

TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

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TOWNSHIP OF READINGTON

HUNTERDON COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of Readington
Readington, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Readington, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Readington on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” 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 each fund of the Township of Readington as of December 31, 2020 and 2019, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2020 and 2019. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 52 percent and 48 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2020 and 2019.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Readington as of December 31, 2020 and 2019, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2020 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Readington as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Readington.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

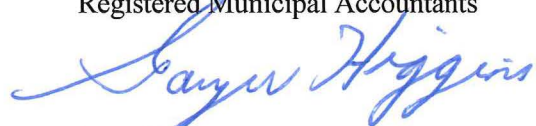
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2021 on our consideration of the Township of Readington’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 of Readington’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Readington’s internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 28, 2021

**TOWNSHIP OF READINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019**

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|----------------------|----------------------|
| ASSETS | | | |
| Regular Fund | | | |
| Cash | A-4 | \$ 10,134,053 | \$ 10,012,980 |
| Cash - Change Fund | A-5 | 650 | 650 |
| Due from State - Senior Citizens and Veterans Deductions | A-7 | <u>51,485</u> | <u>53,145</u> |
| | | <u>10,186,188</u> | <u>10,066,775</u> |
| Receivables and Other Assets with Full Reserves | | | |
| Delinquent Property Taxes Receivable | A-8 | 802,224 | 683,881 |
| Tax Title Liens Receivable | A-9 | 121,105 | 117,857 |
| Due from Animal Control Fund | A-20 | 5,000 | |
| Revenue Accounts Receivable | A-10 | <u>3,310</u> | <u>5,762</u> |
| | | <u>931,639</u> | <u>807,500</u> |
| Deferred Charges: | | | |
| Special Emergency Authorizations | A-30 | <u>400,000</u> | <u>500,000</u> |
| Total Regular Fund | | <u>11,517,827</u> | <u>11,374,275</u> |
| Grants Fund | | | |
| Grants Receivable | A-21 | 242,117 | 403,376 |
| Due from Current Fund | A-23 | <u>31,725</u> | <u>59,541</u> |
| Total Grants Fund | | <u>273,842</u> | <u>462,917</u> |
| Total Assets | | <u>\$ 11,791,669</u> | <u>\$ 11,837,192</u> |

TOWNSHIP OF READINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|---|------------------|----------------------|----------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Liabilities | | | |
| Appropriation Reserves | A-3,A-11 | \$ 1,273,089 | \$ 771,377 |
| Encumbrances Payable | A-12 | 667,801 | 257,745 |
| Reserve for Revaluation | A-19 | 131,634 | 459,520 |
| Reserve for Sale of Assets | A-24 | 18,845 | 6,252 |
| Prepaid Taxes | A-13 | 609,453 | 1,553,551 |
| Regional School Taxes Payable | A-17 | 2,000,000 | 3,459,271 |
| County Taxes Payable | A-15 | 52,936 | 39,187 |
| Miscellaneous Fees Payable | A-18 | 10,450 | 12,094 |
| Due to Grants Fund | A-23 | 31,725 | 59,541 |
| Reserve for Tax Sale Premiums | A-25 | 308,300 | 662,500 |
| Reserve for Third Party Liens | A-26 | - | 43,404 |
| Reserve for Tax Appeals | A-27 | 1,808,002 | 308,002 |
| Tax Overpayments | A-14 | <u>132,665</u> | <u>106,910</u> |
| | | 7,044,900 | 7,739,354 |
| Reserve for Receivables | A | 931,639 | 807,500 |
| Fund Balance | A-1 | <u>3,541,288</u> | <u>2,827,421</u> |
| Total Regular Fund | | <u>11,517,827</u> | <u>11,374,275</u> |
| Grants Fund | | | |
| Encumbrances Payable | A-28 | 7,855 | 2,602 |
| Reserve for Grants and Donations - Appropriated | A-22 | <u>265,987</u> | <u>460,315</u> |
| Total Grants Fund | | <u>273,842</u> | <u>462,917</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 11,791,669</u> | <u>\$ 11,837,192</u> |

TOWNSHIP OF READINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|---------------------|---------------------|
| REVENUE AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | A-2 | \$ 1,897,850 | \$ 1,935,000 |
| Miscellaneous Revenues | A-2 | 3,061,606 | 3,480,476 |
| Receipts from Delinquent Taxes | A-2 | 683,881 | 565,874 |
| Receipts from Current Taxes | A-2 | 77,847,661 | 77,519,983 |
| Non-Budget Revenues | A-2 | 122,915 | 187,441 |
| Other Credits to Income: | | | |
| Interfunds and Other Receivables Returned | A | - | 31,851 |
| Regional High School Taxes Payable Cancelled | A-17 | 3,459,271 | - |
| Unexpended Balance of Appropriation Reserves | A-11 | <u>321,611</u> | <u>608,758</u> |
| Total Income | | <u>87,394,795</u> | <u>84,329,383</u> |
| EXPENDITURES | | | |
| Budget Appropriations | | | |
| Operations | | | |
| Salaries and Wages | A-3 | 6,799,890 | 6,647,970 |
| Other Expenses | A-3 | 7,206,052 | 7,389,307 |
| Capital Improvements | A-3 | 662,000 | 360,000 |
| Municipal Debt Service | A-3 | 4,121,231 | 3,837,051 |
| Deferred Charges and Statutory | | | |
| Expenditures | A-3 | 1,769,858 | 1,693,647 |
| Regional School District Tax | A-17 | 19,419,844 | 19,277,722 |
| Local District School Tax | A-16 | 31,947,239 | 31,174,794 |
| County Tax | A-15 | 12,269,157 | 12,046,853 |
| County Share of Added and Omitted Taxes | A-15 | 52,936 | 39,187 |
| Local Open Space Tax | A-29 | 525,759 | 522,795 |
| Local Open Space Added Taxes | A-29 | 2,270 | 1,704 |
| Refund of Prior Year Revenue | A-4 | 1,842 | 7,839 |
| Cancelled - Prior Year 100% Disabled Veterans Deductions - | | | |
| 2018, 2017 and 2016 | A-1 | - | 37,022 |
| Interfunds Established | A | <u>5,000</u> | <u>-</u> |
| Total Expenditures | | <u>84,783,078</u> | <u>83,035,891</u> |
| Excess of Revenues over Expenditures | | 2,611,717 | 1,293,492 |
| Adjustments to Income before Fund Balance: | | | |
| Expenditures Included Above Which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | A-1 | <u>-</u> | <u>500,000</u> |
| Statutory Excess to Fund Balance | | 2,611,717 | 1,793,492 |
| FUND BALANCE, JANUARY 1 | A | <u>2,827,421</u> | <u>2,968,929</u> |
| | | 5,439,138 | 4,762,421 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1 | <u>1,897,850</u> | <u>1,935,000</u> |
| FUND BALANCE, DECEMBER 31 | A | <u>\$ 3,541,288</u> | <u>\$ 2,827,421</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF READINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | | 2020 <u>Anticipated</u> | | | |
|---|------------------|----------------------------|---|--------------------------------|--------------------------------------|
| | <u>Reference</u> | <u>Budget</u> | <u>Added by:</u> <u>NJS 40A:4-87</u> | <u>2020</u> <u>Realized</u> | <u>Excess or</u> <u>(Deficit)</u> |
| Fund Balance Anticipated | A-1 | \$ 1,897,850 | - | \$ 1,897,850 | - |
| Miscellaneous Revenues | | | | | |
| Licenses | | | | | |
| Alcoholic Beverages | A-10 | 20,000 | | 23,700 | \$ 3,700 |
| Fees and Permits | | | | | |
| Other | A-2 | 200,000 | | 190,574 | (9,426) |
| Fines and Costs | | | | | |
| Municipal Court | A-10 | 100,000 | | 61,281 | (38,719) |
| Interest and Costs on Taxes | A-10 | 160,000 | | 199,938 | 39,938 |
| Interest on Investments and Deposits | A-2 | 185,000 | | 92,835 | (92,165) |
| Energy Receipts Tax | A-10 | 1,421,711 | | 1,421,711 | - |
| Garden State Trust Fund | A-10 | 6,112 | | 6,112 | - |
| Uniform Construction Code Fees | A-10 | 685,000 | | 570,772 | (114,228) |
| State and Federal Revenues Offset with Appropriations | | | | | |
| Clean Fleet Electric Vehicle | A-21 | | \$ 5,500 | 5,500 | |
| Clean Communities Program | A-21 | | 51,490 | 51,490 | |
| Sustainable New Jersey - Roots for Rivers | A-21 | | 7,214 | 7,214 | |
| Municipal Planning Incentive | A-21 | | 20,000 | 20,000 | |
| Distracted Driver | A-21 | | 950 | 950 | |
| Alcohol Education & Rehabilitation | A-21 | | 3,334 | 3,334 | |
| Sustainable New Jersey - Holland Brook | A-21 | | 3,897 | 3,897 | |
| PSE&G Foundation | A-21 | | 10,000 | 10,000 | |
| State Forestry/Nursey Seedlings | A-21 | | 1,989 | 1,989 | |
| Somerset County Pass Thru DWI | A-21 | | 1,980 | 1,980 | |
| Other Special Items | | | | | |
| Sewer Utility Operating Fund Balance | A-10 | 125,000 | | 125,000 | - |
| Uniform Safety Act | A-10 | 38,000 | | 32,077 | (5,923) |
| General Capital Fund Balance | C-4 | 225,000 | | 225,000 | |
| Reserve for Sale of Assets | A-24 | 6,252 | - | 6,252 | - |
| Total Miscellaneous Revenues | A-1 | <u>3,172,075</u> | <u>106,354</u> | <u>3,061,606</u> | <u>(216,823)</u> |
| Receipts from Delinquent Taxes | A-2 | <u>665,000</u> | <u>-</u> | <u>683,881</u> | <u>18,881</u> |

TOWNSHIP OF READINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | | 2020 <u>Anticipated</u> | Added by: | 2020 | Excess or |
|---|------------------|----------------------------|---------------------|----------------------|-----------------------|
| | <u>Reference</u> | <u>Budget</u> | <u>NJS 40A:4-87</u> | <u>Realized</u> | <u>(Deficit)</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | | | |
| Local Tax For Municipal Purposes Including Reserve for Uncollected Taxes | | \$ 15,772,780 | - | \$ 16,180,456 | \$ 407,676 |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | <u>15,772,780</u> | - | <u>14,680,456</u> | <u>(1,092,324)</u> |
| Total General Revenue | A-3 | <u>\$ 21,507,705</u> | <u>\$ 106,354</u> | 20,323,793 | <u>\$ (1,290,266)</u> |
| Non-Budget Revenue | A-1,A-2 | | | <u>122,915</u> | |
| | | | | <u>\$ 20,446,708</u> | |

