warren Township Police Department consists of 31 full-time police officers, 5 communication officers, the Chief's Administrative Assistant and a Records Specialist. The department operates 24 hours a day 365 days a year with a Patrol Division, Detective Bureau, Community Affairs and Traffic Team (CATT), and K9 Unit. It has a full-time communications center that is staffed 24 hours a day. Warren Township has consistently ranked among the safest towns in New Jersey over the past few decades, including being ranked the #2 overall safest municipality in New Jersey for 2019.

Fire protection is provided by the Warren Township Volunteer Fire Department consisting of 4 volunteer fire companies consisting of approximately 60 volunteers. The Township owns and maintains the equipment by providing the volunteer fire companies funding through the Township's budget. The fire companies have 11 pieces of modern fire fighting equipment. A Fire Chief is elected annually by the membership and is confirmed by the Township Committee. Enforcement of the Uniform Fire Safety Act is performed by 2 part-time employees within the department.

Health

Health services are provided by the Board of Health and staffed by a Health Officer provided through a contract with the Middlebrook Regional Health Commission, an Environmental Health Inspector and a Clerk Registrar employed by the Township. The presence of two major medical centers nearby and multiple medical and dental professional offices within the Township ensures the community of quality healthcare. Due to its location near two hospitals, numerous doctors' offices are located in the town center.

Public Works

The Township has 21 full-time public works employees and 2 part-time employees and is responsible for maintaining 126 miles of 342 individually paved Township streets, maintaining Township grounds, snow plowing and other services. The Public Works Department administers the annual Overlay and Drainage Program. The Department maintains ball fields, open space trails and other Township property.

Gas, electric, telephone, cable and water services are provided by privately owned utility corporations. A portion of the community has private wells. Sewer treatment is provided by the Warren Township Sewer Department which operates three (3) plants in the Passaic River Basin and 21 pump stations. Property located in the Middle Brook Basin is served by the Somerset Raritan Valley Sewerage Authority. Certain properties are served by Berkeley Heights Township on the eastern portion.

Recreation and Open Space

The Township Recreation Department provides a wide array of year-round athletic and community events. The Township has use of 11 athletic fields (2 of which are synthetic and 5 of which are lighted), five tennis courts (3 lighted and 2 without lights) and 5 playgrounds. The summer playground program for grades 1-5 is still popular while the Travel Teen Camp for grades 6-8 has doubled in size and popularity. The department holds a summer concert series, fishing derby and holiday festival. A Recreation Advisory Committee is appointed by the Township Committee to represent the residents' interest.

The Township's full-time Recreation Director directs all recreation programs administered by the Township. The Director assists in the development of programs and facilities for the Township and coordinates the support activities of the facilities and their supervising personnel.

The Township has been awarded two separate grants from the New Jersey Department of Community Affairs' (DCA) Division of Local Government Services (DLGS) for the new playground at Town Hall Park and for the new playground to be installed at Greenwood Meadows Park by 2025. Town Hall Park was upgraded with improved tennis courts, new basketball court and a new playground. In 2023, the Municipal Tennis Courts were resurfaced, a new playground was installed, a new full-size basketball court was constructed and the newly constructed Pavilion was completed and opened in 2023 with the help of a grant from the Somerset County Open Space Grant.

Other facilities include the Dealaman Nature Trail & Arboretum, consisting of a fishing pond; and the Glenhurst Trail consisting of 28 acres, acquired in 1989. The Township has an improvement contract with Somerset County for the East County Park. The park is open and being actively utilized by residents. The Recreation Department manages the Pop Warner Football Complex and Duderstadt Field. In 2018, Pop Warner Football Complex Turf was replaced and in 2022, the Duderstadt Turf Field was replaced.

The Township acquired the former Wagner Dairy Farm in May 2001 consisting of 92 acres. The farm, which operated as a dairy farm until 1987, is now the home of the Wagner Farm Arboretum Foundation. The foundation is the site of garden plots used by interested residents with a portion of the crops being donated to food banks. The site is also home to a children's garden. A variety of programs are conducted annually.

In November 1997, the voters approved a one-cent open space tax, which was increased by voters in November 2001 to two cents. The Township Committee created an Open Space Site Acquisition Advisory Committee in 2024. Acquiring Open Space is a major Township priority.

The Township, with the assistance of grants from the New Jersey Green Acres Program and County Open Space Program, received grants from the New Jersey Department of Environmental Protection Green Acres Program and Somerset County to assist in other acquisitions of property. Other purchases include: Ferguson Road Open Space in 2000, 23 acres; Codington Farm in 1999, 45 acres; Stransky property in 2002, 23 acres; Michellar property with Somerset County, 60 acres in 2008; Garafola Woods in 2008, 95 acres; Angelo property in 2008; Passaic River, Mary Street, 50 acquired acres; 31 Ferguson Road Morecraft Farm, 20.35 acres acquired in 2020; Miller Gaddis Farm, 75 acres; 184 King George Road, 19.32 acres acquired in 2021.

Library services are provided through the Somerset County Library Commission. The 12,000 square foot library facility was opened in 1995 and the expansion program has been completed. The facility built in 1995 was upgraded in 2004 for an additional 9,000 square feet for a total of 21,000 square feet. The Library is located in facilities owned by the Township and staffed by County employees. A Library Advisory Board is appointed by the Township Committee to represent the residents' interest.

Municipal Complex

The town hall with 26,500 square feet opened in February 2017. The new facility provides space for all municipal offices and facilities for the police department. The open design insures a resident friendly experience.

Garbage Collection

Garbage collection is provided by private haulers who contract with individual homeowners. Routes are approved by the N.J. Board of Public Utilities. The Township operates a mini-dump for bulk items 6 months out of the year. Recyclables such as paper, glass, aluminum and cardboard are collected curbside 2 times per month by the Somerset County Recycling Program.

Planning Board and Zoning Board

The Township's current Master Plan was adopted in August 2016. The Planning Board is currently in the process of updating the master plan.

A summary of applications filed by year follows:

<u>YEAR</u>	<u>APPLICATIONS FILED</u>	
	<u>PLANNING BOARD</u>	<u>ZONING BOARD</u>
2023	8	8
2022	7	9
2021	9	3
2020	10	9
2019	13	11
2018	6	13

Employee Relations

The Township's 31 police officers are represented by P.B.A. Local 235. The Township has a three-year contract with the P.B.A. which expires on December 31, 2027. The dispatchers are represented by the FMBA and their contract expires on December 31, 2027. Township Public Works Department employees are represented by Teamsters Union Local 102. Their contract expires on December 31, 2026. The municipal building employees and/or clerical white-collar employees are represented by CWA Union Local 1036. Their contract expired December 31, 2023 and is currently pending negotiation. State law prohibits strikes by municipal employees, including police personnel. Salaries for non-contract employees are set annually by the Township Committee upon recommendation of the Township Administrator.

Affordable Housing

In July 2015, in response to and under the guidance of the March 2015 New Jersey Supreme Court decision, the Township filed a petition for certification of its affordable housing plan.

On September 26, 2019, the New Jersey Superior Court approved the Township's Round 3 Affordable Housing Plan per an agreement executed by multiple developers dated February 1, 2018, which will provide 335 Affordable Housing units with a total of 1,054 units.

Projects under construction or completed include:

Chase Pulte	335 units
Toll Brothers/Heritage at Warren	105 units
K Hovnanian	192 units
Hillcrest Crossing	176 units
Woods at Warren	80 units
Diamond at Warren	26 units
Flag Plaza	36 units

The Township is commencing the process to develop its Round 4 Affordable Housing Plan pursuant to P.L. 2024, C.2.

The Township entered into an agreement with Chas Bob Inc. to extend affordable housing controls at Whispering Hills Apartments for an additional 30 years.

FINANCIAL INSTITUTIONS

The following banking institutions are located within the Township:

- Fulton Bank (Primary Bank)
- Peapack-Gladstone Bank (Secondary Bank)
- Bank of America
- Wells Fargo Bank
- TD Bank
- Chase Bank
- PNC Bank
- Crown Bank

AREA COMMERCE

The Township has experienced growth of commercial and corporate headquarters expansion. Interstate 78, which runs through the Township, has encouraged this growth. This major highway, completed in 1988, directly connects the Township to the New York area and several major highways. Haleon, Everest Re, and Bristol Meyers Squibb are located in the Township.

In addition to providing easy accessibility to the Newark-New York City area, Interstate 78 has created hundreds of acres of commercially attractive land within the Township. Portions of Interstate 78 have been commercially zoned, and this land has attracted industry.

Plans are underway for the purchase of the 100-acre property known as the former Chubb Insurance Headquarters by the Federal Reserve Bank of New York. The Federal Reserve Bank is currently in East Rutherford, New Jersey and plans to construct a next generation cash processing facility with three stories. The goal of operation readiness is early 2028.

LARGEST EMPLOYERS IN THE TOWNSHIP

<u>EMPLOYER</u>	<u>APPROXIMATE NUMBER OF EMPLOYEES</u>
Haleon	800
Everest	700
Warren Township Board of Education	445
Watchung Hills Regional High School	350
Bristol Meyers Squibb (7 Power Horn Drive)	300
MSIG Holdings	220
PTC Therapeutics	200
Warren Developmental Learning Center	100
Bristol Myers Squibb (184 Liberty Corner Road)	85
Coherent	47
Bohler Engineering	30

LARGEST TAXPAYERS OF THE TOWNSHIP

<u>TAXPAYER</u>	<u>ASSESSED VALUE</u>
Mirabaud RE Warren Campus LLC	\$68,375,000
184 Property Owner LLC	47,448,000
Warren CC Acquisitions LLC	45,057,600
7 Powder Horn, LLC	26,500,000
GC Net Lease (Warren) Investors LLC	25,500,000
Somerset Associates	23,284,900
DRP Multistate 1 LLC	22,800,000
Brightview Warren LLC	19,478,000
Warren 2001 LLC	18,500,000
Independence Office LLC	17,464,000

Source: Township Assessor's Office

VALUE AND NUMBER OF BUILDING PERMITS ISSUED

<u>YEAR</u>	<u>TOTAL CONSTRUCTION COST</u>	<u>TOTAL NUMBER</u>
2023	\$56,455,487	1,543
2022	86,985,671	1,670
2021	53,288,541	1,616
2020	78,064,613	1,405
2019	45,304,208	1,343

Source: Township's Construction Office

POPULATION

<u>Census Year</u>	<u>Population</u>
2020	15,923
2010	15,311
2000	14,259
1990	10,830
1980	9,805

EDUCATIONAL SERVICES

Public schools serving residents of the Township are divided into two school districts: the Warren Township School District which accommodates grades K-8 and the Watchung Hills Regional High School District which serves grades 9-12. Both school districts are independent legal entities administered by Board members elected by the voters of the districts.

Warren Township School District

The Warren Township School District currently operates five school buildings. The district has a neighborhood school model for elementary aged students. Central School and Mount Horeb School include grades PK-5. Angelo L. Tomaso School and Woodland School include grades K-5. Warren Middle School provides classes for Grades 6-8.