TOWNSHIP OF READINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Reference</u> | |
|---|-------------------------|----------------------|
| ANALYSIS OF REALIZED REVENUES | | |
| Allocation of Current Tax Collections | | |
| Revenue from Collections | A-1,A-8 | \$ 79,347,661 |
| Less: Transfer to Reserve for Tax Appeals | A-27 | <u>1,500,000</u> |
| | | 77,847,661 |
| Allocated to | | |
| Local School, Regional High School, County and Municipal Open Space Taxes | A-15,A-16,A-17, A-29 | <u>64,217,205</u> |
| | | 13,630,456 |
| Add: Appropriation for Reserve for Uncollected Taxes | A-3 | <u>1,050,000</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u>\$ 14,680,456</u> |
| Analysis of Delinquent Taxes | | |
| Taxes Receivable | A-2, A-8 | <u>\$ 683,881</u> |
| Fees and Permits - Other | | |
| Township Clerk | A-10 | \$ 30,636 |
| Board of Health /Registrar of Vital Statistics | A-10 | 48,277 |
| Fire Prevention | A-10 | 59,150 |
| Planning and Zoning Boards | A-10 | 35,731 |
| Department of Public Works | A-10 | 11,125 |
| Police | A-10 | <u>5,655</u> |
| | A-2 | <u>\$ 190,574</u> |
| Interest on Investments | | |
| Cash Receipts | A-10 | \$ 63,909 |
| Due from Animal Control Fund | B-7 | 52 |
| Due from Other Trust Fund | B-8 | 6,377 |
| Due from General Capital Fund | C-4 | <u>22,497</u> |
| | A-2 | <u>\$ 92,835</u> |
| Non-Budget Revenues | | |
| Senior Citizens and Veterans Deductions Administrative Fee | | \$ 2,203 |
| Cable Franchise Fee | | 19,587 |
| Tax Collector | | 3,209 |
| Police Outside Duty Administration Fees | | 6,790 |
| Police Outside Duty Vehicle Use Fees | | 2,926 |
| Rental of Polls | | 640 |
| Miscellaneous Refunds | | 46,808 |
| Rental of Properties | | 8,040 |
| Payments in Lieu of Taxes on Real Property | | <u>32,712</u> |
| | A-2, A-4 | <u>\$ 122,915</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF READINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 | | 2020 Expended | | |
|-----------------------------------|---------------------|--|----------------|-----------------|------------------|
| | <u>Appropriated</u> | | <u>Paid or</u> | <u>Reserved</u> | <u>Cancelled</u> |
| | <u>Budget</u> | <u>Budget After</u> <u>Modification</u> | | | |
| OPERATIONS - WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT | | | | | |
| General Administration | | | | | |
| Salaries and Wages | \$ 387,200 | \$ 417,200 | \$ 416,988 | \$ 212 | |
| Other Expenses | | | | | |
| Elections | 24,000 | 12,000 | 7,184 | 4,816 | |
| Miscellaneous Other Expenses | 108,000 | 108,000 | 107,931 | 69 | |
| Mayor and Committee | | | | | |
| Salaries and Wages | 34,455 | 34,455 | 34,454 | 1 | |
| Financial Administration | | | | | |
| Salaries and Wages | 228,150 | 228,150 | 227,009 | 1,141 | |
| Other Expenses | 9,000 | 9,000 | 3,536 | 5,464 | |
| Audit Services | | | | | |
| Other Expenses | 42,330 | 42,330 | 42,330 | - | |
| Revenue Administration | | | | | |
| Salaries and Wages | 88,400 | 90,400 | 90,143 | 257 | |
| Other Expenses | 25,000 | 25,000 | 22,199 | 2,801 | |
| Assessment of Taxes | | | | | |
| Salaries and Wages | 93,010 | 93,010 | 93,006 | 4 | |
| Other Expenses | | | | | |
| Revision of Tax Map | 30,000 | 4,000 | 2,081 | 1,919 | |
| Miscellaneous Other Expenses | 6,500 | 6,500 | 2,824 | 3,676 | |
| Legal Service and Costs | | | | | |
| Other Expenses | 650,000 | 650,000 | 479,249 | 170,751 | |
| Engineering Services and Costs | | | | | |
| Other Expenses | 195,000 | 135,000 | 118,365 | 16,635 | |
| Museum Committee | | | | | |
| Salaries and Wages | 33,450 | 33,450 | 22,701 | 10,749 | |
| Other Expenses | 18,000 | 18,000 | 17,841 | 159 | |
| Historic Preservation Committee | | | | | |
| Other Expenses | 800 | 800 | - | 800 | |
| Planning Board | | | | | |
| Salaries and Wages | 33,030 | 34,230 | 34,044 | 186 | |
| Other Expenses | 6,000 | 6,000 | 5,927 | 73 | |
| Board of Adjustment | | | | | |
| Salaries and Wages | 99,700 | 99,700 | 99,700 | - | |
| Other Expenses | 11,000 | 11,000 | 4,439 | 6,561 | |
| Environmental Health Commission | | | | | |
| Salaries and Wages | 1,255 | 1,255 | 1,255 | - | |
| Other Expenses | | | | | |
| Consultants | 100,000 | 100,000 | 97,783 | 2,217 | |
| Miscellaneous Other Expenses | 14,500 | 14,500 | 2,989 | 11,511 | |
| Insurance | | | | | |
| General Liability | 492,936 | 492,936 | 490,302 | 2,634 | |
| Employee Group Insurance | 2,139,119 | 2,103,319 | 1,690,090 | 413,229 | |
| Worker's Compensation | 224,560 | 224,560 | 224,560 | - | |
| PUBLIC SAFETY FUNCTIONS | | | | | |
| Police | | | | | |
| Salaries and Wages | 3,076,400 | 3,076,400 | 3,017,543 | 58,857 | |
| Other Expenses | 300,000 | 300,000 | 277,161 | 22,839 | |
| Emergency Management Services | | | | | |
| Salaries and Wages | 11,800 | 11,800 | 11,655 | 145 | |
| Other Expenses | 5,500 | 5,500 | 2,025 | 3,475 | |

TOWNSHIP OF READINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 | | 2020 Expended | | |
|---|---------------------|--|----------------|-----------------|------------------|
| | <u>Appropriated</u> | | <u>Paid or</u> | <u>Reserved</u> | <u>Cancelled</u> |
| | <u>Budget</u> | <u>Budget After</u> <u>Modification</u> | | | |
| OPERATIONS - WITHIN "CAPS" (Cont'd) | | | | | |
| PUBLIC SAFETY FUNCTIONS (Cont'd) | | | | | |
| Fire | | | | | |
| Other Expenses | | | | | |
| Aid to Volunteer Fire Co. | \$ 120,000 | \$ 120,000 | \$ 120,000 | - | |
| Purchase of Equipment for Volunteer Fire Co. | 96,640 | 96,640 | 81,429 | \$ 15,211 | |
| Training Fire Department Personnel | 16,000 | 16,000 | 16,000 | - | |
| Uniform Fire Safety Act | | | | | |
| Salaries and Wages | 64,200 | 64,200 | 64,118 | 82 | |
| Other Expenses | 30,000 | 30,000 | 4,968 | 25,032 | |
| Supplemental Fire Service Program | | | | | |
| Other Expenses | 12,500 | 12,500 | 12,500 | - | |
| Aid to Volunteer Ambulance Companies | | | | | |
| Whitehouse First Aid Organization | 30,000 | 30,000 | 30,000 | - | |
| Purchase of Equipment for First Aid Organizations | 24,160 | 24,160 | 12,027 | 12,133 | |
| Municipal Prosecutors Office | | | | | |
| Other Expenses | 52,000 | 52,000 | 40,430 | 11,570 | |
| PUBLIC WORK FUNCTIONS | | | | | |
| Road Repairs and Maintenance | | | | | |
| Salaries and Wages | 1,515,400 | 1,515,400 | 1,448,519 | 66,881 | |
| Other Expenses | 416,000 | 416,000 | 397,008 | 18,992 | |
| Waste Collection/Recycling | | | | | |
| Salaries and Wages | 25,000 | 25,000 | 6,769 | 18,231 | |
| Other Expenses | 700,000 | 858,000 | 806,833 | 51,167 | |
| Snow Removal | | | | | |
| Other Expenses | 130,000 | 130,000 | 96,789 | 33,211 | |
| Tree Care | | | | | |
| Other Expenses | 40,000 | 40,000 | 19,582 | 20,418 | |
| Buildings and Grounds | | | | | |
| Salaries and Wages | 274,640 | 274,640 | 270,113 | 4,527 | |
| Other Expenses | 145,000 | 145,000 | 133,198 | 11,802 | |
| HEALTH AND HUMAN SERVICES | | | | | |
| Board of Health | | | | | |
| Salaries and Wages | 48,700 | 48,700 | 48,120 | 580 | |
| Other Expenses | 32,000 | 32,800 | 32,782 | 18 | |
| Animal Control Services | | | | | |
| Other Expenses | 5,000 | 5,000 | - | 5,000 | |
| Administration of Public Assistance | | | | | |
| Salaries and Wages | 74,900 | 78,700 | 78,585 | 115 | |
| Other Expenses | 7,000 | 7,000 | 4,671 | 2,329 | |
| PARK AND RECREATION FUNCTIONS | | | | | |
| Recreation | | | | | |
| Salaries and Wages | 150,900 | 150,900 | 150,335 | 565 | |
| Other Expenses | 45,000 | 45,000 | 38,779 | 6,221 | |
| Senior Citizens Transportation | | | | | |
| Other Expenses | 6,000 | 6,000 | - | 6,000 | |
| Expense of Participation of Free County Library | | | | | |
| Salaries and Wages | 136,800 | 136,800 | 134,141 | 2,659 | |
| Other Expenses | 8,500 | 8,500 | 2,488 | 6,012 | |
| Cost of PEOSHA Requirements | | | | | |
| Other Expenses | 55,000 | 55,000 | 55,000 | - | |

TOWNSHIP OF READINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 | | 2020 Expended | | |
|--|-------------------|--------------------------------------|----------------------------|------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | |
| UNIFORM CONSTRUCTION CODE | | | | | |
| APPROPRIATIONS OFFSET BY | | | | | |
| DEDICATED REVENUES | | | | | |
| (N.J.A.C. 5:23-4-17) | | | | | |
| Construction Code Official | | | | | |
| Salaries and Wages | \$ 313,400 | \$ 278,400 | \$ 277,096 | \$ 1,304 | |
| Other Expenses | 100,000 | 100,000 | 70,361 | 29,639 | |
| UTILITIES | | | | | |
| Fire Hydrant Service | 95,000 | 95,000 | 89,064 | 5,936 | |
| Electricity | 133,000 | 133,000 | 117,854 | 15,146 | |
| Street Lighting | 39,000 | 39,000 | 36,431 | 2,569 | |
| Telephone | 68,153 | 68,153 | 67,173 | 980 | |
| Fuel Oil | 8,500 | 8,500 | - | 8,500 | |
| Gasoline | 140,000 | 140,000 | 83,290 | 56,710 | |
| Celebration of Public Events | | | | | |
| Other Expenses | 9,000 | 9,000 | 6,651 | 2,349 | |
| Municipal Court | | | | | |
| Salaries and Wages | 122,100 | 107,100 | 105,678 | 1,422 | |
| Other Expenses | 27,000 | 15,000 | 11,610 | 3,390 | |
| Public Defender | | | | | |
| Other Expenses | <u>10,000</u> | <u>10,000</u> | <u>7,297</u> | <u>2,703</u> | - |
| Total Operations Within "CAPS" | <u>13,815,588</u> | <u>13,815,588</u> | <u>12,625,003</u> | <u>1,190,585</u> | - |
| Contingent | <u>3,000</u> | <u>3,000</u> | <u>1,820</u> | <u>1,180</u> | - |
| Total Operations Including Contingent Within "CAPS" | <u>13,818,588</u> | <u>13,818,588</u> | <u>12,626,823</u> | <u>1,191,765</u> | - |
| Detail: | | | | | |
| Salaries and Wages | 6,812,890 | 6,799,890 | 6,631,972 | 167,918 | |
| Other Expenses | <u>7,005,698</u> | <u>7,018,698</u> | <u>5,994,851</u> | <u>1,023,847</u> | - |
| DEFERRED CHARGES AND STATUTORY | | | | | |
| EXPENDITURES - MUNICIPAL | | | | | |
| WITHIN "CAPS" | | | | | |
| Social Security System (O.A.S.I.) | 520,019 | 520,019 | 454,761 | 65,258 | |
| Public Employees' Retirement System | 407,268 | 407,268 | 407,268 | - | |
| Police and Firemen's Retirement System | 725,571 | 725,571 | 725,571 | - | |
| Defined Contribution Retirement Contribution | 12,000 | 12,000 | 11,113 | 887 | |
| Unemployment Insurance | <u>5,000</u> | <u>5,000</u> | <u>2,821</u> | <u>2,179</u> | - |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | <u>1,669,858</u> | <u>1,669,858</u> | <u>1,601,534</u> | <u>68,324</u> | - |
| Total General Appropriations for Municipal Purposes Within "CAPS" | <u>15,488,446</u> | <u>15,488,446</u> | <u>14,228,357</u> | <u>1,260,089</u> | - |

**TOWNSHIP OF READINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | 2020 | | 2020 Expended | | |
|---|---------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Appropriated</u> | | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| | <u>Budget</u> | <u>Budget After Modification</u> | | | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| Length of Service Awards Program (LOSAP) | \$ 81,000 | \$ 81,000 | \$ 68,000 | \$ 13,000 | - |
| Total Other Operations Excluded from "CAPS" | <u>81,000</u> | <u>81,000</u> | <u>68,000</u> | <u>13,000</u> | <u>-</u> |
| Public and Private Programs Offset by Revenues | | | | | |
| Clean Fleet Electric Vehicle | | 5,500 | 5,500 | - | |
| Clean Communities Program | | 51,490 | 51,490 | - | |
| Sustainable New Jersey - Roots to Rivers | | 7,214 | 7,214 | - | |
| Municipal Planning Incentive | | 20,000 | 20,000 | - | |
| Distracted Driver | | 950 | 950 | - | |
| Alcohol Education & Rehabilitation | | 3,334 | 3,334 | - | |
| Sustainable New Jersey - Holland Brook | | 3,897 | 3,897 | - | |
| PSE&G Foundation | | 10,000 | 10,000 | - | - |
| State Forestry/Nursey Seedlings | | 1,989 | 1,989 | - | |
| Somerset County Pass Thru DWI | - | 1,980 | 1,980 | - | - |
| Total Public and Private Programs Offset by Revenues | <u>-</u> | <u>106,354</u> | <u>106,354</u> | <u>-</u> | <u>-</u> |
| Total Operations Excluded from "CAPS" | <u>81,000</u> | <u>187,354</u> | <u>174,354</u> | <u>13,000</u> | <u>-</u> |
| Detail: | | | | | |
| Other Expenses | <u>81,000</u> | <u>187,354</u> | <u>174,354</u> | <u>13,000</u> | <u>-</u> |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | 462,000 | 462,000 | 462,000 | - | |
| Road Repairs and Improvements | 200,000 | 200,000 | 200,000 | - | - |
| Total Capital Improvements Excluded from "CAPS" | <u>662,000</u> | <u>662,000</u> | <u>662,000</u> | <u>-</u> | <u>-</u> |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | 1,920,000 | 1,920,000 | 1,920,000 | - | |
| Interest on Bonds | 1,430,259 | 1,430,259 | 1,430,259 | - | - |
| Interest on Notes | 543,900 | 543,900 | 543,900 | - | - |
| Green Trust Loan Program: | | | | | |
| Loan Repayments of Principal and Interest | <u>232,100</u> | <u>232,100</u> | <u>227,072</u> | <u>-</u> | <u>\$ 5,028</u> |
| Total Municipal Debt Service Excluded from "CAPS" | <u>4,126,259</u> | <u>4,126,259</u> | <u>4,121,231</u> | <u>-</u> | <u>5,028</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | 2020 Appropriated | | 2020 Expended | | |
|--|----------------------|--------------------------------------|----------------------------|---------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| DEFERRED CHARGES | | | | | |
| Special Emergency Authorizations | \$ 100,000 | \$ 100,000 | \$ 100,000 | - | - |
| Total Deferred Charges - Municipal Excluded from "CAPS" | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | - | - |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | \$ 4,969,259 | \$ 5,075,613 | \$ 5,057,585 | \$ 13,000 | \$ 5,028 |
| Subtotal General Appropriations | 20,457,705 | 20,564,059 | 19,285,942 | 1,273,089 | 5,028 |
| Reserve for Uncollected Taxes | <u>1,050,000</u> | <u>1,050,000</u> | <u>1,050,000</u> | - | - |
| Total General Appropriations | <u>\$ 21,507,705</u> | <u>\$ 21,614,059</u> | <u>\$ 20,335,942</u> | <u>\$ 1,273,089</u> | <u>\$ 5,028</u> |
| <u>Reference</u> | A-2 | | | A | |

TOWNSHIP OF READINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Reference</u> | <u>Budget After Modification</u> | |
|--------------------------------------|------------------|--|----------------------------|
| Budget as Adopted | A-2 | \$ 21,507,705 | |
| Added by N.J.S. 40A:4-87 | A-2 | <u>106,354</u> | |
| | | <u>\$ 21,614,059</u> | |
| | | | <u>Paid or Charged</u> |
| Cash Disbursed | A-4 | | \$ 19,003,916 |
| Less Refunds | A-4 | | <u>592,129</u> |
| | | | 18,411,787 |
| Encumbrances Payable | A-12 | | 667,801 |
| Deferred Charges - Special Emergency | A-30 | | 100,000 |
| Transferred to Grants Fund | A-22 | | 106,354 |
| Reserve for Uncollected Taxes | A-2 | | <u>1,050,000</u> |
| | | | <u>\$ 20,335,942</u> |

**TOWNSHIP OF READINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019**

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|---------------------|---------------------|
| ASSETS | | | |
| ANIMAL CONTROL FUND | | | |
| Cash | B-3 | \$ 6,742 | \$ 6,205 |
| | | <u>6,742</u> | <u>6,205</u> |
| OTHER TRUST FUND | | | |
| Cash | B-3 | <u>2,276,395</u> | <u>2,214,967</u> |
| LENGTH OF SERVICE AWARDS PROGRAM(LOSAP) FUND (UNAUDITED) | | | |
| Investments | B | 2,408,371 | 2,003,150 |
| Intergovernmental Receivable | B | <u>76,000</u> | <u>68,000</u> |
| | | <u>2,484,371</u> | <u>2,071,150</u> |
| Total Assets | | <u>\$ 4,767,508</u> | <u>\$ 4,292,322</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| ANIMAL CONTROL FUND | | | |
| Due to the State of New Jersey | B-6 | \$ 130 | \$ 109 |
| Prepaid Licenses | B-5 | 221 | 1,187 |
| Reserve for Animal Control Expenditures | B-4 | 1,391 | 4,909 |
| Due to Current Fund | B-7 | <u>5,000</u> | <u>-</u> |
| | | <u>6,742</u> | <u>6,205</u> |
| OTHER TRUST FUND | | | |
| Miscellaneous Reserves | B-10 | <u>2,276,395</u> | <u>2,214,967</u> |
| LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) FUND (UNAUDITED) | | | |
| Reserve for LOSAP Benefits | B | <u>2,484,371</u> | <u>2,071,150</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 4,767,508</u> | <u>\$ 4,292,322</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF READINGTON
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND**

| | <u>Reference</u> | 2020 Budget (Memorandum) | 2020 Realized | Variance |
|--------------------------------------|------------------|--------------------------------|-------------------|-----------------|
| Amount to be Raised by Taxation | | \$ 525,759 | \$ 528,029 | \$ 2,270 |
| | | <u>\$ 525,759</u> | 528,029 | <u>\$ 2,270</u> |
| Non-Budget Revenue | <u>Reference</u> | B-2 | <u>47</u> | |
| | B-10 | | <u>\$ 528,076</u> | |
| Analysis of Non-Budget Revenue | | | | |
| Interest on Investments and Deposits | B-1 | | <u>\$ 47</u> | |

EXHIBIT B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND

| | <u>Reference</u> | 2020 Budget (Memorandum) | 2020 Paid or Charged | Variance |
|------------------------------|------------------|--------------------------------|----------------------------|------------------|
| Debt Service | | | | |
| Payment of Bond Principal | B-10 | \$ 475,000 | \$ 475,000 | \$ - |
| Recreation and Conservation: | | | | |
| Other Expenses | B-10 | 50,000 | 17,309 | 32,691 |
| Reserve for Future Use | B-10 | <u>759</u> | <u>-</u> | <u>759</u> |
| | | <u>\$ 525,759</u> | <u>\$ 492,309</u> | <u>\$ 33,450</u> |
| | <u>Reference</u> | B-1 | B-10 | |

**TOWNSHIP OF READINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019**

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|---|------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Cash | C-2,C-3 | \$ 6,108,487 | \$ 4,698,243 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 28,491,703 | 40,308,350 |
| Unfunded | C-6 | <u>15,437,186</u> | <u>19,926,134</u> |
| Total Assets | | <u>\$ 50,037,376</u> | <u>\$ 64,932,727</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Serial Bonds Payable | C-10 | \$ 28,194,000 | \$ 39,791,000 |
| Bond Anticipation Notes Payable | C-12 | 12,984,000 | 16,000,000 |
| Green Acres Loans Payable | C-11 | 297,703 | 517,350 |
| Improvement Authorizations | | | |
| Funded | C-8 | 1,020,876 | 1,754,942 |
| Unfunded | C-8 | 5,200,224 | 6,291,979 |
| Contracts Payable | C-9 | 1,388,806 | 123,939 |
| Capital Improvement Fund | C-7 | 194,930 | 34,730 |
| Reserve for Emergency Vehicles | C-13 | 4,240 | 4,240 |
| Reserve for Road Improvements | C-14 | 187,250 | 187,250 |
| Reserve for Debt Service | C-15 | 270,463 | - |
| Fund Balance | C-1 | <u>294,884</u> | <u>227,297</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 50,037,376</u> | <u>\$ 64,932,727</u> |

There were bonds and notes authorized but not issued at December 31, 2020 and 2019 of \$2,803,261 and \$4,915,211 respectively (Exhibit C-16).

TOWNSHIP OF READINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|---|------------------|-------------------|-------------------|
| Fund Balance, January 1 | C | \$ 227,297 | \$ 234,697 |
| Increased By: | | | |
| Cash Receipts | C-1 | - | 27,800 |
| Premium on Sale of Bonds and Notes | C-2 | <u>292,587</u> | <u>164,800</u> |
| | | 519,884 | 427,297 |
| Decreased By: | | | |
| Amount Anticipated in Current Fund Budget | C-4 | <u>225,000</u> | <u>200,000</u> |
| Fund Balance, December 31 | C | <u>\$ 294,884</u> | <u>\$ 227,297</u> |

**TOWNSHIP OF READINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2020 AND 2019**

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|---------------------|-------------------|
| ASSETS | | | |
| Cash | D-4 | \$ 916,461 | \$ 783,659 |
| | | <u>916,461</u> | <u>783,659</u> |
| Receivables With Full Reserves Consumer Accounts Receivable | D-5 | <u>108,137</u> | <u>99,048</u> |
| | | <u>108,137</u> | <u>99,048</u> |
| Total Assets | | <u>\$ 1,024,598</u> | <u>\$ 882,707</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Appropriation Reserves | D-3,D-6 | \$ 100,900 | \$ 121,265 |
| Accounts Payable | D-7 | 122,852 | 77,121 |
| Sewer Overpayments | D-8 | <u>4,399</u> | <u>3,885</u> |
| | | 228,151 | 202,271 |
| Reserve for Receivables | D | 108,137 | 99,048 |
| Fund Balance | D-1 | <u>688,310</u> | <u>581,388</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 1,024,598</u> | <u>\$ 882,707</u> |

TOWNSHIP OF READINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Reference</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|-------------------|-------------------|
| REVENUE AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | D-2 | \$ 72,392 | \$ 31,000 |
| Rents | D-2 | 1,504,082 | 1,507,396 |
| Miscellaneous Revenue Anticipated | D-2 | 6,206 | 13,710 |
| User Fees from Other Contracts | D-2 | 374,370 | 314,711 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-6 | <u>29,656</u> | <u>36,954</u> |
| Total Revenues | | <u>1,986,706</u> | <u>1,903,771</u> |
| EXPENDITURES | | | |
| Operating | | | |
| Other Expenses | D-3 | 225,000 | 211,040 |
| Service Fees | D-3 | 1,457,392 | 1,409,960 |
| Surplus (General Budget) | D-3 | <u>125,000</u> | <u>125,000</u> |
| Total Expenditures | | <u>1,807,392</u> | <u>1,746,000</u> |
| Statutory Excess to Fund Balance | | 179,314 | 157,771 |
| FUND BALANCE, JANUARY 1 | D | <u>581,388</u> | <u>454,617</u> |
| | | 760,702 | 612,388 |
| Decreased by: | | | |
| Utilized by Sewer Operating Budget | D-1 | <u>72,392</u> | <u>31,000</u> |
| FUND BALANCE, DECEMBER 31 | D | <u>\$ 688,310</u> | <u>\$ 581,388</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>Reference</u> | 2020 Anticipated <u>Budget</u> | 2020 <u>Realized</u> | Excess or <u>(Deficit)</u> |
|--------------------------------|------------------|--------------------------------------|-------------------------|-------------------------------|
| Fund Balance Anticipated | D-1 | \$ 72,392 | \$ 72,392 | |
| Rents | D-1,D-5 | 1,425,000 | 1,504,082 | \$ 79,082 |
| User Fees from Other Contracts | D-1,D-4 | 300,000 | 374,370 | 74,370 |
| Miscellaneous Charges | D-1,D-4 | <u>10,000</u> | <u>6,206</u> | <u>(3,794)</u> |
| | | <u>\$ 1,807,392</u> | <u>\$ 1,957,050</u> | <u>\$ 149,658</u> |
| | <u>Reference</u> | D-3 | | |