The Superintendent of Schools is the chief administrative officer of the school district. The School Business Administrator oversees the business functions of the school district and reports through the Superintendent to the Board of Education. There are approximately 400 employees, of which 240 of these employees are teaching professionals. The remaining staff consists of administrative, maintenance, clerical and support personnel.

Watchung Hills Regional High School District

The Watchung Hills Regional High School, which is located in the Township, serves high school students (grades 9 through 12) from the Township, Watchung Borough (Somerset County), the Township of Long Hill (Morris County) and Greenbrook Township (Somerset County). The district employs approximately 165 full-time teaching professionals and 88 staff positions for a total of 253.

Post Secondary Education

Raritan Valley Community College offers the area's residents post-secondary opportunities. The College has developed a modern campus with an enrollment of approximately 8,500 full-time and part-time students. The school is fully accredited and offers programs to degree-seeking students and over 400 courses which are also available to those not seeking degrees. The College also offers many community service classes.

Somerset County Vocational-Technical High School and its Technical Institute, a post-secondary facility, share a 75 acre campus and provide training facilities for Somerset County residents.

Fiscal Administration of School Districts

The board(s) of education develops the budget proposal and holds an annual public hearing. Capital projects requiring additional debt service require approval through voter referendum.

Every board of education is required to provide an annual audit of the district's accounts and financial transactions. The audit must be performed by a licensed public school accountant within four months of the end of the school fiscal year. This audit, in conformity with statutory requirements, must be filed with the Commissioner. Within 30 days following the receipt of the annual audit, the board of education of the district shall, at a regularly scheduled meeting, cause the recommendations of the auditor to be read and to be discussed and the discussion duly noted in the minutes of said board.

CERTAIN FINANCIAL AND STATISTICAL INFORMATION

Debt Statements

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

Debt Incurring Capacity
As of December 31, 2023

Municipal:

1. Equalized Valuations (last three years average)	\$4,892,346,566.67
2. 3-1/2% Borrowing Margin	171,232,129.83
3. Net Debt Issued and Outstanding	15,299,925.40
4. Excess School Borrowing	-0-
5. Total Charges to Borrowing Margin	15,299,925.40
6. Remaining Municipal Borrowing (line 2 minus line 5) Capacity	155,932,204.43

Statement of Indebtedness
As of December 31, 2023

Gross Debt:	
Local District School Debt:	
Serial Bonds Issued and Outstanding	\$ -0-
Regional High School:	
Serial Bonds Issued and Outstanding	14,400,477.71
Municipal Debt:	
Issued and Outstanding:	
Serial Bonds	6,856,000.00
Loan Payable – Sewer Utility	4,675,683.20
Bond Anticipation Notes	4,948,000.00
Authorized But Not Issued	<u>3,539,132.58</u>
Total Gross Debt	\$34,419,293.49
Less:	
Statutory Deductions:	
Local School, Regional High School and Sewer Utility Debt	<u>19,119,368.09</u>
Statutory Net Debt	<u>\$15,299,925.40</u>
Average Equalized Valuation of Real Property (Years 2021, 2022, 2023)	\$4,892,346,566.67
Statutory Net Debt Percentage	.313%

Statistics on Debt as of December 31, 2023

Gross Debt (Municipal and School)	\$34,419,293.49
Overlapping Debt	<u>35,279,487.58</u>
Gross Debt	<u>\$69,698,781.07</u>
Statutory Net Debt	15,299,925.40
Net Debt and Overlapping Debt	50,579,412.98
Gross Debt Per Capita (15,923 Pop.)	4,377.24
Statutory Debt Per Capita	960.86
Net Debt and Overlapping Debt Per Capita	3,176.50
Average Equalized Valuations	4,892,346,566.67
Net Debt Statutory Percentage	.313%

Overlapping Debt
As of December 31, 2023

The Overlapping Debt of the Township was as follows:

County of Somerset Total Gross Debt	<u>\$512,039,007.00</u>
Township's Share - 6.89%* of Total	<u>\$ 35,279,487.58</u>

*The Township's share of 6.89% is derived by dividing the Township's 2023 equalized valuation (\$5,132,803,038) by the County's 2023 equalized valuation (\$74,496,415,645).

Gross and Statutory Net Debt
As of December 31

(EXCLUSIVE OF OVERLAPPING DEBT)

YEAR	GROSS DEBT		NET DEBT	
	AMOUNT	PERCENTAGES*	AMOUNT	PERCENTAGES*
2023	\$34,419,293.49	0.70%	\$15,299,925.40	0.31%
2022	46,495,895.39	0.95	16,501,362.73	0.35
2021	31,214,145.43	0.64	17,823,143.22	0.39
2020	39,540,484.23	0.81	13,271,614.38	0.29
2019	32,761,930.95	0.71	14,262,130.15	0.31

* Of Average Equalized Valuations

Debt Service Requirements
as of December 31, 2023

Retirement Schedule - Outstanding Bonds/Loans

Municipal

<u>YEAR</u>	GENERAL AND SPECIAL ASSESSMENT BONDS		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2024	\$ 1,234,000.00	\$ 189,792.50	\$ 1,423,792.50
2025	900,000.00	158,175.00	1,058,175.00
2026	872,000.00	130,525.00	1,002,525.00
2027	550,000.00	107,250.00	657,250.00
2028	550,000.00	90,750.00	640,750.00
2029	550,000.00	74,250.00	624,250.00
2030	550,000.00	57,750.00	607,750.00
2031	550,000.00	41,250.00	591,250.00
2032	550,000.00	24,750.00	574,750.00
2033	550,000.00	8,250.00	558,250.00
	\$ 6,856,000.00	\$ 882,742.50	\$ 7,738,742.50

ASSESSED VALUATIONS - LAND AND IMPROVEMENTS BY CLASS

<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	\$83,142,200	\$4,756,292,800	\$31,002,100	\$647,967,300	\$55,890,800	\$848,500	\$5,575,143,700
2023	65,947,100	4,337,550,600	28,523,600	619,382,200	51,116,000	-	5,102,519,500
2022	65,672,200	4,100,662,500	27,300,600	596,948,000	48,029,500	-	4,838,612,800
2021	44,711,200	3,920,049,000	29,742,900	548,229,400	46,361,500	-	4,589,094,000
2020	46,034,300	3,856,539,200	30,206,000	560,121,700	45,112,500	-	4,538,013,700

ASSESSED VALUATIONS – NET VALUATIONS TAXABLE

<u>YEAR</u>	<u>REAL ESTATE LAND AND IMPROVEMENTS</u>	<u>BUSINESS PERSONAL PROPERTY</u>	<u>NET VALUATION TAXABLE</u>	<u>RATIO TO TRUE VALUE</u>	<u>AGGREGATE TRUE VALUE</u>
2024	\$5,575,143.700	\$6,252,400	\$5,581,396,100	99.41%	\$5,548,465,863
2023	5,102,519,500	6,143,300	5,108,662,800	99.41	5,138,982,799
2022	4,838,612,800	5,990,700	4,844,603,500	98.29	4,928,887,476
2021	4,589,094,000	5,943,052	4,595,037,052	99.30	4,627,429,055
2020	4,538,013,700	5,757,639	4,543,771,339	100.54	4,519,366,759

Current Tax Collections
Year Ended December 31

<u>YEAR</u>	TOTAL TAXES LEVIED	COLLECTION DURING YEAR OF LEVY	
		<u>AMOUNT</u>	<u>PERCENTAGE</u>
2023	\$ 99,608,658.45	\$ 98,825,230.19	99.21%
2022	96,686,584.21	95,793,412.93	99.07
2021	96,493,446.39	95,931,408.20	99.41
2020	94,446,586.86	93,766,767.19	98.28
2019	94,163,447.86	93,351,297.80	98.13

Total Tax Requirements
Including School and County Purposes
Year Ended December 31

<u>YEAR</u>	TOTAL TAX <u>REQUIREMENTS</u>	LOCAL <u>PURPOSES</u>	LOCAL <u>SCHOOL</u>	<u>COUNTY</u>	REGIONAL HIGH <u>SCHOOL</u>
2024	\$ 102,583,361.80	\$ 15,262,085.01	\$ 45,443,550.00	\$ 19,334,121.57	\$ 21,421,326.00
2023	99,608,658.46	16,242,291.71	43,376,338.00	18,872,090.75	20,118,038.00
2022	96,686,564.21	15,654,236.61	41,819,458.00	18,330,398.60	20,882,471.00
2021	96,493,446.39	16,243,831.82	41,358,404.00	18,244,289.57	20,646,921.00
2020	94,446,586.86	15,076,486.67	41,193,378.00	18,127,816.19	20,048,906.00

Delinquent Taxes and Tax Title Liens
December 31

<u>YEAR</u>	<u>TAX TITLE LIENS</u>	<u>DELINQUENT TAXES</u>	<u>TOTAL</u>	<u>PERCENTAGE OF LEVY</u>
2023	\$ 24,413.68	\$ 771,874.77	\$ 796,288.45	0.81 %
2022	36,816.11	834,256.19	871,072.30	0.90
2021	31,772.28	518,420.11	550,192.39	0.57
2020	29,062.71	671,777.59	700,840.30	0.74
2019	23,254.09	752,735.05	775,989.14	0.82

Assessed Valuations of Property Owned
 By the Township - Acquired for Taxes
December 31

<u>YEAR</u>	<u>AMOUNT</u>
2023	\$ 470,200.00
2022	470,200.00
2021	467,300.00
2020	467,300.00
2019	467,300.00

Components of Real Estate Tax Rate
 (Per \$100 of Assessment)
Year Ended December 31

<u>YEAR</u>	<u>TOTAL</u>	<u>MUNICIPAL</u>	<u>MUNICIPAL OPEN SPACE</u>	<u>LOCAL SCHOOL</u>	<u>REGIONAL HIGH SCHOOL</u>	<u>COUNTY</u>
2024	\$ 1.838	\$ 0.274	\$ 0.020	\$ 0.814	\$ 0.384	\$ 0.346
2023	1.938	0.288	0.020	0.849	0.413	0.368
2022	1.987	0.296	0.020	0.863	0.431	0.377
2021	2.076	0.313	0.020	0.900	0.449	0.394
2020	2.070	0.303	0.020	0.907	0.441	0.399

Comparative Schedule of Current Fund Balances

<u>YEAR</u>	<u>FUND BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2023	\$ 4,459,848.63	\$ 2,200,000.00
2022	3,855,000.56	2,000,000.00
2021	3,459,812.76	1,900,000.00
2020	3,058,830.17	1,700,000.00
2019	2,896,785.39	1,500,000.00

Township of Warren

2024 Municipal Budget (Adopted)

Current Fund

Anticipated Revenues:	
Fund Balance	\$ 2,200,000
Miscellaneous Revenues:	
State and Federal Aid	1,510,688
Other	4,581,602
Receipts From Delinquent Taxes	775,000
Amount to be Raised by Taxation for Municipal Purposes	<u>15,267,085</u>
<u>Total Anticipated Revenues</u>	<u>\$ 24,334,375</u>

Appropriations:	
Within "CAPS":	
Operations	\$ 17,797,276
Pensions, Social Security Contributions	2,988,000
Excluded From "CAPS":	
Operations	225,818
Capital Improvements	713,620
Municipal Debt Service	1,644,800
Deferred Charges	39,861
Reserve for Uncollected Taxes	<u>925,000</u>
<u>Total Appropriations</u>	<u>\$ 24,334,375</u>

PROVISIONS OF CERTAIN STATUTES WITH RESPECT TO GENERAL OBLIGATION DEBT

Local Bond Law (N.J.S. 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.

Debt Limits

The authorized bonded indebtedness of the municipality is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. Pursuant to law, the Township has deducted its proportionate share of the full amount of authorized School Debt. The Township's ratio of statutory net debt to its average equalized valuation as of December 31, 2023 is .313% compared to a statutory limit of 3.5%.

Exceptions to Debt Limits - Extensions of Credit

The debt limit of a municipality may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, ("the Board") a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, the municipality must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the municipality to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Board to fund certain notes, for self-liquidating purposes and, in each fiscal year in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

Short-Term Financing

A municipality 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 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, as may be amended and supplemented, creating such capital expenditure. 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 and ending in the fifth 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. Proposed amendments to the Local Bond Law may place additional restrictions on the renewal of bond anticipation notes beyond five years.

School Debt Subject to Voter Approval

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

The Municipal Finance Commission (N.J.S. 52-27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist the efforts of restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Bankruptcy Act. Such Act was substantially revised in 1976 so as to permit municipalities to have access to bankruptcy court for protection against suits by bondholders and without prior warranty for creditor's approvals in cases of impending default.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

The Local Budget Law (N.J.S. 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 an operating 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 ("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 Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review focusing on anticipated revenues serves to protect the solvency of all local units. The budgets of local units must be in balance; i.e., total anticipated revenues must equal total appropriations.

If in any year a Local Unit's expenditures exceed (or are less than) its realized revenues for that year, then such deficit (excess) must be raised (accounted for) in the succeeding year's budget.

Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty days after the close of the fiscal year in which they were issued. 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.40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for the year, then such excess must be raised in the succeeding year's budget.

Municipal Appropriations and Tax Levy Cap Limitations

Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 *et seq.*), as amended and supplemented by P.L. 1983, c.49, P.L. 1990, c.289, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in Township appropriations over the previous year's appropriations to the lesser of 2.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5%, an increase up to 3.5% will be permitted by adoption of an ordinance. If the Cost-of-Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments; (ii) the amount of revenue generated by the increase in valuations within the Township based solely on applying the preceding year's Township tax rate to the apportionment valuation of new construction or improvements within the Township and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the Township and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the Township tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

Additionally, the Legislature of the State of New Jersey previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective May 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act was amended by the provisions of P.L. 2010, c. 44 effective July 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met.

Miscellaneous Revenues

Section 26 of the Local Budget Law provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's fiscal year. Grant revenue is generally not realized, however, until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

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

$$\frac{\text{Levy required to balance budget}}{\text{Prior year's percentage of current tax collections (or lesser \%)}} = \text{Total taxes to be levied}$$

Deferral of Current Expenses

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. All emergency appropriations must be approved by the Director.

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

APPROPRIATIONS DEFERRED TO SUBSEQUENT YEARS

<u>YEAR ENDED DECEMBER 31</u>	<u>DEFERRED TO FOLLOWING YEAR</u>	<u>DEFERRED MORE THAN ONE YEAR</u>
2023	\$25,000	\$100,000
2022	-0-	-0-
2021	-0-	-0-
2020	-0-	-0-
2019	-0-	-0-

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccount within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Operation of Utilities

Municipal public utilities are supported, in addition to the general taxing power upon real property, by the revenues generated by the respective operations of the utilities.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the current or operating budget.

Fiscal Year

Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A.40A:4-3.1) requires municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A.40A:4-3.1 was recently amended by P.L.2000, Ch. 126, to eliminate the criteria for a mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. The Township did not meet the criteria to change to the State fiscal year and does not presently intend to change its fiscal year in the future.

Budget Process

Primary responsibility for the Township's budget process lies with the Township Committee. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Township operates under a temporary budget which may not exceed 26.25% of the previous year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

2024 CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM

In accordance with Sections 43 to 45 of the Local Budget Law and Sections 5:30-4.1 et seq. of the New Jersey Administrative Code, each municipality must adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. The capital budget, when adopted, does not constitute the authorization of a capital project, the appropriation of funds or the authorization of debt; rather, it sets forth proposed capital projects with an estimated completion schedule and proposed sources of funding. Specific authorization to undertake capital projects, appropriate funds and incur indebtedness must be provided by other actions of the governing body: by a bond ordinance, by inclusion in the Capital Improvement section of the operating budget, by a capital ordinance (appropriating funds previously provided for capital projects, but not authorizing debt) or other lawful means such as appropriating grant funds. No bond ordinance may be adopted unless the project for which it authorizes debt is included in the municipality's capital budget.

A capital improvement program, setting forth a multi-year plan for capital projects and their financing must be adopted at the same time as the capital budget. The capital budget is the first year of the Capital Improvement Program. Municipalities with populations less than 10,000 must provide a minimum three-year program; municipalities with populations over 10,000 must provide a six-year program.

Summary of the 2024 Adopted Capital Budget

2024 Capital Program

Total Estimated Project Costs \$ 5,180,000

Planned Funding:

Capital Improvement Fund	\$	200,000
Debt to be Authorized		3,381,380
Grants in Aid and Other Funds		895,000
Budget Appropriations		753,620

\$ 5,180,000

Six Year Capital Program

Total Estimated Project Costs:

2024		\$	5,180,000
2025			3,806,380
2026			2,005,000
2027			1,395,000
2028			760,000
2029			510,000

Total \$ 13,656,380

Planned Funding:

Capital Improvement Fund	\$	899,000
Debt to be Authorized		7,083,760
Budget Appropriations		4,612,620
Grants-In-Aid and Other Funds		1,061,000

\$ 13,656,380

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally based upon an assessment at true value. The tax bill includes a levy for Township, County and School purposes. Tax bills are mailed annually in June and December. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Township. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

The last all-inclusive tax sale of unpaid delinquent taxes and assessments was held on November 29, 2023.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Somerset County Tax Board on or before the first day of April of the current tax year for review. The County Board of Taxation has the authority after a hearing to decrease an assessment 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 New Jersey Tax Court. State tax appeals tend to take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

THE LOCAL FISCAL AFFAIRS LAW (N.J.S. 40A:5-1 et seq.)

This law regulates the nonbudgetary financial activities of local governments. The governing body of every local unit must cause an annual, independent audit of the local unit's accounts for the previous year, to be performed 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 within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published at least once in a local newspaper within 30 days after the clerk of the local unit shall have received the audit. (The entire annual audit report is filed with the Municipal Clerk and is available for review during business hours.)

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 as of the close of each fiscal year.

SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Securities Exchange Act") has adopted amendments to its Rule 15c2-12 ("Rule 15c2-12") effective July 3, 1995 which generally prohibits a broker, dealer, or municipal securities dealer ("Participating Underwriter") from purchasing or selling municipal securities such as the Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board ("MSRB") (the "Continuing Disclosure Requirements").

On the date of delivery of the Bonds, the Township will enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Bonds pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant in the Continuing Disclosure Certificate to provide certain financial information and operating data relating to the Township by not later than October 1 of each fiscal year of the Township commencing October 1, 2025 for the fiscal year ending December 31, 2024 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Notwithstanding the foregoing, if the fiscal year is not a calendar year, then the Township shall provide certain financial information and operating data relating to the Township by no later than the first day of the tenth month of the fiscal year. The Annual Report will be filed by the Township with the MSRB. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "Appendix B - Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5).

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding bond issues. The Township has retained Digital Assurance Certification, LLC, as dissemination agent, in connection with its continuing disclosure obligations.

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and 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 the issuance of the Bonds. The Township will make certain representations in its 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 the interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the Township, has relied upon the representations of the Township made in its tax certificate and has assumed 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 continuing compliance with the Code, Gibbons P.C., Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds 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 the alternative minimum tax under the Code.

Tax Treatment of Original Issue Premium

The initial public offering price of certain of the Bonds (the "Premium Bonds") is greater than the principal amount of such Bonds payable at maturity. An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the Premium Bond's yield to maturity. As premium is amortized, the purchaser's basis of such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.

TAX MATTERS (CONTINUED)

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual of, 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. Prospective purchasers of the Bonds should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Bonds have been designated by the Township as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code. The Township intends that, by such designation of the Bonds, the Bonds will not be subject to Section 265(b)(1) of the Code, which relates to the complete disallowance of deduction for interest expense of certain financial institutions that is allocable to interest on certain tax-exempt obligations acquired by a financial institution after August 7, 1986. The interest expense of certain financial institutions allocable to Qualified Tax-Exempt Obligations is subject to Sections 291(a)(3) and 291(e)(1)(B) of the Code, relating to the non-deductibility of twenty (20) percent of the interest expense allocable to such tax-exempt obligations.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions 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, and interest on the Bonds being included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under 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.

State Taxation

Bond Counsel to the Township is of the opinion that, under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Miscellaneous

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

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

STATEMENT OF LITIGATION

There is no litigation pending or threatened restraining or enjoining the issuance or the delivery of the Bonds or the levy or the collection of taxes to pay 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. There is at present no single action pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which in the opinion of the Township's Attorney, would adversely impair the Township's ability to pay its bondholders. All of the Township's tort actions are being defended. Pending municipal real estate tax appeals are limited in number and are based upon the Township's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Township, such resolution would not impair the Township's ability to pay its bondholders.

INFECTIOUS DISEASE OUTBREAK - COVID-19

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (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. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national 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 in effect.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$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.

Generally, according to the Plan, the allowable use of the funds provided to the Township include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

INFECTIOUS DISEASE OUTBREAK - COVID-19 (CONTINUED)

Based on available information as of the date hereof, the Township has received \$1,635,446.17 from the Plan. The Township received its first installment under the Plan in the amount of \$817,723.08 on July 2, 2021, and its second installment under the Plan in the amount of \$817,723.09 on July 8, 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The additional uses of the funds are still to be determined. The deadline to commit the funds is December 31, 2024 and to spend the funds is December 31, 2026.

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

CYBER SECURITY

The Township relies on a complex technological environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

LEGALITY FOR INVESTMENT

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

RATING

S&P Global Ratings (“S&P”) has assigned its rating of “AAA” to the Bonds.