**TOWNSHIP OF READINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | 2020 Appropriated | | 2020 Expended | |
|------------------------------------|----------------------|------------------------------|--------------------|----------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved |
| OPERATING | | | | |
| Other Expenses | \$ 225,000 | \$ 225,000 | 165,382 | \$ 59,618 |
| Service Fees - RLSA | 1,167,392 | 1,167,392 | 1,167,392 | - |
| Service Fees - RTMUA | 290,000 | 290,000 | 248,718 | 41,282 |
| Surplus (General Budget) | 125,000 | 125,000 | 125,000 | - |
| Total Water Utility Appropriations | \$ 1,807,392 | \$ 1,807,392 | \$ 1,706,492 | \$ 100,900 |
| | <u>Reference</u> | D-2 | D-2 | D |
| | | | <u>Reference</u> | <u>Paid or Charged</u> |
| Cash Disbursements | | D-4 | | \$ 1,583,640 |
| Accounts Payable | | D-7 | | 122,852 |
| | | | | \$ 1,706,492 |

**TOWNSHIP OF READINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2020 AND 2019**

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Land and Land Improvements | \$ 32,981,924 | \$ 30,752,309 |
| Buildings and Building Improvements | 7,850,537 | 7,426,120 |
| Machinery and Equipment | <u>12,458,162</u> | <u>12,335,757</u> |
| | <u>\$ 53,290,623</u> | <u>\$ 50,514,186</u> |
| LIABILITIES | | |
| Investment in General Fixed Assets | <u>\$ 53,290,623</u> | <u>\$ 50,514,186</u> |

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Readington (the "Township") was incorporated in 1798 and operates under an elected Mayor and Council form of government. The five Committee members are elected at-large, for staggered terms of three years. The Committee elects a Mayor and Deputy Mayor each for a term of one year. The Mayor is the Chief Executive Officer of the Township and as such presides over all public meetings and makes appointments to various boards. The Township Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Township Administrator is appointed by the Township Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is 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 organization; 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. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, volunteer fire department or volunteer ambulance squad which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Readington have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's sanitary sewerage system and the assets and liabilities relative to such activities.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township. The Township's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2019 balances to conform to the December 31, 2020 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township of Readington follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - 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 inventories to be recorded as assets in proprietary-type funds.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, 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. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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 for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges - Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Readington has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 2016 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2016 are stated as follows:

| | |
|-------------------------|---------------------------|
| Land and Buildings | Assessed Value |
| Machinery and Equipment | Estimated Historical Cost |

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Animal Control Fund
Other Trust (Except Open Space Reserve)
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020 and 2019 the Township Council increased the original budget by \$106,354 and \$591,444. The increase in 2020 was funded by additional aid allotted to the Township. The increase in 2019 was funded by additional aid allotted to the Township in the amount of \$91,444 and a special emergency resolution for revaluation of real property in the amount of \$500,000. In addition, the governing body approved several budget transfers during 2020 and 2019.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. **Cash Deposits**

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2020 and 2019, the book value of the Township's deposits were \$19,442,788 and \$17,716,704 and bank and brokerage firm balances of the Township's deposits amounted to \$20,553,921 and \$18,160,496, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> | |
|---------------------------|---------------------|---------------|
| | <u>2020</u> | <u>2019</u> |
| Insured | \$ 20,553,921 | \$ 18,160,496 |

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, none of the Township’s bank balances were exposed to custodial credit risk.

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2020 and 2019, the Township had the following investments:

| Investment: | <u>Fair Value</u> (Unaudited) | |
|----------------------------------|----------------------------------|--------------|
| | <u>2020</u> | <u>2019</u> |
| U.S. Government Securities | | |
| Length of Service Awards Program | \$ 2,408,371 | \$ 2,003,150 |

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2020 and 2019, \$2,408,371 and \$2,003,150 of the Township’s investments was exposed to custodial credit risk as follows:

| | Fair Value (Unaudited) | |
|--------------------------------|--------------------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Uninsured and Uncollateralized | \$ 2,408,371 | \$ 2,003,150 |

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2020 and 2019, the Township’s investment in Lincoln National Life Insurance Company (Lincoln) was rated A1 by Moody’s Investors Services .

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township’s investments are in Lincoln Financial. These investments are 100% of the Township’s total investments.

The fair value of the above-listed investment(s) was/were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2020 consisted of the following:

| | <u>Current</u> | <u>Sewer Utility</u> | <u>Total</u> |
|--------------------------|-------------------|--------------------------|---------------------|
| <u>2020</u> | | | |
| Property Taxes | \$ 802,224 | | \$ 802,224 |
| Tax Title Liens | 121,105 | | 121,105 |
| Utility Charges and Fees | - | \$ 108,137 | 108,137 |
| | <u>\$ 923,329</u> | <u>\$ 108,137</u> | <u>\$ 1,031,466</u> |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

In 2020, the Township collected \$683,881 and \$99,048 from delinquent taxes and utility charges and fees, which represented 85% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2019.

Receivables at December 31, 2019 consisted of the following:

| | <u>Current</u> | <u>Sewer Utility</u> | <u>Total</u> |
|--------------------------|-------------------|--------------------------|-------------------|
| <u>2019</u> | | | |
| Property Taxes | \$ 683,881 | | \$ 683,881 |
| Tax Title Liens | 117,857 | | 117,857 |
| Utility Charges and Fees | <u>-</u> | <u>\$ 99,048</u> | <u>99,048</u> |
| | <u>\$ 801,738</u> | <u>\$ 99,048</u> | <u>\$ 900,786</u> |

In 2019, the Township collected \$565,874 and \$110,893 from delinquent taxes and utility charges and fees, which represented 83% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2018.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

| | <u>2020</u> | | <u>2019</u> | |
|---------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
| Current Fund: | | | | |
| Regular | \$ 5,000 | \$ 31,725 | | \$ 59,541 |
| Grants | 31,725 | | \$ 59,541 | |
| Animal Control Fund | <u>-</u> | <u>5,000</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 36,725</u> | <u>\$ 36,725</u> | <u>\$ 59,541</u> | <u>\$ 59,541</u> |

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The Township expects all interfund balances to be liquidated within one year.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

| | <u>Balance December 31,</u> | <u>Subsequent Year Budget Appropriation</u> | <u>Balance</u> |
|---|---------------------------------|---|----------------|
| <u>2020</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations (40A:4-55) | \$ 400,000 | \$ 100,000 | \$ 300,000 |

| | <u>Balance December 31,</u> | <u>Subsequent Year Budget Appropriation</u> | <u>Balance</u> |
|---|---------------------------------|---|----------------|
| <u>2019</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations (40A:4-55) | \$ 500,000 | \$ 100,000 | \$ 400,000 |

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and the Sewer Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

| | <u>2020</u> | | <u>2019</u> | |
|------------------------------|--|---|--|---|
| | <u>Fund Balance December 31,</u> | <u>Utilized in Subsequent Year's Budget</u> | <u>Fund Balance December 31,</u> | <u>Utilized in Subsequent Year's Budget</u> |
| Current Fund | | | | |
| Cash Surplus | \$ 3,089,803 | \$ 1,950,000 | \$ 2,274,276 | \$ 1,897,850 |
| Non-Cash Surplus | <u>451,485</u> | <u>-</u> | <u>553,145</u> | <u>-</u> |
| | <u>\$ 3,541,288</u> | <u>\$ 1,950,000</u> | <u>\$ 2,827,421</u> | <u>\$ 1,897,850</u> |
| Sewer Utility Operating Fund | | | | |
| Cash Surplus | \$ 688,310 | \$ 154,400 | \$ 581,388 | \$ 72,392 |
| | <u>\$ 688,310</u> | <u>\$ 154,400</u> | <u>\$ 581,388</u> | <u>\$ 72,392</u> |

TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

| | Balance January 1, <u>2020</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2020</u> |
|-------------------------------------|--------------------------------------|---------------------|-------------------|---|
| <u>2020</u> | | | | |
| Land and Land Improvements | \$ 30,752,309 | \$ 2,229,615 | | \$ 32,981,924 |
| Buildings and Building Improvements | 7,426,120 | 424,417 | | 7,850,537 |
| Machinery and Equipment | <u>12,335,757</u> | <u>419,778</u> | <u>\$ 297,373</u> | <u>12,458,162</u> |
| | <u>\$ 50,514,186</u> | <u>\$ 3,073,810</u> | <u>\$ 297,373</u> | <u>\$ 53,290,623</u> |
| | | | | |
| | Balance January 1, <u>2019</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2019</u> |
| <u>2019</u> | | | | |
| Land and Land Improvements | \$ 29,555,540 | \$ 1,196,769 | | \$ 30,752,309 |
| Buildings and Building Improvements | 7,348,961 | 77,159 | | 7,426,120 |
| Machinery and Equipment | <u>11,812,284</u> | <u>523,473</u> | <u>\$ -</u> | <u>12,335,757</u> |
| | <u>\$ 48,716,785</u> | <u>\$ 1,797,401</u> | <u>\$ -</u> | <u>\$ 50,514,186</u> |

TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Issued | | |
| General | | |
| Bonds, Notes and Loans | \$ 41,475,703 | \$ 56,308,350 |
| Less Funds Temporarily Held to Pay Bonds and Notes | <u>620,538</u> | <u>989,077</u> |
| Net Debt Issued | 40,855,165 | 55,319,273 |
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | <u>2,803,261</u> | <u>4,915,211</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 43,658,426</u> | <u>\$ 60,234,484</u> |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statements and indicates a statutory net debt of 1.36% and 1.87% at December 31, 2020 and 2019, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|----------------------|----------------------|----------------------|
| <u>2020</u> | | | |
| General Debt | \$ 44,278,964 | \$ 620,538 | \$ 43,658,426 |
| Local School Debt | 11,385,000 | 11,385,000 | - |
| Regional School Debt | <u>707,543</u> | <u>707,543</u> | <u>-</u> |
| Total | <u>\$ 56,371,507</u> | <u>\$ 12,713,081</u> | <u>\$ 43,658,426</u> |

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|----------------------|----------------------|----------------------|
| <u>2019</u> | | | |
| General Debt | \$ 61,223,561 | \$ 989,077 | \$ 60,234,484 |
| Local School Debt | 12,925,000 | 12,925,000 | - |
| Regional School Debt | <u>1,406,215</u> | <u>1,406,215</u> | <u>-</u> |
| Total | <u>\$ 75,554,776</u> | <u>\$ 15,320,292</u> | <u>\$ 60,234,484</u> |

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 111,925,578 | \$ 112,525,816 |
| Less: Net Debt | <u>43,658,426</u> | <u>60,234,484</u> |
| Remaining Borrowing Power | <u>\$ 68,267,152</u> | <u>\$ 52,291,332</u> |

TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Township's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| \$11,000,000, 2011 General Improvement Bonds, due in annual installments of \$265,000 through February 1, 2021, interest at 5.0 % | \$ 265,000 | \$ 735,000 |
| \$7,945,000, 2014 Refunding Bonds, due in annual installments of \$935,000 to \$960,000 through July 1, 2025, interest at 4.0% to 5.0% | 4,740,000 | 5,455,000 |
| \$9,573,000, 2015 General Improvement Bonds, due in annual installments of \$675,000 to \$1,000,000 through February 1, 2028, interest at 2.0% to 3.0% | 6,648,000 | 7,298,000 |
| \$14,184,000, 2017 General Improvement Bonds, due in annual installments of \$350,000 to \$450,000 through February 15, 2026, interest at 4.0% to 5.0 % | 2,200,000 | 13,475,000 |
| \$6,750,000, 2017 Refunding Bonds, due in annual installments of \$150,000 to \$865,000 through February 1, 2031, interest at 3.0% to 5.0% | 6,750,000 | 6,750,000 |
| \$6,278,000, 2018 General Improvement Bonds, due in annual installments of \$215,000 to \$300,000 through March 1, 2026, interest at 4.0% to 5.0% | 1,470,000 | 6,078,000 |
| \$6,121,000, 2020 General Improvement Bonds, due in annual installments of \$176,000 to \$350,000 through April 1, 2041, interest at 2.125% to 4.000% | <u>6,121,000</u> | <u>-</u> |
| Total | <u>\$ 28,194,000</u> | <u>\$ 39,791,000</u> |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Township has entered into various loan agreements with the State of New Jersey for the financing relating to the acquisition of various properties and infrastructure improvements. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| \$1,000,000, 2002 "Incentive" Loan | \$ - | \$ 63,975 |
| \$500,000, 2001 "Summer Road Park" Loan, due in semi-annual installments of \$14,939 to \$15,392 through 2021, interest at 1.00% | 30,631 | 60,659 |
| \$1,271,572, 2001 "NJ Infrastructure-Dreahook Road " Loan, due in semi-annual installments of \$768 to \$83,120 through 2021, interest at variable rate | 85,101 | 162,137 |
| \$285,829, 2003 "NJ Infrastructure-2003 " Loan, due in semi-annual installments of \$196 to \$14,044 through 2023, interest at variable rate | 42,112 | 56,941 |
| \$672,696, 2004 "NJ Infrastructure-2004" Loan, due in semi-annual installments of \$414 to \$44,382 through 2024, interest at variable rate | <u>139,859</u> | <u>173,638</u> |
| Total | <u>\$ 297,703</u> | <u>\$ 517,350</u> |

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2020 is as follows:

| Calendar Year | General | | | | Total |
|---------------|----------------------|---------------------|-------------------|-----------------|----------------------|
| | Bonds | | Loans | | |
| | Principal | Interest | Principal | Interest | |
| 2021 | \$ 2,641,000 | \$ 1,101,897 | \$ 161,769 | \$ 5,610 | \$ 3,910,276 |
| 2022 | 2,750,000 | 927,509 | 45,933 | 2,050 | 3,725,492 |
| 2023 | 2,845,000 | 820,134 | 59,050 | 1,313 | 3,725,497 |
| 2024 | 2,935,000 | 608,584 | 30,951 | 437 | 3,574,972 |
| 2025 | 3,053,000 | 591,259 | | | 3,644,259 |
| 2026-2030 | 9,550,000 | 1,473,420 | | | 11,023,420 |
| 2031-2035 | 2,470,000 | 350,500 | | | 2,820,500 |
| 2036-2040 | 1,625,000 | 135,844 | | | 1,760,844 |
| 2041 | <u>325,000</u> | <u>4,286</u> | - | - | <u>329,286</u> |
| Total | <u>\$ 28,194,000</u> | <u>\$ 6,013,433</u> | <u>\$ 297,703</u> | <u>\$ 9,410</u> | <u>\$ 34,514,546</u> |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Defeasance of Debt

The Township was party to litigation, *Township of Readington v. Solberg Aviation, et al* which involved a condemnation claim against Solberg Aviation Company seeking the acquisition of vacant and airport land. The Appellate Court found in favor of Solberg Aviation. As a result, the Court ordered monies, which had been held in escrow while the case was pending, be returned to the Township. On October 14, 2020 the Township utilized a portion of those funds to defease certain maturities of its 2017 Bonds and 2018 Bonds which were issued in connection with this condemnation claim and will no longer be used for that purpose. These funds were placed in an irrevocable trust to provide for all future debt service payments on the 2017 Bonds and the 2018 Bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Township’s financial statements. On December 31, 2020, \$15,323,000 of bonds outstanding are considered defeased. The 2017 Bonds will be called on February 15, 2027 and the 2018 Bonds will be called on March 1, 2024.

Changes in Long-Term Municipal Debt

The Township’s long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

| | Balance, January 1, <u>2020</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2020</u> | Due Within <u>One Year</u> |
|--|---------------------------------------|---------------------|----------------------|---|----------------------------------|
| <u>2020</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 39,791,000 | \$ 6,121,000 | \$ 17,718,000 | \$ 28,194,000 | \$ 2,641,000 |
| Intergovernmental Loans Payable | <u>517,350</u> | <u>-</u> | <u>219,647</u> | <u>297,703</u> | <u>167,379</u> |
| General Capital Fund Long-Term Liabilities | <u>\$ 40,308,350</u> | <u>\$ 6,121,000</u> | <u>\$ 17,937,647</u> | <u>\$ 28,491,703</u> | <u>\$ 2,808,379</u> |
| | Balance, January 1, <u>2019</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2019</u> | Due Within <u>One Year</u> |
| <u>2019</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 42,101,000 | \$ - | \$ 2,310,000 | \$ 39,791,000 | \$ 2,395,000 |
| Intergovernmental Loans Payable | <u>737,958</u> | <u>-</u> | <u>220,608</u> | <u>517,350</u> | <u>219,647</u> |
| General Capital Fund Long-Term Liabilities | <u>\$ 42,838,958</u> | <u>\$ -</u> | <u>\$ 2,530,608</u> | <u>\$ 40,308,350</u> | <u>\$ 2,614,647</u> |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

| <u>2020</u> | <u>Purpose</u> | <u>Ord.</u> | <u>Rate (%)</u> | <u>Maturity Date</u> | <u>Balance, January 1, 2020</u> | <u>Renewed/ Issued</u> | <u>Retired/ Redeemed</u> | <u>Balance, December 31, 2020</u> |
|-------------|--|-------------|-----------------|------------------------|---------------------------------|------------------------|--------------------------|-----------------------------------|
| | Acquisition of Property | 09-22 | 3.00% | 1/28/2020 | \$ 631,605 | | \$ 631,605 | |
| | Acquisition of Property | 09-23 | 3.00% | 1/28/2020 | 1,406,411 | | 1,406,411 | |
| | COAH Property | 09-31 | 3.00% | 1/28/2020 | 63,371 | | 63,371 | |
| | Acquisition of Property | 14-21 | 3.00% | 1/28/2020 | 396,468 | | 396,468 | |
| | Various Improvements | 15-4 | 3.00% | 1/28/2020 | 2,135,722 | | 2,135,722 | |
| | Various Improvements | 16-4 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 1,488,118 | \$ 695 | 1,488,118 | \$ 695 |
| | Various Improvements | 17-07 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 1,666,300 | 1,666,300 | 1,666,300 | - 1,666,300 |
| | Reacquire Available Sewer Capacity | 17-08 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 1,400,000 | 1,400,000 | 1,400,000 | - 1,400,000 |
| | Reacquire Available Sewer Capacity | 17-09 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 3,420,000 | 2,430,923 | 3,420,000 | - 2,430,923 |
| | Acquisition of Property - Affordable Housing | 17-12 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 840,000 | 840,000 | 840,000 | - 840,000 |
| | Affordable Housing | 18-1 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 74,750 | 74,750 | 74,750 | - 74,750 |
| | Various Improvements | 18-5 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 1,725,200 | 1,725,200 | 1,725,200 | - 1,725,200 |
| | Market to Affordable Housing Program | 18-10 | 3.00% 1.50% | 1/28/2020 4/29/2021 | 752,055 | 752,055 | 752,055 | - 752,055 |
| | Various Capital Improvements | 19-09 | 1.50% | 4/29/2021 | | 1,425,000 | | 1,425,000 |
| | Acquisition of Fire Truck | 19-20 | 1.50% | 4/29/2021 | | 665,000 | | 665,000 |
| | Saums Property | 19-23 | 1.50% | 4/29/2021 | | 2,004,077 | | 2,004,077 |
| | | | | | - | - | - | - |
| | | | | | \$ 16,000,000 | \$ 12,984,000 | \$ 16,000,000 | \$ 12,984,000 |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

| <u>Purpose</u> | <u>Ord.</u> | <u>Rate (%)</u> | <u>Maturity Date</u> | <u>Balance, January 1, 2019</u> | <u>Renewed/ Issued</u> | <u>Retired/ Redeemed</u> | <u>Balance, December 31, 2019</u> |
|--|-------------|-----------------|------------------------|---------------------------------|------------------------|--------------------------|-----------------------------------|
| 2019 | | | | | | | |
| Acquisition of Property | 09-22 | 2.00% 3.00% | 1/29/2019 1/28/2020 | \$ 660,074 | \$ 631,605 | \$ 660,074 | \$ 631,605 |
| Acquisition of Property | 09-23 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 1,406,411 | 1,406,411 | 1,406,411 | 1,406,411 |
| COAH Property | 09-31 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 66,621 | 63,371 | 66,621 | 63,371 |
| Acquisition of Property | 12-29 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 72,026 | | 72,026 | - |
| Acquisition of Property | 14-21 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 401,609 | 396,468 | 401,609 | 396,468 |
| Various Improvements | 15-4 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 2,139,219 | 2,135,722 | 2,139,219 | 2,135,722 |
| Various Improvements | 16-4 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 1,608,118 | 1,488,118 | 1,608,118 | 1,488,118 |
| Various Improvements | 17-07 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 1,666,300 | 1,666,300 | 1,666,300 | - 1,666,300 |
| Reacquire Available Sewer Capacity | 17-08 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 1,400,000 | 1,400,000 | 1,400,000 | - 1,400,000 |
| Reacquire Available Sewer Capacity | 17-09 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 3,420,000 | 3,420,000 | 3,420,000 | - 3,420,000 |
| Acquisition of Property - Affordable Housing | 17-12 | 2.00% 3.00% | 1/29/2019 1/28/2020 | 759,622 | - 840,000 | 759,622 | - 840,000 |
| Affordable Housing | 18-1 | 3.00% | 1/28/2020 | | 74,750 | | 74,750 |
| Various Improvements | 18-5 | 3.00% | 1/28/2020 | | 1,725,200 | | 1,725,200 |
| Market to Affordable Housing Program | 18-10 | 3.00% | 1/28/2020 | | 752,055 | | 752,055 |
| | | | | - | - | - | - |
| | | | | <u>\$ 13,600,000</u> | <u>\$ 16,000,000</u> | <u>\$ 13,600,000</u> | <u>\$ 16,000,000</u> |

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general governmental activities are accounted for in the General Capital Fund.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Township had the following commitments with respect to unfinished capital projects, capital acquisitions and the Township revaluation of real property:

| <u>2020</u> | <u>Commitment Balance</u> | <u>Estimated Date of Completion</u> |
|--|-------------------------------|---|
| Professional Appraisal Services - Revaluation | \$ 81,409 | 2021 |
| 2019 Road Reclamation Project | 22,078 | 2021 |
| Oak Drive Pump Station Upgrade | 157,898 | 2021 |
| Tower Fire Truck ((Joint Purchase with Branchburg Twp.) | 700,000 | 2021 |
| Portable CCTV Inspection System for Sanitary Sewer Pipes | 88,350 | 2021 |
| Two (2) Police Cars | 59,644 | 2021 |
| <u>2019</u> | | |
| Professional Appraisal Services - Revaluation | \$ 409,296 | 2020 |
| 2019 Road Reclamation Project | 22,078 | 2020 |
| Mason Dump Truck with Snow Plow and Sander | 73,139 | 2020 |

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$526,936 and \$538,761 at December 31, 2020 and 2019, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Township's changes in other long-term liabilities for the years ended December 31, 2020 and 2019 were as follows:

| | Balance, January 1, <u>2020</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2020</u> | Due Within <u>One Year</u> |
|-----------------------------------|---------------------------------------|-------------------|---------------------|---|----------------------------------|
| <u>2020</u> | | | | | |
| Compensated Absences | \$ 538,761 | | \$ 11,825 | \$ 526,936 | |
| Net Pension Liability - PERS | 7,529,542 | | 241,430 | 7,288,112 | |
| Net Pension Liability - PFRS | 8,790,529 | \$ 989,240 | | 9,779,769 | - |
| Net OPEB Obligation (1) | <u>14,293,272</u> | <u>-</u> | <u>-</u> | <u>14,293,272</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 31,152,104</u> | <u>\$ 989,240</u> | <u>\$ 253,255</u> | <u>\$ 31,888,089</u> | <u>\$ -</u> |
| | | | | | |
| | Balance, January 1, <u>2019</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2019</u> | Due Within <u>One Year</u> |
| <u>2019</u> | | | | | |
| Compensated Absences | \$ 496,493 | \$ 42,268 | | \$ 538,761 | |
| Net Pension Liability - PERS | 9,028,045 | | \$ 1,498,503 | 7,529,542 | |
| Net Pension Liability - PFRS | 9,725,222 | - | 934,693 | 8,790,529 | - |
| Net OPEB Obligation | <u>16,942,821</u> | <u>-</u> | <u>2,649,549</u> | <u>14,293,272</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 36,192,581</u> | <u>\$ 42,268</u> | <u>\$ 5,082,745</u> | <u>\$ 31,152,104</u> | <u>\$ -</u> |