An explanation of the significance of such rating may be obtained from S&P at 55 Water Street, New York, New York 10041. The Township has furnished S&P with certain information and materials relating to the Bonds and the Township. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by S&P may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds have been purchased at a public sale by _____ (the “Underwriter”) at a price of \$_____ (representing the par amount of the Bonds plus a bid premium in the amount of \$_____). The Bonds have been purchased in accordance with the Notice of Sale.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the 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 investment trusts) at yields higher than the public offering yields set forth on the front cover page of this Official Statement.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the Township shall furnish a certificate of the Township Attorney, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, except as set forth under “Statement of Litigation”, such certificate shall state that there is no litigation of any nature now pending, or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Bonds will be subject to the final approving opinion of Gibbons P.C., Newark, New Jersey. Such opinion will be to the effect that the Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy ad valorem tax 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.

Certificates of Township Officials

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

MISCELLANEOUS

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

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any 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 herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Township, the State or any of their agencies or authorities, since the date thereof.

ADDITIONAL INFORMATION

Additional information may be obtained on request from the office of the Chief Financial Officer, Municipal Building, 46 Mountain Boulevard, Warren, New Jersey 07059, telephone (908) 753-8000, ext. 230.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by certificates signed by the Chief Financial Officer of the Township, that to her 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.

Suplee, Clooney & Company LLC assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report.

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

Gibbons P.C. has not verified the accuracy, completeness or fairness of the information contained herein, except under the heading "TAX MATTERS" and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

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

Township of Warren, New Jersey

By: _____
Karen DeNave
Chief Financial Officer

Dated: September __, 2024

APPENDIX A

FINANCIAL STATEMENTS OF THE
TOWNSHIP OF WARREN



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 Warren
County of Somerset
Warren, New Jersey 07059

Report on the Audit of 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 Warren (the Township) and for the year ended December 31, 2023 and 2022, the related statements of operations and changes in fund balance - regulatory basis for the year 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 year 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, 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* 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* 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 April 25, 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 control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

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

April 25, 2024

TOWNSHIP OF WARREN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2023</u>	BALANCE DECEMBER <u>31, 2022</u>
<u>ASSETS</u>		
Current Fund:		
Cash-Treasurer	\$ 10,161,389.17	\$ 12,144,807.61
Cash-Change Fund	645.00	595.00
State of New Jersey-Chapter 20 P.L. 1971	<u>50,257.03</u>	<u>50,257.03</u>
	<u>\$ 10,212,291.20</u>	<u>\$ 12,195,659.64</u>
Receivables and Other Assets With Full Reserves:		
Delinquent Property Taxes Receivable	\$ 771,874.77	\$ 834,256.19
Tax Title Liens	24,413.88	36,816.11
Property Acquired for Taxes-Assessed Value	470,200.00	470,200.00
Revenue Accounts Receivable	2,766.34	5,231.00
Redemption of Outside Liens Receivable	27,000.00	
Interfunds Receivable	<u>37,167.02</u>	<u>0.49</u>
	<u>\$ 1,333,422.01</u>	<u>\$ 1,346,503.79</u>
Deferred Charges	<u>\$ 125,000.00</u>	<u>\$</u>
	<u>\$ 11,670,713.21</u>	<u>\$ 13,542,163.43</u>
Grant Fund:		
Grants Receivable	\$ 251,077.63	\$ 350,962.62
Due Current Fund	<u>1,173,750.63</u>	<u>1,445,973.94</u>
	<u>\$ 1,424,828.26</u>	<u>\$ 1,796,936.56</u>
	<u>\$ 13,095,541.47</u>	<u>\$ 15,339,099.99</u>

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

TOWNSHIP OF WARREN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2023</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 913,880.48	\$ 674,822.03
Encumbrances Payable	938,933.82	917,844.18
Accounts Payable	171,446.59	204,023.24
Prepaid Taxes	803,005.99	828,582.72
Tax Overpayments	26,451.53	14,386.35
Interfunds Payable	1,516,619.75	4,167,304.30
Reserve For:		
Sale of Municipal Assets	17,921.77	42,921.77
Premium on Tax Sale	479,800.00	665,400.00
Due Police Outside Overtime	22,261.25	20,966.25
Due State of New Jersey- Marriage Licenses	250.00	1,325.00
Due State of New Jersey- Construction DCA Fees	67,410.90	60,192.90
Tax Appeals	203,080.66	224,764.06
Regional School Taxes Payable	212,442.00	
Due Somerset County- 5% PILOT	71,119.32	35,565.95
Elevator Inspections	26,926.00	
Lead Paint Inspections Due State	40.00	
FEMA - Rescue Squad		1,343.52
FEMA - Fire Department	5,216.51	5,216.51
Sale of Municipal Asset (Liquor License)	401,000.00	476,000.00
	\$ 5,877,806.57	\$ 8,340,658.78
Reserve for Receivables and Other Assets	1,333,422.01	1,346,503.79
Fund Balance	4,459,484.63	3,855,000.56
	\$ 11,670,713.21	\$ 13,542,163.13
Grant Fund:		
Grants-Unappropriated	\$ 395,667.59	\$ 840,885.20
Grants-Appropriated	430,057.84	511,770.99
Encumbrances Payable	599,102.83	444,280.37
	\$ 1,424,828.26	\$ 1,796,936.56
	\$ 13,095,541.47	\$ 15,339,099.69

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

TOWNSHIP OF WARREN

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>YEAR ENDED DECEMBER 31, 2023</u>	<u>YEAR ENDED DECEMBER 31, 2022</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 2,000,000.00	\$ 1,900,000.00
Miscellaneous Revenue Anticipated	6,803,542.86	6,100,821.83
Receipts From Delinquent Taxes	825,766.77	506,354.99
Receipts From Current Taxes	98,825,230.19	95,793,412.93
Non-Budget Revenue	231,928.63	572,664.96
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	231,292.61	301,677.96
Grant Reserves Canceled		1.00
Accounts Payable Canceled	78,262.98	1,966.38
Tax Overpayments Canceled		0.59
Accounts Receivable		49,205.76
Interfunds Returned		1.97
<u>TOTAL INCOME</u>	<u>\$ 108,996,024.04</u>	<u>\$ 105,226,108.37</u>
<u>EXPENDITURES</u>		
Budget and Emergency Authorizations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	\$ 9,618,800.00	\$ 9,172,300.00
Other Expenses	6,886,695.00	6,542,000.00
Deferred Charges and Statutory Expenditures	2,873,704.00	2,552,133.00
Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	230,180.00	5,000.00
Interlocal Municipal Services	134,000.00	157,974.36
Public & Private Programs Off-set by Revenues	220,094.95	541,592.43
Capital Improvements	544,000.00	440,000.00
Municipal Debt Service	1,550,717.97	1,473,913.14
Deferred Charges		38,585.10
County Taxes	18,871,990.75	18,330,398.60
Local District School Tax	43,376,338.00	41,819,458.00
Regional High School Tax	21,118,038.00	20,882,471.00
Municipal Open Space Tax	1,027,658.23	973,094.16
Accounts Receivable	27,000.00	
Grants Receivable Canceled		1.00
Interfunds Advanced	37,166.53	
Refund of Prior Year Revenue	156.54	1,999.78
<u>TOTAL EXPENDITURES</u>	<u>\$ 106,516,539.97</u>	<u>\$ 102,930,920.57</u>
Excess in Revenue	\$ 2,479,484.07	\$ 2,295,187.80
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute	125,000.00	
Deferred Charges to Budget of Succeeding Year		
Statutory Excess to Fund Balance	\$ 2,604,484.07	\$ 2,295,187.80
Fund Balance, January 1	3,855,000.56	3,459,812.76
	<u>\$ 6,459,484.63</u>	<u>\$ 5,755,000.56</u>
Decreased by:		
Utilized as Anticipated Revenue	2,000,000.00	1,900,000.00
Fund Balance, December 31	<u>\$ 4,459,484.63</u>	<u>\$ 3,855,000.56</u>

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

TOWNSHIP OF WARREN

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"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 398,500.00	\$ 363,500.00	\$ 349,485.06	\$ 14,014.94	\$
Other Expenses	245,100.00	230,100.00	207,565.78	22,534.22	
Township Clerk:					
Salaries and Wages	235,500.00	220,500.00	212,110.36	8,389.64	
Other Expenses	45,350.00	43,850.00	30,467.16	13,382.84	
Financial Administration:					
Salaries and Wages	185,500.00	195,500.00	190,522.84	4,977.16	
Other Expenses	27,900.00	30,900.00	24,496.89	6,403.11	
Audit Services:					
Other Expenses	10,000.00	10,000.00	6,800.00	3,200.00	
Township Committee:					
Salaries and Wages	51,000.00	51,000.00	48,768.72	2,231.28	
Other Expenses	27,400.00	30,400.00	25,185.08	5,214.92	
Assessment of Taxes:					
Salaries and Wages	180,500.00	176,500.00	175,339.91	1,160.09	
Other Expenses	47,850.00	42,850.00	39,083.66	3,766.34	
Collection of Taxes:					
Salaries and Wages	108,500.00	113,500.00	111,020.81	2,479.19	
Other Expenses	25,050.00	33,050.00	27,380.32	5,669.68	
Planning Board/Land Use:					
Salaries and Wages	35,000.00	35,000.00	30,273.97	4,726.03	
Other Expenses	40,550.00	40,550.00	36,547.11	4,002.89	
Revision of Master Plan		125,000.00	125,000.00		
Zoning Costs-Board of Adjustment:					
Salaries and Wages	20,500.00	26,500.00	24,425.68	2,074.32	
Other Expenses	12,550.00	10,550.00	5,216.83	5,333.17	
Zoning Enforcement:					
Salaries and Wages	71,000.00	65,000.00	61,201.51	3,798.49	
Other Expenses	45,250.00	45,250.00	42,991.25	2,258.75	
Environmental Commission (R.S. 40:56A-1 et.seq.):					
Other Expenses	3,025.00	3,025.00	1,800.00	1,225.00	
Cable T.V. Advisory Committee:					
Other Expenses	16,250.00	16,250.00	13,450.00	2,800.00	
Alliance:					
Other Expenses- misc	1,500.00	1,500.00	1,500.00		
Insurance:					
Other Insurance Premiums	315,000.00	315,000.00	297,882.76	17,117.24	
Insurance Consultant	5,000.00	5,000.00		5,000.00	
New Jersey Disability	5,000.00	5,000.00	1,001.68	3,998.32	
Surety Bond Premiums	500.00	500.00		500.00	
Workers Compensation	62,000.00	62,000.00	62,000.00		
Group Insurance Plan for Employees	1,429,820.00	1,429,820.00	1,421,901.89	7,918.11	
Flex Spending Plan	1,000.00	1,000.00		1,000.00	

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

TOWNSHIP OF WARREN

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>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages	\$ 35,000.00	\$ 27,000.00	\$ 19,983.44	\$ 7,016.56	\$
Miscellaneous	345,300.00	345,300.00	307,679.68	37,620.32	
Bureau of Fire Prevention:					
Salaries and Wages	65,000.00	70,500.00	68,870.78	1,629.22	
Fire Hydrant Service	470,000.00	470,000.00	432,713.46	37,286.54	
Other Expenses	3,400.00	3,400.00	2,281.00	1,119.00	
Police:					
Salaries and Wages	4,030,000.00	3,970,000.00	3,787,084.56	182,915.44	
Other Expenses	413,050.00	403,050.00	395,078.87	7,971.13	
First Aid Organization Contributions	53,000.00	53,000.00	53,000.00		
Police S&W ARP/SLRF Funds	500,000.00	500,000.00	500,000.00		
Police Dispatch:					
Salaries and Wages	415,000.00	415,000.00	402,655.04	12,344.96	
Other Expenses	6,000.00	6,000.00	2,336.19	3,663.81	
Municipal Court:					
Salaries and Wages	224,000.00	224,000.00	220,493.02	3,506.98	
Other Expenses	17,400.00	12,400.00	9,361.89	3,038.11	
Municipal Prosecutor:					
Other Expenses	40,000.00	40,000.00	39,150.00	850.00	
Emergency Management Service:					
Salaries and Wages	10,000.00	10,000.00	10,000.00		
Other Expenses	6,300.00	6,300.00	2,432.00	3,868.00	
Legal Services and Costs:					
Salaries and Wages					
Other Expenses	185,000.00	210,000.00	202,921.57	7,078.43	
Engineering Services and Costs:					
Salaries and Wages	279,000.00	285,500.00	283,342.74	2,157.26	
Other Expenses	24,700.00	18,700.00	11,971.98	6,728.02	
Public Defender:					
Other Expenses	25,000.00	25,000.00	21,207.88	3,792.12	
Public Buildings and Grounds:					
Salaries and Wages	299,000.00	299,000.00	299,000.00		
Other Expenses- Misc	184,000.00	209,000.00	195,130.47	13,869.53	
Other Expenses- Maintenance of Wagner Farm Property	25,000.00	15,000.00	11,021.56	3,978.44	
Other Expenses- Maintenance of Municipal Property	60,000.00	60,000.00	49,827.55	10,172.45	
Road Repairs and Maintenance:					
Salaries and Wages	1,116,000.00	1,116,000.00	1,116,000.00		
Other Expenses	920,300.00	985,300.00	936,462.63	48,837.37	
Utility Expenses:					
Street Lighting	29,000.00	29,000.00	23,843.54	5,156.46	
Electricity	108,000.00	108,000.00	106,921.53	1,078.47	
Telephone	139,000.00	134,000.00	129,452.87	4,547.13	
Water	31,000.00	31,000.00	27,296.08	3,703.92	
Fuel Oil	63,000.00	68,000.00	43,718.13	24,281.87	
Gasoline	250,000.00	250,000.00	250,000.00		
Natural Gas	38,000.00	38,000.00	34,229.71	3,770.29	

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

TOWNSHIP OF WARREN

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>PUBLIC SAFETY (CONTINUED)</u>					
Solid Waste Recycling:					
Other Expenses	\$ 152,000.00	\$ 142,000.00	\$ 135,452.73	\$ 6,547.27	\$
Maintenance of Township Vehicles and Equip:					
Salaries and Wages	355,000.00	355,000.00	355,000.00		
Miscellaneous	268,000.00	273,000.00	267,708.33	5,291.67	
Maintenance of Fire Equipment	57,000.00	67,000.00	57,262.50	9,737.50	
Community Services Act	35,000.00	30,000.00	5,536.30	24,463.70	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	159,300.00	160,800.00	159,820.29	979.71	
Other Expenses	166,400.00	163,400.00	158,048.11	5,351.89	
Animal Control:					
Other Expenses	19,000.00	19,000.00	14,142.00	4,858.00	
<u>RECREATION AND EDUCATION (R.S.40:12-1)</u>					
Board of Recreation Commissioners:					
Salaries and Wages	166,000.00	151,000.00	143,334.34	7,665.66	
Other Expenses	46,450.00	56,450.00	52,660.19	3,789.81	
Historic Sites Committee	7,300.00	7,300.00	4,917.94	2,382.06	
Senior Citizens Committee:					
Other Expenses	17,500.00	17,500.00	16,282.79	1,217.21	
Therapeutic Recreation:					
Other Expenses	3,000.00	3,000.00	2,445.00	555.00	
Public Monuments:					
Other Expenses	3,000.00	3,000.00		3,000.00	
Senior Citizen Bus:					
Other Expenses	18,000.00	18,000.00	15,498.37	2,501.63	
<u>STATE UNIFORM CONSTRUCTION CODE</u>					
Construction Official:					
Salaries and Wages	778,000.00	788,000.00	772,787.68	15,212.32	
Other Expenses	62,000.00	57,000.00	40,852.37	16,147.63	
<u>UNCLASSIFIED:</u>					
Celebration of Public Events, Anniversary or Holidays	20,000.00	17,000.00	6,002.50	10,997.50	
Salary Adjustment Account	1,000.00	1,000.00		1,000.00	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>\$ 16,395,495.00</u>	<u>\$ 16,495,495.00</u>	<u>\$ 15,776,638.88</u>	<u>\$ 718,856.12</u>	<u>\$</u>
<u>CONTINGENT</u>	<u>10,000.00</u>	<u>10,000.00</u>		<u>10,000.00</u>	
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	<u>\$ 16,405,495.00</u>	<u>\$ 16,505,495.00</u>	<u>\$ 15,776,638.88</u>	<u>\$ 728,856.12</u>	<u>\$</u>
Detail:					
Salaries and Wages	\$ 9,717,300.00	\$ 9,618,800.00	\$ 9,341,520.75	\$ 277,279.25	\$
Other Expenses	6,688,195.00	6,886,695.00	6,435,118.13	451,576.87	

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

TOWNSHIP OF WARREN

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 AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	\$ 698,631.00	\$ 698,631.00	\$ 698,631.00	\$	
Social Security System (O.A.S.I.)(FICA)	690,000.00	714,999.00	690,954.28	24,044.72	
Police and Firemen's Retirement System of NJ	1,426,073.00	1,426,074.00	1,426,074.00		
Firemen's Widow Pension	3,000.00	3,000.00		3,000.00	
State Unemployment Insurance	1,000.00	1,000.00		1,000.00	
DCRP - Employers Share	30,000.00	30,000.00	25,544.92	4,455.08	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>	<u>\$ 2,848,704.00</u>	<u>\$ 2,873,704.00</u>	<u>\$ 2,841,204.20</u>	<u>\$ 32,499.80</u>	
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	<u>\$ 19,254,199.00</u>	<u>\$ 19,379,199.00</u>	<u>\$ 18,617,843.08</u>	<u>\$ 761,355.92</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Group Insurance-Outside Cap	\$ 225,180.00	\$ 225,180.00	\$ 225,180.00	\$	
Interest on Tax Appeal- Refund	5,000.00	5,000.00		5,000.00	
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>\$ 230,180.00</u>	<u>\$ 230,180.00</u>	<u>\$ 225,180.00</u>	<u>\$ 5,000.00</u>	
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
WATCHUNG HILLS REGIONAL HIGH SCHOOL- Shared Services:					
Police:					
Salaries & Wages	\$ 134,000.00	\$ 134,000.00	\$ 134,000.00		
<u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>	<u>\$ 134,000.00</u>	<u>\$ 134,000.00</u>	<u>\$ 134,000.00</u>	<u>\$</u>	

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

TOWNSHIP OF WARREN

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>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFF-SET BY REVENUES</u>					
Municipal Alliance:					
County Aid (N.J.S.A 40A: 4-87 +\$9,602.50)	\$ 8,065.13	\$ 17,667.63	\$ 17,667.63	\$	\$
Local Match	2,016.29	2,016.29	2,016.29		
Clean Communities Program (N.J.S.A. 40A: 4-87 +\$49,089.93)		49,089.93	49,089.93		
Recycling Tonnage Grant	14,680.43	14,680.43	14,680.43		
Body Armor Replacement Fund	2,165.23	2,165.23	2,165.23		
NJ DCA Recreation Grant (N.J.S.A. 40A: + \$66,000.00)		66,000.00	66,000.00		
Somerset County Youth Services Grant (N.J.S.A. 40A:4+87 +\$5,000.00)	5,000.00	5,000.00	5,000.00		
Alcohol Education Rehabilitation Fund (N.J.S.A. 40A: 4-87 +\$2,206.51)		2,206.51	2,206.51		
Chelsea Donation - OEM (N.J.S.A. 40A: 4-87 + \$333.23)	333.23	666.56	666.56		
Federal Body Armor Grant (N.J.S.A. 40A: 4-87 +\$3,048.50)		3,048.50	3,048.50		
National Opioid Grant (N.J.S.A. 40A 4-87 +\$15,595.33)	24,358.54	39,953.87	39,953.87		
NJDEP Stormwater Assistance Grant (N.J.S.A. 40A: 4-87 +\$15,000.00)		15,000.00	15,000.00		
Lead Grant Assistance Program (N.J.S.A. 40A 4-87 +\$2,600.00)		2,600.00	2,600.00		
	\$ 56,618.85	\$ 220,094.95	\$ 220,094.95	\$ 5,000.00	\$
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 420,798.85	\$ 584,274.95	\$ 579,274.95	\$ 5,000.00	\$
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	\$
Overlay and Drainage Improvements	369,000.00	369,000.00	359,000.00	10,000.00	
Improvement of Muni Buildings	38,000.00	38,000.00	17,275.00	20,725.00	
Purchase of Fire Equipment	60,000.00	60,000.00	10,200.44	49,799.56	
Purchase of Public Works Equipment	67,000.00	67,000.00		67,000.00	
<u>TOTAL CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"</u>	\$ 544,000.00	\$ 544,000.00	\$ 396,475.44	\$ 147,524.56	\$

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

TOWNSHIP OF WARREN

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>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 1,205,000.00	\$ 1,205,000.00	\$ 1,205,000.00	\$	\$
Payment of BAN Principal	22,000.00	22,000.00	22,000.00		
Interest on Bonds	225,200.00	225,200.00	225,172.50		27.50
Interest on Notes	110,000.00	110,000.00	98,545.47		11,454.53
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	<u>\$ 1,562,200.00</u>	<u>\$ 1,562,200.00</u>	<u>\$ 1,550,717.97</u>	<u>\$</u>	<u>\$ 11,482.03</u>
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u>					
Deficit in Dedicated Assessment Trust Fund	\$ 22,688.00	\$ 22,688.00			\$ 22,688.00
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u>	<u>\$ 22,688.00</u>	<u>\$ 22,688.00</u>	<u>\$</u>	<u>\$</u>	<u>\$ 22,688.00</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>\$ 2,549,686.85</u>	<u>\$ 2,713,162.95</u>	<u>\$ 2,526,468.36</u>	<u>\$ 152,524.56</u>	<u>\$ 34,170.03</u>
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 21,803,885.85	\$ 22,092,361.95	\$ 21,144,311.44	\$ 913,880.48	\$ 34,170.03
RESERVE FOR UNCOLLECTED TAXES	915,000.00	915,000.00	915,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 22,718,885.85</u>	<u>\$ 23,007,361.95</u>	<u>\$ 22,059,311.44</u>	<u>\$ 913,880.48</u>	<u>\$ 34,170.03</u>
			A-1	A:A-1	
Amendment by (NJSA 40A:4-87) Emergency Appropriation Budget		\$ 163,476.10 125,000.00 <u>22,718,885.85</u>			
		<u>\$ 23,007,361.95</u>			
Reserve for Uncollected Taxes			\$ 915,000.00		
Reserve for Grants Appropriated			220,094.95		
Disbursements			21,573,735.26		
Encumbrances Payable			<u>938,933.82</u>		
			\$ 23,647,764.03		
Less: Refunds			<u>1,588,452.59</u>		
			<u>\$ 22,059,311.44</u>		