(1) GASB Statement number 75 financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Township for 2020, 2019 and 2018 were equal to the required contributions.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2020, 2019 and 2018, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

| <u>Year Ended</u> <u>December 31</u> | <u>PERS</u> | <u>PFRS</u> | <u>DCRP</u> |
|---|-------------|-------------|-------------|
| 2020 | \$ 407,268 | \$ 725,571 | \$ 11,113 |
| 2019 | 456,080 | 702,637 | 11,007 |
| 2018 | 438,967 | 633,165 | 11,736 |

In addition for the years ended December 31, 2020, 2019 and 2018 the Township contributed for long-term disability insurance premiums (LTDI) \$793, \$1,030 and \$2,974, respectively for PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Township reported a liability of \$7,288,112 and \$7,529,542, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Township’s proportionate share of the net pension liability was based on the ratio of the Township’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Township’s proportionate share was 0.04469 percent, which was an increase of 0.00291 percent from its proportionate share measured as of June 30, 2019 of 0.04178 percent.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Township’s pension expense to be \$157,510 and \$236,050, respectively, for PERS based on the actuarial valuations which are less than the actual contribution reported in the Township’s financial statements of \$407,268 and \$456,080, respectively. At December 31, 2020 and 2019, the Township’s deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township’s financial statements are from the following sources:

| | 2020 | | 2019 | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 132,705 | \$ 25,774 | \$ 135,145 | \$ 33,262 |
| Changes of Assumptions | 236,435 | 3,051,602 | 751,852 | 2,613,480 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 249,114 | | | 118,857 |
| Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions | <u>768,848</u> | <u>783,945</u> | <u>438,581</u> | <u>1,133,509</u> |
| Total | <u>\$ 1,387,102</u> | <u>\$ 3,861,321</u> | <u>\$ 1,325,578</u> | <u>\$ 3,899,108</u> |

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Total</u> |
|---------------------------------|-----------------------|
| 2021 | \$ (911,582) |
| 2022 | (858,213) |
| 2023 | (559,677) |
| 2024 | (119,843) |
| 2025 | (24,904) |
| Thereafter | <u>-</u> |
| | <u>\$ (2,474,219)</u> |

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Township’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>PERS</u> | <u>2020 and 2019</u> |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00-6.00% Based on Years of Service |
| Thereafter | 3.00%-7.00% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

| <u>Asset Class</u> | <u>2020</u> | | <u>2019</u> | |
|---------------------------------|--------------------------|---|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 3.00% | 3.40% | 3.00% | 4.67% |
| Cash Equivalents | 4.00% | 0.50% | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 1.94% | 5.00% | 2.68% |
| Investment Grade Credit | 8.00% | 2.67% | 10.00% | 4.25% |
| US Equity | 27.00% | 7.71% | 28.00% | 8.26% |
| Non-US Developed Markets Equity | 13.50% | 8.57% | 12.50% | 9.00% |
| Emerging Markets Equity | 5.50% | 10.23% | 6.50% | 11.37% |
| High Yield | 2.00% | 5.95% | 2.00% | 5.37% |
| Real Assets | 3.00% | 9.73% | 2.50% | 9.31% |
| Private Credit | 8.00% | 7.59% | 6.00% | 7.92% |
| Real Estate | 8.00% | 9.56% | 7.50% | 8.33% |
| Private Equity | 13.00% | 11.42% | 12.00% | 10.85% |

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

| <u>Calendar Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|----------------------|-------------------------|----------------------|
| 2020 | June 30, 2020 | 7.00% |
| 2019 | June 30, 2019 | 6.28% |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

| | <u>2020</u> | <u>2019</u> |
|--|----------------|-------------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | | |
| Long-Term Expected Rate of Return | All Periods | Through June 30, 2057 |
| Municipal Bond Rate * | Not Applicable | From July 1, 2057 and Thereafter |

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, respectively, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

| <u>2020</u> | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------------------|--|------------------------------------|
| Township's Proportionate Share of the PERS Net Pension Liability | <u>\$ 9,174,517</u> | <u>\$ 7,288,112</u> | <u>\$ 5,687,446</u> |
| | 1% Decrease (5.28%) | Current Discount Rate (6.28%) | 1% Increase (7.28%) |
| <u>2019</u> | | | |
| Township's Proportionate Share of the PERS Net Pension Liability | <u>\$ 9,511,035</u> | <u>\$ 7,529,542</u> | <u>\$ 5,859,853</u> |

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen’s Retirement System (PFRS)

At December 31, 2020 and 2019, the Township reported a liability of \$9,779,769 and \$8,790,529, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Township’s proportionate share of the net pension liability was based on the ratio of the Township’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Township’s proportionate share was 0.07568 percent, which was an increase of 0.00385 percent from its proportionate share measured as of June 30, 2019 of 0.07183 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Township pension expense to be \$853,635 and \$1,032,239, respectively, for PFRS based on the actuarial valuations which are more than the actual contribution reported in the Township’s financial statements of \$725,571 and \$702,637, respectively. At December 31, 2020 and 2019, the Township’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township’s financial statements are from the following sources:

| | 2020 | | 2019 | |
|---|--|---|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 98,597 | \$ 35,098 | \$ 74,203 | \$ 55,654 |
| Changes of Assumptions | 24,611 | 2,621,898 | 301,211 | 2,841,018 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 573,434 | | | 119,109 |
| Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions | <u>692,581</u> | <u>4,125</u> | <u>385,506</u> | <u>5,177</u> |
| Total | <u>\$ 1,389,223</u> | <u>\$ 2,661,121</u> | <u>\$ 760,920</u> | <u>\$ 3,020,958</u> |

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

| Year Ending December 31, | <u>Total</u> |
|--------------------------------|-----------------------|
| 2021 | \$ (638,472) |
| 2022 | (455,952) |
| 2023 | (159,360) |
| 2024 | (10,268) |
| 2025 | (7,846) |
| Thereafter | <u>-</u> |
| | <u>\$ (1,271,898)</u> |

Actuarial Assumptions

The Township’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>PFRS</u> | <u>2020 and 2019</u> |
|---------------------------|--|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through | All Future Years 3.25%-15.25% Based on Years of Service |
| Thereafter | Not Applicable |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub - 2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

| <u>Asset Class</u> | <u>2020</u> | | <u>2019</u> | |
|---------------------------------|--------------------------|---|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 3.00% | 3.40% | 3.00% | 4.67% |
| Cash Equivalents | 4.00% | 0.50% | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 1.94% | 5.00% | 2.68% |
| Investment Grade Credit | 8.00% | 2.67% | 10.00% | 4.25% |
| US Equity | 27.00% | 7.71% | 28.00% | 8.26% |
| Non-US Developed Markets Equity | 13.50% | 8.57% | 12.50% | 9.00% |
| Emerging Markets Equity | 5.50% | 10.23% | 6.50% | 11.37% |
| High Yield | 2.00% | 5.95% | 2.00% | 5.37% |
| Real Assets | 3.00% | 9.73% | 2.50% | 9.31% |
| Private Credit | 8.00% | 7.59% | 6.00% | 7.92% |
| Real Estate | 8.00% | 9.56% | 7.50% | 8.33% |
| Private Equity | 13.00% | 11.42% | 12.00% | 10.85% |

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

| <u>Calendar</u> | | |
|-----------------|-------------------------|----------------------|
| <u>Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
| 2020 | June 30, 2020 | 7.00% |
| 2019 | June 30, 2019 | 6.85% |

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

| | <u>2020</u> | <u>2019</u> |
|--|----------------|----------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | | |
| Long-Term Expected Rate of Return | All Periods | Through June 30, 2076 |
| Municipal Bond Rate * | Not Applicable | From July 1, 2076 and Thereafter |

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township’s proportionate share of the PFRS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, respectively, as well as what the Township’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

| <u>2019</u> | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------------------|--|------------------------------------|
| Township's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 13,005,080</u> | <u>\$ 9,779,769</u> | <u>\$ 7,100,902</u> |
| | | | |
| <u>2019</u> | 1% Decrease (5.85%) | Current Discount Rate (6.85%) | 1% Increase (7.85%) |
| Township's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 11,881,592</u> | <u>\$ 8,790,529</u> | <u>\$ 6,232,229</u> |

The sensitivity analysis was based on the proportionate share of the Township’s net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Township’s net pension liability was not provided by the pension system.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,517,776 and \$1,388,041, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$172,009 and \$161,279, respectively, which are more than the actual contributions the State made on behalf of the Township of \$116,792 and \$93,525, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Township was 0.07568 percent, which was an increase of 0.00385 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of 0.07183 percent. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Township.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – 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* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug 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. 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) retires 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) retires 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 coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which was rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$346.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Township's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2020, 2019 and 2018 were \$427,172, \$483,303 and \$754,186, respectively, which equaled the required contributions for each year.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the Township reported a liability of \$14,293,272., for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Township’s proportionate share of the net OPEB liability was based on the ratio of the Township’s proportionate share of the OPEB liability attributable to the Township at June 30, 2019 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. As of the measurement date of June 30, 2019 the Township’s proportionate share was 0.105516 percent, which was a decrease of 0.002630 percent from its proportionate share measured as of June 30, 2018 of 0.108146 percent.

For the year ended December 31, 2019, the Plan has determined the Township’s OPEB benefit to be \$(558,908), based on the actuarial valuation which is less than the actual contributions reported in the Township’s financial statements of \$483,303. At December 31, 2019, the Township’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Township’s financial statements are from the following sources:

| | 2019 | |
|---|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | | \$ 4,179,910 |
| Changes of Assumptions | | 5,065,218 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | \$ 11,774 | |
| Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions | - | 2,310,969 |
| Contributions made Subsequent to the Measurement Date | - | - |
| Total | <u>\$ 11,774</u> | <u>\$ 11,556,097</u> |

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

| Year Ending <u>December 31,</u> | <u>Total</u> |
|---------------------------------------|------------------------|
| 2020 | \$ (1,934,662) |
| 2021 | (1,934,664) |
| 2022 | (1,935,614) |
| 2023 | (1,937,138) |
| 2024 | (1,938,463) |
| Thereafter | <u>(1,863,782)</u> |
| | <u>\$ (11,544,323)</u> |

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to OPEB (Continued)**

Actuarial Assumptions

The Township’s total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | <u>2019</u> |
|-------------------------------------|---|
| Inflation Rate | 2.50% |
| Salary Increases* | |
| PERS: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 2.00% to 6.00% |
| Rate Thereafter | 3.00% to 7.00% |
| PFRS: | |
| Initial Fiscal Year Applied Through | Rate for All Future Years |
| Rate | 3.25% to 15.25% |
| Rate Thereafter | Not Applicable |
| Mortality | |
| PERS | Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019. |
| PFRS | Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019. |
| Long-Term Rate of Return | 2.00% |

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

| <u>Calendar Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|----------------------|-------------------------|----------------------|
| 2019 | June 30, 2019 | 3.50% |

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Township’s proportionate share of the OPEB net liability as of December 31, 2019 calculated using the discount rate of 3.50%, as well as what the Township’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% or 1-percentage-point higher 4.50% than the current rate:

| <u>2019</u> | <u>1% Decrease (2.50%)</u> | <u>Current Discount Rate (3.50%)</u> | <u>1% Increase (4.50%)</u> |
|--|----------------------------|--------------------------------------|----------------------------|
| Township's Proportionate Share of the Net OPEB Liability | \$ 16,526,658 | \$ 14,293,272 | \$ 12,478,350 |

The sensitivity analysis was based on the proportionate share of the Township’s net OPEB liability at December 31, 2019. A sensitivity analysis specific to the Township’s net OPEB liability was not provided by the Plan.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

The following presents the Township’s proportionate share of the OPEB net liability as of December 31, 2019 calculated using the healthcare trend rates as disclosed above as well as what the Township’s proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

| <u>2019</u> | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|---|------------------------|--|------------------------|
| Township's Proportionate Share of the Net OPEB Liability | <u>\$ 12,061,760</u> | <u>\$ 14,293,272</u> | <u>\$ 17,139,941</u> |

The sensitivity analysis was based on the proportionate share of the Township’s net OPEB liability at December 31, 2019. A sensitivity analysis specific to the Township’s net OPEB liability was not provided by the pension system.