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

TOWNSHIP OF WARREN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2022</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2022</u>
<u>ASSETS</u>		
Assessment Fund:		
Assessment Receivable	\$ 279,345.19	\$ 330,176.58
Due Current Fund	124,095.44	103,264.05
	<u>\$ 403,440.63</u>	<u>\$ 433,440.63</u>
 Animal Control Fund:		
Cash	\$ 32,949.14	\$ 29,983.65
	<u>\$ 32,949.14</u>	<u>\$ 29,983.65</u>
 Other Funds:		
Cash	\$ 9,055,638.36	\$ 8,503,382.19
Due Current Fund		10,999.42
	<u>\$ 9,055,638.36</u>	<u>\$ 8,514,381.61</u>
	<u>\$ 9,492,028.13</u>	<u>\$ 8,977,805.89</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Assessment Fund:		
Due General Capital Fund	\$ 86,051.21	\$ 86,051.21
Reserve for Assessment Debt - Geiger/Krausche		7,312.00
Reserve for Assessments	17,389.42	10,077.42
Assessment Bonds Payable	300,000.00	330,000.00
	<u>\$ 403,440.63</u>	<u>\$ 433,440.63</u>
 Animal Control Fund:		
Due Current Fund	\$ 139.46	\$ 0.49
Due State of New Jersey		15.60
Reserve for Animal Control Fund Expenditures	28,686.68	25,401.56
Prepaid Licenses	4,123.00	4,566.00
	<u>\$ 32,949.14</u>	<u>\$ 29,983.65</u>
 Other Funds:		
Reserve for:		
Miscellaneous Trust Deposits	\$ 2,190,684.98	\$ 1,837,801.67
Open Space Trust Deposits	2,208,657.60	1,985,499.61
State Unemployment Compensation Insurance	270,328.65	269,044.03
Affordable Housing Developer's Fees	4,324,974.71	3,859,845.26
Law Enforcement Forfeitures	25,133.65	36,191.04
Due Current Fund	35,858.77	
Due General Capital Fund- Open Space Trust		526,000.00
	<u>\$ 9,055,638.36</u>	<u>\$ 8,514,381.61</u>
	<u>\$ 9,492,028.13</u>	<u>\$ 8,977,805.89</u>

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

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2023</u>	BALANCE DECEMBER <u>31, 2022</u>
<u>ASSETS</u>		
Cash	\$ 532,864.23	\$ 1,113,852.59
Deferred Charges to Future Taxation:		
Funded	6,556,000.00	7,761,000.00
Unfunded	8,470,932.58	8,520,432.58
Due Assessment Trust Fund	86,051.21	86,051.21
Due Open Space Trust Fund		526,000.00
Grants Receivable	141,262.40	156,123.61
Due Current Fund		42,610.72
Deferred Charge	14,861.21	
	<u>\$ 15,801,971.63</u>	<u>\$ 18,206,070.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	\$ 767,552.98	\$ 2,908,948.86
Due Current Fund	1,168.79	
Capital Improvement Fund	249,272.90	393,197.90
Improvement Authorizations:		
Funded	822,933.13	783,554.38
Unfunded	1,558,494.62	1,958,292.57
General Serial Bonds Payable	6,556,000.00	7,761,000.00
Bond Anticipation Note	4,948,000.00	3,410,000.00
Various Capital Reserves	891,243.62	876,222.42
Fund Balance	7,305.59	114,854.58
	<u>\$ 15,801,971.63</u>	<u>\$ 18,206,070.71</u>

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

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2022		\$	114,854.58
Increased by:			
Improvement Authorizations - Canceled			<u>3,011.00</u>
		\$	117,865.58
Decreased by:			
Improvement Authorizations	\$	100,000.00	
Return of BAN Premium from 2022		<u>10,559.99</u>	
			<u>110,559.99</u>
Balance, December 31, 2023		\$	<u><u>7,305.59</u></u>

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

TOWNSHIP OF WARREN

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER <u>31, 2023</u>	BALANCE DECEMBER <u>31, 2022</u>
<u>OPERATING FUND:</u>		
Cash	\$ 6,111,018.96	\$ 2,369,721.26
Due Sewer Escrow Trust Fund	16.62	37.98
Due Sewer Capital Fund	8,773.55	
Due Current Fund	<u>218,773.68</u>	<u>2,564,456.17</u>
	\$ <u>6,338,582.81</u>	\$ <u>4,934,215.41</u>
Receivables with Full Reserves:		
Sewer Charges Receivable	\$ 296,592.75	\$ 71,527.93
Other Receivable		<u>8,599.92</u>
	\$ <u>296,592.75</u>	\$ <u>80,127.85</u>
<u>TOTAL OPERATING FUND</u>	\$ <u>6,635,175.56</u>	\$ <u>5,014,343.26</u>
<u>ESCROW TRUST FUND:</u>		
Cash	\$ <u>192,938.95</u>	\$ <u>169,728.36</u>
<u>TOTAL ESCROW TRUST FUND</u>	\$ <u>192,938.95</u>	\$ <u>169,728.36</u>
<u>CAPITAL FUND:</u>		
Cash	\$ 1,925,964.29	\$ 1,322,112.83
Fixed Capital	62,275,611.51	62,275,611.51
Fixed Capital Authorized and Uncompleted	4,134,381.59	4,134,381.59
Due Sewer Utility Operating Fund		<u>600,037.49</u>
	\$ <u>68,335,957.39</u>	\$ <u>68,332,143.42</u>
<u>TOTAL CAPITAL FUND</u>	\$ <u>68,335,957.39</u>	\$ <u>68,332,143.42</u>
	<u>\$ 75,164,071.90</u>	<u>\$ 73,516,215.04</u>

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

TOWNSHIP OF WARREN

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2023</u>	BALANCE DECEMBER <u>31, 2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>OPERATING FUND:</u>		
Liabilities:		
Due Sewer Capital Fund	\$	\$ 600,037.49
Appropriation Reserves	392,738.24	920,716.71
Encumbrances Payable	487,350.83	171,683.73
Accrued Interest on Loans	23,902.94	21,382.82
Sewer Overpayments	15,415.88	5,582.66
	<u>\$ 919,407.89</u>	<u>\$ 1,719,403.41</u>
Reserve for Receivables	296,592.75	80,127.85
Fund Balance	<u>5,419,174.92</u>	<u>3,214,812.00</u>
	<u>\$ 6,635,175.56</u>	<u>\$ 5,014,343.26</u>
<u>TOTAL OPERATING FUND</u>		
<u>ESCROW TRUST FUND:</u>		
Due Sewer Operating Fund	\$ 16.62	\$ 37.98
Reserve for Escrow Deposits	<u>192,922.33</u>	<u>169,690.38</u>
	<u>\$ 192,938.95</u>	<u>\$ 169,728.36</u>
<u>TOTAL ESCROW TRUST FUND</u>		

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

TOWNSHIP OF WARREN

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2023</u>	BALANCE DECEMBER <u>31, 2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)</u>			
<u>CAPITAL FUND:</u>			
Liabilities:			
EIT Loans Payable	D-21	\$ 4,675,683.20	\$ 4,972,344.32
Due Sewer Operating Fund	D-26	8,773.55	
Improvement Authorizations:			
Funded	D-24	18,686.85	428,323.68
Capital Improvement Fund	D-16	100,000.00	
Reserve for Payment of Debt	D-12		72,446.50
Reserve for Future Projects	D-11	1,361,950.00	1,361,950.00
Reserve for Amortization	D-23	36,329,036.69	36,032,375.57
Deferred Reserve for Amortization	D-22	<u>25,405,273.21</u>	<u>25,405,273.21</u>
		\$ 67,899,403.50	\$ 68,272,713.28
Fund Balance	D-2	<u>436,553.89</u>	<u>59,430.14</u>
	<u>D</u>	<u>\$ 68,335,957.39</u>	<u>\$ 68,332,143.42</u>
	<u>D</u>	<u>\$ 75,164,071.90</u>	<u>\$ 73,516,215.04</u>

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

TOWNSHIP OF WARREN

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance	\$ 108,615.28	\$ 773,825.00
Sewer Use Charges	4,210,693.09	1,685,157.06
Miscellaneous Revenue Anticipated	72,446.50	
Miscellaneous Revenue Not Anticipated	1,705,950.06	599,442.23
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	783,773.27	
Accounts Payable Canceled		128.98
	<u>6,881,478.20</u>	<u>3,058,553.27</u>
<u>TOTAL INCOME</u>	<u>\$ 6,881,478.20</u>	<u>\$ 3,058,553.27</u>
<u>EXPENDITURES</u>		
Operating	\$ 3,911,000.00	\$ 2,067,375.00
Capital Improvements	262,000.00	
Debt Service	350,500.00	217,763.23
Deferred Charges and Statutory Expenditures	45,000.00	15,000.00
	<u>4,568,500.00</u>	<u>2,300,138.23</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 4,568,500.00</u>	<u>\$ 2,300,138.23</u>
Excess in Revenue	\$ 2,312,978.20	\$ 758,415.04
Fund Balance, December 31	<u>3,214,812.00</u>	<u>3,230,221.96</u>
	<u>\$ 5,527,790.20</u>	<u>\$ 3,988,637.00</u>
Decreased by:		
Utilization by Sewer Operating Budget	<u>108,615.28</u>	<u>773,825.00</u>
Fund Balance, December 31	<u>\$ 5,419,174.92</u>	<u>\$ 3,214,812.00</u>

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

TOWNSHIP OF WARREN

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

Balance, December 31, 2022	\$	59,430.14
Increased by:		
Improvement Authorization Canceled		<u>377,123.75</u>
Balance, December 31, 2023	\$	<u><u>436,553.89</u></u>

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

TOWNSHIP OF WARREN

SEWER UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance	\$ 108,615.28	\$ 108,615.28	\$
Sewer Use Charges	4,387,438.22	4,210,693.09	(176,745.13)
Reserve to Pay Debt Service	<u>72,446.50</u>	<u>72,446.50</u>	
<u>BUDGET TOTALS</u>	\$ 4,568,500.00	\$ 4,391,754.87	\$ (176,745.13)
Non - Budget Revenue		<u>1,705,950.06</u>	<u>1,705,950.06</u>
	\$ <u>4,568,500.00</u>	\$ <u>6,097,704.93</u>	\$ <u>1,529,204.93</u>

ANALYSIS OF NON-BUDGET REVENUE:

Miscellaneous:	
Interest on Sewer Charges	\$ 28,999.12
Sewer Connection Fees	1,353,500.00
Interest on Investments and Deposits	113,942.83
Miscellaneous	<u>209,508.11</u>
	\$ <u>1,705,950.06</u>

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

TOWNSHIP OF WARREN

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2023

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
OPERATING:					
Salaries and Wages	\$ 250,000.00	\$ 250,000.00	\$ 217,165.41	\$ 32,834.59	\$
Other Expenses	2,416,000.00	2,416,000.00	2,377,273.25	38,726.75	
Service Agreements					
Other Expenses	<u>1,245,000.00</u>	<u>1,245,000.00</u>	<u>1,109,934.08</u>	<u>135,065.92</u>	
<u>TOTAL OPERATING</u>	<u>\$ 3,911,000.00</u>	<u>\$ 3,911,000.00</u>	<u>\$ 3,704,372.74</u>	<u>\$ 206,627.26</u>	<u>\$</u>
CAPITAL IMPROVEMENTS:					
Capital Improvement fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$
Capital Outlay	<u>162,000.00</u>	<u>162,000.00</u>		<u>162,000.00</u>	
<u>TOTAL CAPITAL IMPROVEMENTS</u>	<u>\$ 262,000.00</u>	<u>\$ 262,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 162,000.00</u>	<u>\$</u>
DEBT SERVICE:					
Payment of Infrastructure Loan Principal	\$ 297,500.00	\$ 297,500.00	\$ 297,500.00	\$	\$
Infrastructure Loan Interest	<u>53,000.00</u>	<u>53,000.00</u>	<u>53,000.00</u>		
<u>TOTAL DEBT SERVICE</u>	<u>\$ 350,500.00</u>	<u>\$ 350,500.00</u>	<u>\$ 350,500.00</u>	<u>\$</u>	<u>\$</u>
STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Public Employees Retirement System	\$ 10,000.00	\$ 10,000.00	\$	\$ 10,000.00	\$
Social Security	25,000.00	25,000.00		25,000.00	
DCRP	<u>10,000.00</u>	<u>10,000.00</u>		<u>10,000.00</u>	
<u>TOTAL STATUTORY EXPENDITURES</u>	<u>\$ 45,000.00</u>	<u>\$ 45,000.00</u>	<u>\$</u>	<u>\$ 45,000.00</u>	<u>\$</u>
	<u>\$ 4,568,500.00</u>	<u>\$ 4,568,500.00</u>	<u>\$ 4,154,872.74</u>	<u>\$ 413,627.26</u>	<u>\$</u>
		D-3	D-1	D:D-1	
Disbursements			\$ 3,626,787.68		
Accrued Interest on Loans			53,000.00		
Encumbrances Payable			<u>487,350.83</u>		
			\$ 4,167,138.51		
Less: Refunds			<u>12,265.77</u>		
			<u>\$ 4,154,872.74</u>		

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

TOWNSHIP OF WARREN

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Warren is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of 5 elected officials and is responsible for the fiscal control of the Township.

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

The accounting policies of the Township of Warren 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Under this method of accounting, the financial transactions and accounts of the Township of Warren 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

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

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.

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 amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 \$1,000.00 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.

The 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.

Fixed Capital - Sewer Utility - Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6. Property and equipment purchased by the Sewer Utility Fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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 & Benefits' reporting on GASB 75. 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.

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.

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 Warren had the following cash and cash equivalents at December 31, 2023:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Current Fund	\$645.00	\$10,325,989.95	\$57,051.41	\$221,652.19	\$10,162,034.17
Animal Control Fund		32,905.94	72.00	28.80	32,949.14
Trust Other Fund		9,073,051.64		17,413.28	9,055,638.36
General Capital Fund		581,329.21		48,464.98	532,864.23
Sewer Operating Fund		6,124,043.96		13,025.00	6,111,018.96
Sewer Escrow Trust Fund		193,007.20		68.25	192,938.95
Sewer Capital Fund		1,925,964.29			1,925,964.29
	<u>\$645.00</u>	<u>\$28,256,292.19</u>	<u>\$57,123.41</u>	<u>\$300,652.50</u>	<u>\$28,013,408.10</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 \$500,000.00 was covered by Federal Depository Insurance and \$24,702,460.33 was covered by NJ GUDPA. The Township has \$3,053,831.86 in the New Jersey Cash Management Fund which is an investment pool and is not insured by either FDIC or GUDPA. The Township has no foreign currency risk exposure.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

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:

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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 \$3,053,831.86 on deposit with the New Jersey Cash Management Fund. Based upon 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, custodial credit risks, concentration of credit risks and interest rate risks of its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM 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	\$ 11,504,000.00	\$ 11,171,000.00	\$ 11,311,000.00
Assessment:			
Bonds and Notes	300,000.00	330,000.00	355,000.00
Sewer Utility:			
Bonds and Notes	<u>4,675,683.20</u>	<u>4,972,345.58</u>	<u> </u>
Debt Issued	\$ 16,479,683.20	\$ 16,473,345.58	\$ 11,666,000.00
Less:			
Cash on Hand	26,200.00	35,000.00	15,000.00
Reserve for Debt Service	<u>17,007.18</u>	<u>69.85</u>	<u>869.85</u>
Net Debt Issued	\$ <u>16,436,476.02</u>	\$ <u>16,438,275.73</u>	\$ <u>11,650,130.15</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ <u>3,539,132.58</u>	\$ <u>5,035,432.58</u>	\$ <u>6,173,013.07</u>
TOTAL BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	\$ <u>19,975,608.60</u>	\$ <u>21,473,708.31</u>	\$ <u>17,823,143.22</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

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 .313%.

Regional High School District Debt	\$ 14,400,477.71	\$ 14,400,477.71	\$
Sewer Utility Debt	4,675,683.20	4,675,683.20	
General Debt	<u>15,343,132.58</u>	<u>43,207.18</u>	<u>15,299,925.40</u>
	<u>\$ 34,419,293.49</u>	<u>\$ 19,119,368.09</u>	<u>\$ 15,299,925.40</u>

NET DEBT \$15,299,925.40 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, \$4,892,346,566.67 EQUALS .313%.

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

Equalized Valuation Basis* - December 31, 2023	\$ <u>4,892,346,566.67</u>
3-1/2% of Equalized Valuation Basis	\$ 171,232,129.83
Net Debt	<u>15,299,925.40</u>
Remaining Borrowing Power	\$ <u>155,932,204.43</u>

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

NOTE 3: LONG-TERM DEBT (CONTINUED)

	Amount Outstanding <u>December 31, 2023</u>
General Serial Bonds:	
\$4,364,000.00 General Improvement Bonds of 2009 due in annual installments of \$180,000.00 to \$360,000.00 through May 15, 2024 at an interest rate of 2.75% to 4.00%	\$359,000.00
\$3,572,000.00 General Improvement Bonds of 2014 due in annual installments of \$200,000.00 to \$350,000.00 through June 15, 2026 at an interest rate 2.00% to 3.00%	1,022,000.00
\$7,020,000.00 General Improvement Bonds of 2018 due in annual installments of \$275,000.00 to \$520,000.00 through February 1, 2033 at an interest rate of 2.00% to 4.00%	5,175,000.00
\$430,000.00 Special Assessment Bonds of 2018 due in annual installments of \$25,000.00 to \$30,000.00 through February 1, 2033 at an interest rate of 2.00% to 4.00%	<u>300,000.00</u>
	<u>\$6,856,000.00</u>

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

General Capital Fund	<u>\$ 3,539,132.58</u>
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NOTE 3: LONG-TERM DEBT (CONTINUED)

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

CALENDAR YEAR	GENERAL AND SPECIAL ASSESSMENT BONDS		TOTAL
	PRINCIPAL	INTEREST	
2024	\$ 1,234,000.00	\$ 189,792.50	\$ 1,423,792.50
2025	900,000.00	158,175.00	1,058,175.00
2026	872,000.00	130,525.00	1,002,525.00
2027	550,000.00	107,250.00	657,250.00
2028	550,000.00	90,750.00	640,750.00
2029	550,000.00	74,250.00	624,250.00
2030	550,000.00	57,750.00	607,750.00
2031	550,000.00	41,250.00	591,250.00
2032	550,000.00	24,750.00	574,750.00
2033	550,000.00	8,250.00	558,250.00
	<u>\$ 6,856,000.00</u>	<u>\$ 882,742.50</u>	<u>\$ 7,738,742.50</u>

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

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$ 6,097,704.93
Deductions:		
Operating and Maintenance Cost	\$ 3,956,000.00	
Debt Service	<u>350,500.00</u>	
Total Deductions		<u>4,306,500.00</u>
Excess in Revenue - Self Liquidating		<u>\$ 1,791,204.93</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2023

<u>Payment Date</u>	<u>Fund Loan</u>	<u>Trust Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$226,661.12	\$75,000.00	\$47,818.76	\$122,818.76
2025	226,661.12	75,000.00	44,518.76	119,518.76
2026	226,661.12	80,000.00	41,218.76	121,218.76
2027	226,661.12	85,000.00	37,668.76	122,668.76
2028	226,661.12	85,000.00	33,918.76	118,918.76
2029	226,661.12	90,000.00	31,168.76	121,168.76
2030	226,661.12	95,000.00	28,168.76	123,168.76
2031	226,661.12	100,000.00	25,068.76	125,068.76
2032	226,661.12	100,000.00	21,650.00	121,650.00
2033	226,661.12	100,000.00	18,200.00	118,200.00
2034	226,661.12	110,000.00	15,200.00	125,200.00
2035	226,661.12	110,000.00	11,900.00	121,900.00
2036	87,624.91	50,000.00	8,600.00	58,600.00
2037	87,624.91	50,000.00	7,100.00	57,100.00
2038	87,624.91	55,000.00	5,600.00	60,600.00
2039	87,624.91	55,000.00	3,950.00	58,950.00
2040	87,624.91	55,000.00	2,300.00	57,300.00
2041	87,625.01	60,000.00	1,200.00	61,200.00
	<u>\$3,245,683.00</u>	<u>\$1,430,000.00</u>	<u>\$385,250.08</u>	<u>\$1,815,250.08</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2023, which was appropriated and included as anticipated revenue in the introduced budget in its own respective fund for the year ending December 31, 2024, were as follows:

Current Fund	<u>\$2,200,000.00*</u>
Sewer Utility Fund	<u>\$301,971.92*</u>

* as introduced

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	<u>\$803,005.99</u>	<u>\$828,582.72</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at

NOTE 6: PENSION PLANS

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 Firemen's Retirement System (PFRS) - The Police and Firemen'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 after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested 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 vested.