NOTE 14 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Readington is a member of the Public Alliance Insurance Coverage Joint Insurance Fund (PAIC) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund’s Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**TOWNSHIP OF READINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 14 RISK MANAGEMENT (Continued)

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

| <u>Year Ended December 31</u> | <u>Employer/Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-----------------------------------|--|------------------------------|---------------------------|
| 2020 | \$ 8,634 | \$ 865 | \$ 66,771 |
| 2019 | 8,959 | 877 | 59,002 |
| 2018 | 9,099 | 19,702 | 50,920 |

NOTE 15 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township’s Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Certain tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2020 and 2019, the Township reserved \$1,808,002 and \$308,002 respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability in excess of the reserve would be provided for in succeeding years’ budget, from fund balance or from a refunding bond ordinance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2020 and 2019, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2020 and 2019, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Township of Readington Length of Service Award Program (the Plan) was created by a Township ordinance adopted on May 3, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Readington approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Company and the Whitehouse Rescue Squad, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of Readington has contributed \$1,000 and \$800 for 2020 and 2019. The total Township contributions were \$76,000 and \$68,000 for 2020 and 2019, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Fund.

**TOWNSHIP OF READINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Township) (the “COVID-19 Pandemic”). On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Township has instituted necessary precautions and procedures, so as to allow the Township to continue to provide services during this time. The Township is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Township will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Township cannot predict how the outbreak will impact the financial condition or operations of the Township, or if there will be any impact on the assessed values of property within the Township or deferral of tax payments to municipalities. The Township cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the Township’s operations; however, such amounts, if any, could be material.

NOTE 19 SUBSEQUENT EVENTS

Bond Anticipation Notes

On April 28, 2021 the Township issued bond anticipation notes in the amount of \$14,350,000 to temporarily finance expenditures related to various capital projects. The Township have awarded the sale of said notes to TD Securities, LLC at an interest rate of 1.0%. These notes dated April 28, 2021 will mature on April 28, 2022.

Debt Authorized

Through June 28, 2021 the Township adopted several bond ordinances authorizing the issuance \$1,300,800 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

TOWNSHIP OF READINGTON
STATEMENT OF CASH - COLLECTOR - TREASURER

| | | |
|---|---------------|----------------------|
| Balance, January 1, 2020 | | \$ 10,012,980 |
| Increased by: | | |
| Taxes Receivable | \$ 78,263,555 | |
| State of NJ Senior Citizens' and Veterans' Deductions | 110,160 | |
| Miscellaneous Revenues Not Anticipated | 122,915 | |
| Revenue Accounts Receivable | 2,695,074 | |
| Petty Cash Advanced | 200 | |
| Tax Overpayments | 164,606 | |
| Prepaid Taxes | 609,453 | |
| Federal and State Grants Received in Current Fund | 267,613 | |
| Reserve for Sale of Assets | 18,845 | |
| Reserve for Tax Sale Premiums | 144,900 | |
| Reserve for Outside Tax Liens | 598,815 | |
| Receipts from Animal Control Fund | 52 | |
| Receipts from Other Trust Fund | 6,377 | |
| Receipts from General Capital Fund | 247,497 | |
| Budget Refunds | 592,129 | |
| Miscellaneous Fees Payable | <u>45,809</u> | |
| | | <u>83,888,000</u> |
| | | 93,900,980 |
| Decreased by Disbursements: | | |
| 2020 Budget Appropriations | 19,003,916 | |
| 2019 Appropriation Reserves | 707,511 | |
| Tax Overpayments | 32,915 | |
| County Taxes | 12,308,344 | |
| Local District School Taxes | 31,947,239 | |
| Regional High School Taxes | 17,419,844 | |
| Municipal Open Space Taxes Payable | 528,029 | |
| Appropriated Grant Reserves Paid by Current Fund | 292,827 | |
| Reserve for Encumbrances - Grants Fund Paid by Current Fund | 2,602 | |
| Petty Cash Returned | 200 | |
| Reserve for Revaluation | 327,886 | |
| Reserve for Tax Sale Premiums | 499,100 | |
| Reserve for Outside Tax Liens | 642,219 | |
| Payments Due from Animal Control Trust Fund | 5,000 | |
| Miscellaneous Fees Payable | 47,453 | |
| Refund of Prior Year Revenue | <u>1,842</u> | |
| | | <u>83,766,927</u> |
| Balance, December 31, 2020 | | <u>\$ 10,134,053</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF CHANGE FUND**

| <u>Office</u> | Balance, January 1, <u>2020</u> | Balance, December 31, <u>2020</u> |
|-------------------------------|---------------------------------------|---|
| Tax Collector | \$ 150 | \$ 150 |
| Municipal Court | 200 | 200 |
| Police Department | 100 | 100 |
| Township Clerk/Animal Control | 100 | 100 |
| Department of Public Works | <u>100</u> | <u>100</u> |
| | <u>\$ 650</u> | <u>\$ 650</u> |

STATEMENT OF PETTY CASH

| <u>Office</u> | Advanced in <u>2020</u> | Returned in <u>2020</u> |
|-----------------------------|-------------------------------|-------------------------------|
| Township Finance Department | <u>\$ 200</u> | <u>\$ 200</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

| | | |
|--|--------------|------------------|
| Balance, January 1, 2020 | | \$ 53,145 |
| Increased by: | | |
| Senior Citizens' and Veterans' Deductions Per Tax Billings - 2020 | \$ 109,000 | |
| Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - 2020 | <u>750</u> | |
| | | <u>109,750</u> |
| | | 162,895 |
| Decreased by: | | |
| Received in Cash from State | 110,160 | |
| Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector - 2020 | <u>1,250</u> | |
| | | <u>111,410</u> |
| Balance, December 31, 2020 | | <u>\$ 51,485</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

| <u>Year</u> | Balance, January 1, <u>2020</u> | <u>2020 Levy</u> | Senior Citizens and Veterans Deductions <u>Disallowed</u> | <u>Collected in Cash</u> | | Tax Overpayments <u>Applied</u> | Senior Citizens and Veterans' Deductions <u>Allowed</u> | Transferred to Tax Title <u>Liens</u> | <u>Cancelled</u> | Balance, December 31, <u>2020</u> |
|-------------|---------------------------------------|----------------------|--|--------------------------|---------------------|---------------------------------------|---|--|-------------------|---|
| 2019 | \$ 683,881 | | | | \$ 683,881 | | | | | |
| 2020 | <u>-</u> | \$ 80,300,355 | \$ 1,250 | \$ 1,553,551 | <u>77,579,674</u> | \$ 105,936 | \$ 109,750 | \$ 3,248 | \$ 147,222 | \$ 802,224 |
| | <u>\$ 683,881</u> | <u>\$ 80,300,355</u> | <u>\$ 1,250</u> | <u>\$ 1,553,551</u> | <u>\$78,263,555</u> | <u>\$ 105,936</u> | <u>\$ 109,750</u> | <u>\$ 3,248</u> | <u>\$ 147,222</u> | <u>\$ 802,224</u> |

Analysis of 2020 Property Tax Levy

| | |
|---|---------------------|
| Tax Yield | |
| General Purpose Tax | \$79,956,115 |
| Added Taxes (54:4-63.1 et seq.) | <u>344,240</u> |
| | <u>\$80,300,355</u> |
| Tax Levy | |
| Local District School Tax (Abstract) | \$31,947,239 |
| Regional High School Tax (Abstract) | 19,419,844 |
| Municipal Open Space Taxes | 528,029 |
| County Taxes | \$10,278,240 |
| Due County for Added Taxes (54:4-63.1 et seq) | 52,936 |
| County Library Taxes | 1,009,297 |
| County Open Space Taxes | <u>981,620</u> |
| | 12,322,093 |
| Local Tax for Municipal Purposes | 15,772,780 |
| Add Additional Tax Levied | <u>310,370</u> |
| | <u>16,083,150</u> |
| | <u>\$80,300,355</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF TAX TITLE LIENS**

| | |
|-------------------------------------|------------|
| Balance, January 1, 2020 | \$ 117,857 |
| Increased by: | |
| Transferred from Current Year Taxes | 3,248 |
| Balance, December 31, 2020 | \$ 121,105 |

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

| | Balance, January 1, <u>2020</u> | Accrued in 2020 | Collected in 2020 | Balance, December 31, <u>2020</u> |
|---|---------------------------------------|--------------------|----------------------|---|
| Township Clerk | | | | |
| Licenses | | | | |
| Alcoholic Beverages | | \$ 23,700 | \$ 23,700 | |
| Fees and Permits | | 30,636 | 30,636 | |
| Board of Health/Registrar of Vital Statistics | | | | |
| Fees and Permits | | 48,277 | 48,277 | |
| Department of Public Works | | | | |
| Fees and Permits | | 11,125 | 11,125 | |
| Fire Prevention | | | | |
| Fees and Permits | | 59,150 | 59,150 | |
| Police | | | | |
| Fees and Permits | | 5,655 | 5,655 | |
| Planning & Zoning Boards | | | | |
| Fees and Permits | | 35,731 | 35,731 | |
| Municipal Court | | | | |
| Fines and Costs | \$ 5,762 | 58,829 | 61,281 | \$ 3,310 |
| Interest and Costs on Taxes | | 199,938 | 199,938 | |
| Interest on Investments and Deposits | | 63,909 | 63,909 | |
| Energy Receipts Taxes | | 1,421,711 | 1,421,711 | |
| Garden State Trust Fund | | 6,112 | 6,112 | |
| Uniform Construction Code Fees | | 570,772 | 570,772 | |
| Sewer Utility Operating Fund Balance | | 125,000 | 125,000 | |
| Uniform Safety Act | - | 32,077 | 32,077 | - |
| | \$ 5,762 | \$ 2,692,622 | \$ 2,695,074 | \$ 3,310 |