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions

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 for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2023, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2023, the State contributed an amount less than the actuarially determined amount. During 2023, PFRS provides for employee contributions of 10.00% of employees' base salary.

Certain portions of the costs are contributed by the employees. The Township's share of PERS and Police and Firemen's pension, which is based upon the annual billings received from the state, amounted to \$2,124,704.00 for 2023, \$1,837,518.00 for 2022 and \$1,694,494.00 for 2021.

The Township's share for DCRP amounted to \$25,544.92 for 2023, \$18,488.12 for 2022 and \$18,721.49 for 2021.

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

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 \$8,360,747.00 for the Township of Warren’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 0.0554008244 percent, which was an increase of 0.0000361231 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 \$384,599.00 for the Township’s proportionate share of the total pension benefit. The pension expense recognized in the Township’s financial statement based on the April 1, 2022 billing was \$648,385.00.

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	\$60,344.00	\$53,215.00
Changes of assumptions	25,904.00	1,251,935.00
Net difference between projected and actual earnings on pension plan investments	346,044.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>579,742.00</u>	<u>49,026.00</u>
	<u>\$1,012,034.00</u>	<u>\$1,354,176.00</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	(\$611,033.80)
2024	(259,233.80)
2025	(72,043.80)
2026	494,881.20
2027	<u>105,288.20</u>
	<u>(\$342,142.00)</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	13.50%	8.38%
Market Equity		
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	\$10,741,111.00	\$8,360,747.00	\$6,334,962.00

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 \$12,551,073.00 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

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 Township's proportion was 0.1096512500 percent, which was an increase of 0.0076204100 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of \$250,460.00. The pension expense recognized in the Township's financial statement based on the April 1, 2022 billing was \$1,189,133.00.

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	\$568,095.00	\$768,924.00
Changes of assumptions	34,398.00	1,579,932.00
Net difference between projected and actual earnings on pension plan investments	1,149,309.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>1,270,715.00</u>	<u>57,798.00</u>
	<u>\$3,022,517.00</u>	<u>\$2,406,654.00</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	\$	(\$385,170.60)
2024		(158,590.60)
2025		(139,578.60)
2026		1,040,861.40
2027		250,276.40
Thereafter		<u>8,065.00</u>
		<u>\$615,863.00</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 both 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	\$17,221,427.00	\$12,551,073.00	\$8,662,980.00

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

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

At June 30, 2022, 2021 and 2020, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,233,723.00, \$2,097,445.00 and \$2,011,121.00 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	\$12,551,073.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>2,233,723.00</u>
	<u>\$14,784,796.00</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, employees, other than sworn police officers, are allowed to accumulate unused sick pay over the life of their working careers in accordance with contractual agreements and/or personnel policy as applicable.

Those individuals who are full time employees may accumulate up to 120 days of sick time. The accumulated sick time will remain "in the bank" and would be available to an employee for long term sickness but will not be compensated upon separation.

Employees would be paid at the conclusion of each calendar year, after accumulation of 120 sick days, one day's pay for every two days of unused sick time over 120 days for a maximum of 7.5 days. Each employee would receive his/her allotment of nine sick days per year for up to five years of employment, and fifteen sick days per year for employees employed over five years. The Township annually appropriates the amounts that are required to be paid in that year's budget. The Township does not pay unused sick time at separation.

Full-time police officers shall be entitled to unlimited sick/injury leave time up to a period of one (1) year, to be granted by the Township Committee, for cause, when needed, in three (3) month periods. However, policer officers are not compensated for unused sick time at separation.

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. The Township has established a reserve for this purpose in the Current Fund, the balance of which is \$203,080.66 at December 31, 2023.

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. 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. The Township maintains commercial insurance coverage through a Joint Insurance Fund covering each of those risks of loss. 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.

NOTE 12: RISK MANAGEMENT (CONTINUED)

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

<u>Year</u>	<u>Township Share/Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 572.77	\$ 44,271.09	\$ 43,559.24	\$ 270,328.65
2022	16.50	30,654.48	774.34	269,044.03
2021	321.91	19,224.06	830.18	239,147.39

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	\$ 37,167.02	\$ 1,516,619.75
Grant Fund	1,173,750.63	
Assessment Fund	124,095.44	86,051.21
Animal Control Fund		139.46
Trust Other Fund		35,858.77
General Capital Fund	86,051.21	1,168.79
Sewer Utility Operating Fund	227,563.85	
Sewer Escrow Trust Fund		16.62
Sewer Capital Fund		8,773.55
	<u>\$ 1,648,628.15</u>	<u>\$ 1,648,628.15</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: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

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. 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 Joint Meeting is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

The Township, by resolution of the governing body, has elected to not provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2022, 2021 and 2020, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is \$10,260,970.00, \$11,881,823.00 and \$10,792,419.00 respectively.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

At June 30, 2022, the Township's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Township's proportionate share of the OPEB Liability	\$-0-
State of New Jersey's proportionate share of OPEB Liability associated with the Township	<u>10,260,970.00</u>
	<u><u>\$10,260,970.00</u></u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. 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 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	\$19,683,063.00			\$19,683,063.00
Buildings	16,907,181.00			16,907,181.00
Machinery and Equipment	<u>10,446,144.43</u>	<u>\$295,638.81</u>		<u>10,741,783.24</u>
	<u><u>\$47,036,388.43</u></u>	<u><u>\$295,638.81</u></u>	<u><u>\$-0-</u></u>	<u><u>\$47,332,027.24</u></u>

NOTE 16: COMMITMENTS

The Township has entered into an agreement with Chasbob Inc. to extend the affordability controls on sixty low- and moderate-income residential units located in Whispering Hills. This agreement began in 2012 and runs for a period of 30 years. As part of the agreement, the Township will pay quarterly rental assistance payments of \$50,000.00 to Chasbob Inc. These payments began in 2013 and will continue for the 30 years of the agreement.

NOTE 17: CELL TOWER LEASE

The Township entered into a communication site lease agreement with Nextel of New York, Inc. (now owned by SBA Communications) leasing property designated as Lot 3.04 Block 83. The term of the lease started on June 24, 2004 and ran for ten years and now is in the second of four (4) five (5) year renewal options. The site lease shall renew for each Renewal Term unless, at least sixty (60) days prior to the termination of the then existing period, Lessee notifies the Township of its intentions not to renew the site lease. As consideration for the Township's lease of the Rented Premises to Lessee, Lessee shall pay to the Township annually rent of \$30,000.00 payable in twelve (12) equal monthly installments of \$2,500.00 each on the first day of each month, in advance, to the Township, beginning on the issuance of the building permit or six (6) months after execution of the site lease. The site lease consideration shall be increased annually at the rate of three percent (3%) per annum, compounded. In 2005, the Township agreed to a collocation of the cell tower whereby, Cingular Wireless (now owned by AT&T) will pay the Township \$720.00 a month which amounts to 40% of the \$1,800.00 base rent that Cingular (now owned by AT&T) pays to SBA Communications monthly. Upon any increase of such rent, then Verizon Wireless will pay additional monies to the Township. In 2008, the Township agreed to a collocation of the cell tower whereby, Verizon Wireless will pay the Township \$1,000.00 a month which amounts to 40% of the \$2,500.00 base rent that Verizon Wireless pays to SBA Communications monthly. Upon any increase of such rent, then Verizon Wireless will pay additional monies to the Township. In 2023, the Township received \$147,657.37 in cell tower revenue.

NOTE 18: DEFERRED CHARGES

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>	RAISED IN 2024 <u>BUDGET</u>	BALANCE DEFERRED TO BUDGETS OF SUCCEEDING <u>YEARS</u>
Current Fund:			
N.J.S.A. 40A:4-53:			
Revision of Master Plan	<u>\$125,000.00</u>	<u>\$25,000.00</u>	<u>\$100,000.00</u>
General Capital Fund:			
Capital Accounts Receivable Canceled Ordinance 14-21	<u>\$14,861.21</u>	<u>\$14,861.21</u>	

NOTE 19: SUBSEQUENT EVENTS

The Township of Warren has evaluated subsequent events occurring after the financial statement date through April 25, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that no subsequent events needed to be disclosed.

APPENDIX B
FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of October 1, 2024 by the Township of Warren, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Obligation Bonds, Series 2024, dated October 15, 2024, in the aggregate principal amount of \$7,475,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances and a resolution adopted by the Issuer and a certificate signed by the Issuer on September __, 2024; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

WHEREAS, the Issuer represented in its Notice of Sale dated September __, 2024 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on September __, 2024, the Issuer accepted the bid of _____, on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Issuer	Rule 15c2-12
Notice of Sale	SEC
	Securities and Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Newark, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated September __, 2024 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Operating Data” means the financial and statistical information of the Issuer of the type included in the Official Statement under the captions “Certain Financial and Statistical Information (excluding information contained under “Municipal Budget” subheading)” and “Appropriations Deferred to Subsequent Years.”

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than October 1 of each year, commencing October 1, 2025 for the fiscal year ending December 31, 2024, an Annual Report to the MSRB; notwithstanding the foregoing, if the Fiscal Year is not a calendar year then by not later than the first day of the tenth month of each fiscal year;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a “Disclosure Event”);

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of

such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided to the MSRB

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall

have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, Municipal Building, 46 Mountain Boulevard, Warren, New Jersey 07059, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;

- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or
- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the

Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE TOWNSHIP OF WARREN, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed, all as of the date first above written.

[SEAL]

TOWNSHIP OF WARREN

By: _____
Karen DeNave, Chief Financial Officer

APPENDIX C
PROPOSED FORM OF BOND COUNSEL OPINION



October __, 2024

Mayor and Township Committee
Township of Warren
46 Mountain Boulevard
Warren, New Jersey 07059

Dear Mayor and Township Committee:

We have examined certified copies of the proceedings of the Committee of the Township of Warren, in the County of Somerset, State of New Jersey (the “Township”), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale by the Township of its \$7,475,000 General Obligation Bonds, Series 2024 (the “Bonds”), dated the date of delivery.

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the “Local Bond Law”), a resolution of the Township adopted on August 15, 2024, and various bond ordinances of the Township, in all respects duly adopted by the Committee of the Township.

Each of the Bonds is dated the date of delivery, bears interest at the interest rate set forth on the face of the Bonds and matures on July 15 in the years and principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2025	\$375,000	2033	\$525,000
2026	400,000	2034	525,000
2027	425,000	2035	550,000
2028	425,000	2036	550,000
2029	425,000	2037	575,000
2030	450,000	2038	575,000
2031	475,000	2039	700,000
2032	500,000		

The Bonds are subject to redemption prior to their stated maturities.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Township.

2. 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 principal of and interest on the Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds 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 the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Bonds.

4. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, 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 to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

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



Our opinion concerning the enforceability of the Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.