TOWNSHIP OF READINGTON
STATEMENT OF 2019 APPROPRIATION RESERVES

| | Balance, January 1, <u>2020</u> | Encumbrances <u>Restored</u> | Modified <u>Balance</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|-----------------------------------|---------------------------------------|---------------------------------|----------------------------|---------------------------|--------------------------|
| General Administration | | | | | |
| Salaries and Wages | \$ 18 | | \$ 18 | | \$ 18 |
| Other Expenses | | | | | |
| Elections | 3,498 | | 3,498 | \$ 520 | 2,978 |
| Miscellaneous Other Expenses | 1,554 | \$ 10,699 | 12,253 | 7,124 | 5,129 |
| Mayor and Committee | | | | | |
| Salaries and Wages | 746 | | 746 | | 746 |
| Financial Administration | | | | | |
| Salaries and Wages | 8,427 | | 8,427 | | 8,427 |
| Other Expenses | 969 | 234 | 1,203 | 309 | 894 |
| Revenue Administration | | | | | |
| Other Expenses | 230 | 30 | 260 | 30 | 230 |
| Assessment of Taxes | | | | | |
| Other Expenses | | | | | |
| Revision of Tax Map | 12,467 | | 12,467 | 12,243 | 224 |
| Miscellaneous Other Expenses | 1,480 | - | 1,480 | 10 | 1,470 |
| Legal Services and Costs | | | | | |
| Other Expenses | 34,993 | 21,470 | 56,463 | 36,240 | 20,223 |
| Engineering Services and Costs - | | | | | |
| Other Expenses | 75,982 | - | 75,982 | 22,886 | 53,096 |
| Museum Committee | | | | | |
| Salaries and Wages | 7,384 | | 7,384 | | 7,384 |
| Other Expenses | 1,224 | 2,259 | 3,483 | 1,129 | 2,354 |
| Historical Preservation | | | | | |
| Other Expenses | 800 | | 800 | | 800 |
| Planning Board | | | | | |
| Other Expenses | 2,737 | - | 2,737 | 1,689 | 1,048 |
| Board of Adjustment | | | | | |
| Salaries and Wages | 288 | | 288 | | 288 |
| Other Expenses | 6,226 | - | 6,226 | 1,650 | 4,576 |
| Environmental Health Commission | | | | | |
| Other Expenses | | | | | |
| Consultants | 21,744 | 10,576 | 32,320 | 13,209 | 19,111 |
| Miscellaneous Other Expenses | 1,950 | | 1,950 | - | 1,950 |
| Police | | | | | |
| Salaries and Wages | 2,019 | | 2,019 | - | 2,019 |
| Other Expenses | 40,824 | 76,802 | 117,626 | 109,470 | 8,156 |
| Fire | | | | | |
| Equipment for Volunteer Fire Co. | 22,545 | 33,483 | 56,028 | 52,047 | 3,981 |
| Supplemental Fire Service Program | | | | | |
| Other Expenses | 5,563 | | 5,563 | (141) | 5,704 |
| First Aid Equipment | 13,851 | 3,658 | 17,509 | 11,318 | 6,191 |
| Emergency Management | | | | | |
| Salaries and Wages | 575 | | 575 | | 575 |
| Other Expenses | 162 | 2,669 | 2,831 | 2,669 | 162 |
| Uniform Fire Safety | | | | | |
| Other Expenses | 4,092 | 499 | 4,591 | 2,149 | 2,442 |
| Road, Repairs and Maintenance | | | | | |
| Salaries and Wages | 219 | | 219 | | 219 |
| Other Expenses | 31,856 | 46,113 | 77,969 | 51,859 | 26,110 |
| Snow Removal | | | | | |
| Other Expenses | 17,350 | 6,000 | 23,350 | 17,737 | 5,613 |
| Buildings and Grounds | | | | | |
| Salaries and Wages | 213 | | 213 | | 213 |
| Other Expenses | 15,097 | 6,946 | 22,043 | 7,334 | 14,709 |
| Waste Collection/Recycling | | | | | |
| Other Expenses | 51,178 | - | 51,178 | 42,920 | 8,258 |
| Tree Care | | | | | |
| Other Expenses | 3,466 | | 3,466 | | 3,466 |
| Board of Health | | | | | |
| Salaries and Wages | 435 | | 435 | | 435 |
| Other Expenses | 12,394 | | 12,394 | 9,796 | 2,598 |

TOWNSHIP OF READINGTON
STATEMENT OF 2019 APPROPRIATION RESERVES

| | Balance, January 1, <u>2020</u> | Encumbrances <u>Restored</u> | Modified <u>Balance</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|---|---------------------------------------|---------------------------------|----------------------------|---------------------------|--------------------------|
| Administration of Public Assistance | | | | | |
| Salaries and Wages | \$ 1,652 | | \$ 1,652 | | \$ 1,652 |
| Other Expenses | 22 | | 22 | | 22 |
| Recreation | | | | | |
| Salaries and Wages | 11,262 | | 11,262 | | 11,262 |
| Other Expenses | 10,737 | 183 | 10,920 | 10,899 | 21 |
| Senior Citizens Transportation | | | | | |
| Other Expenses | 621 | | 621 | | 621 |
| Expense in Participation of Free County Library | | | | | |
| Salaries and Wages | 2,247 | | 2,247 | | 2,247 |
| Other Expenses | 2,865 | 260 | 3,125 | 2,340 | 785 |
| Celebration of Public Events | | | | | |
| Other Expenses | 127 | | 127 | | 127 |
| Construction Code Official | | | | | |
| Salaries and Wages | 4,064 | | 4,064 | | 4,064 |
| Other Expenses | 11,915 | 20,249 | 32,164 | 28,792 | 3,372 |
| Utilities | | | | | |
| Fire Hydrant Services | 6,867 | | 6,867 | 6,867 | - |
| Electricity | 1,035 | - | 1,035 | 1,027 | 8 |
| Street Lighting | 4,410 | | 4,410 | 594 | 3,816 |
| Telephone | 7,675 | 15 | 7,690 | 2,965 | 4,725 |
| Gasoline | 1,210 | 9,800 | 11,010 | 9,800 | 1,210 |
| Public Defender | | | | | |
| Other Expenses | 8,689 | 399 | 9,088 | 3,821 | 5,267 |
| Cost of PEOSHA Requirement | | | | | |
| Other Expenses | 19,295 | - | 19,295 | 12,922 | 6,373 |
| Municipal Prosecutor's Office | | | | | |
| Other Expenses | 3,368 | 3,262 | 6,630 | 6,630 | - |
| Municipal Court | | | | | |
| Salaries and Wages | 6,911 | | 6,911 | | 6,911 |
| Other Expenses | 3,880 | 114 | 3,994 | 2,304 | 1,690 |
| Social Security System | 39,190 | | 39,190 | 27,328 | 11,862 |
| LOSAP | 7,000 | | 7,000 | | 7,000 |
| Defined Contribution Retirement Contribution | 993 | | 993 | | 993 |
| Unemployment | 2,154 | | 2,154 | | 2,154 |
| Insurance | | | | | |
| General Liability | 17,133 | | 17,133 | | 17,133 |
| Employee Group Health | 189,879 | 2,025 | 191,904 | 187,025 | 4,879 |
| Contingent | 1,620 | - | 1,620 | - | 1,620 |
| | <u>\$ 771,377</u> | <u>\$ 257,745</u> | <u>\$ 1,029,122</u> | <u>\$ 707,511</u> | <u>\$ 321,611</u> |
| | | | \$ 771,377 | | |
| Appropriation Reserves | | | <u>257,745</u> | | |
| Transferred from Reserve for Encumbrances | | | <u>\$ 1,029,122</u> | | |
| | | | Cash Disbursements | <u>\$ 707,511</u> | |

**TOWNSHIP OF READINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

| | |
|---------------------------------------|-------------------|
| Balance, January 1, 2020 | \$ 257,745 |
| Increased by: | |
| Charges to 2020 Budget Appropriations | <u>667,801</u> |
| | 925,546 |
| Decreased by: | |
| Restored to Appropriation Reserves | <u>257,745</u> |
| Balance, December 31, 2020 | <u>\$ 667,801</u> |

STATEMENT OF PREPAID TAXES

| | |
|--------------------------------------|-------------------|
| Balance, January 1, 2020 | \$ 1,553,551 |
| Increased by: | |
| Collection - 2021 Taxes | <u>609,453</u> |
| | 2,163,004 |
| Decreased by: | |
| Application to 2020 Taxes Receivable | <u>1,553,551</u> |
| Balance, December 31, 2020 | <u>\$ 609,453</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF TAX OVERPAYMENTS**

| | | |
|-------------------------------|---------------|-------------------|
| Balance, January 1, 2020 | | \$ 106,910 |
| Increased by: | | |
| Cash Receipts | | <u>164,606</u> |
| | | 271,516 |
| Decreased by: | | |
| Applied to Current Year Taxes | \$ 105,936 | |
| Cash Disbursements | <u>32,915</u> | |
| | | <u>138,851</u> |
| Balance, December 31, 2020 | | <u>\$ 132,665</u> |

STATEMENT OF COUNTY TAXES PAYABLE

| | | |
|--------------------------------------|---------------|-------------------|
| Balance, January 1, 2020 | | \$ 39,187 |
| Increased by: | | |
| 2020 Tax Levy | \$ 10,278,240 | |
| Library Taxes | 1,009,297 | |
| Open Space Taxes | 981,620 | |
| 2020 Added Taxes (54:4-63.1 et seq.) | <u>52,936</u> | |
| | | <u>12,322,093</u> |
| | | 12,361,280 |
| Decreased by: | | |
| Payments | | <u>12,308,344</u> |
| Balance, December 31, 2020 | | <u>\$ 52,936</u> |

STATEMENT OF SCHOOL TAXES PAYABLE

| | | |
|----------------------|--|----------------------|
| Increased by: | | |
| Levy - Calendar Year | | <u>\$ 31,947,239</u> |
| Decreased by: | | |
| Payments | | <u>\$ 31,947,239</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE**

| | | |
|----------------------------|---------------|--------------|
| Balance, January 1, 2020 | | \$ 3,459,271 |
| Increased by: | | |
| Levy - Calendar Year | | 19,419,844 |
| | | 22,879,115 |
| Decreased by: | | |
| Payments | \$ 17,419,844 | |
| Cancelled | 3,459,271 | |
| | | 20,879,115 |
| Balance, December 31, 2020 | | \$ 2,000,000 |

STATEMENT OF MISCELLANEOUS FEES PAYABLE

| | Balance, January 1, <u>2020</u> | Cash <u>Receipts</u> | Cash <u>Disbursements</u> | Balance, December 31, <u>2020</u> |
|-----------------------------------|---------------------------------------|-------------------------|------------------------------|---|
| Due State - Marriage License Fees | \$ 575 | \$ 1,550 | \$ 1,775 | \$ 350 |
| Due State - DCA Training Fees | 11,519 | 34,209 | 38,028 | 7,700 |
| Due County - Food Inspections | - | 10,050 | 7,650 | 2,400 |
| | \$ 12,094 | \$ 45,809 | \$ 47,453 | \$ 10,450 |

STATEMENT OF RESERVE FOR REVALUATION

| | | |
|----------------------------|--|------------|
| Balance, January 1, 2020 | | \$ 459,520 |
| Decreased by: | | |
| Cash Disbursements | | 327,886 |
| Balance, December 31, 2020 | | \$ 131,634 |

**TOWNSHIP OF READINGTON
STATEMENT OF DUE FROM ANIMAL CONTROL FUND**

| | |
|--|-----------------------------------|
| Increased by: | |
| Payments Made to Animal Control Trust Fund | <u>\$ 5,000</u> |
| Balance, December 31, 2020 | <u><u>\$ 5,000</u></u> |

TOWNSHIP OF READINGTON
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE
GRANTS FUND

| | Balance, January 1, <u>2020</u> | Accrued | <u>Decreased by</u> Cash Receipts Collected by Current Fund | Balance, December 31, <u>2020</u> |
|--|---------------------------------------|-------------------|--|---|
| Municipal Planning Incentive | | \$ 20,000 | | \$ 20,000 |
| Sustainable New Jersey - Roots to Rivers | | 7,214 | \$ 3,607 | 3,607 |
| Sustainable New Jersey - Holland Brook | | 3,897 | 2,000 | 1,897 |
| Somerset County Pass Thru DWI | | 1,980 | 1,980 | - |
| PSE&G Foundation | | 10,000 | 5,000 | 5,000 |
| Distracted Driver | | 950 | 950 | - |
| Clean Fleet Electric Vehicle | | 5,500 | - | 5,500 |
| State Forestry/Nursery Seedlings | | 1,989 | 1,989 | - |
| Clean Communities Program | | 51,490 | 51,490 | - |
| Alcohol Education & Rehabilitation | | 3,334 | 3,334 | - |
| NJ Environmental Commission - ANJEC | \$ 500 | | | 500 |
| NJ Historical Commission - Museum | 5,698 | | | 5,698 |
| 391-H Grant Watershed | 394,748 | | 194,833 | 199,915 |
| Body Armor Grant | 2,430 | - | 2,430 | - |
| | <u>\$ 403,376</u> | <u>\$ 106,354</u> | <u>\$ 267,613</u> | <u>\$ 242,117</u> |

TOWNSHIP OF READINGTON
STATEMENT OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS
GRANTS FUND

| | Balance, January 1, <u>2020</u> | Transferred from 2020 <u>Appropriations</u> | <u>Decreases</u> | Balance, December 31, <u>2020</u> |
|--|---------------------------------------|--|-------------------|---|
| Clean Communities Program | | \$ 51,490 | \$ 51,490 | |
| Drunk Driving Enforcement Fund | \$ 31,356 | | 7,179 | \$ 24,177 |
| Body Armor Grant | 2,433 | | - | 2,433 |
| Alcohol Education & Rehabilitation | 21,740 | 3,334 | 1,629 | 23,445 |
| Municipal Planning Incentive | - | 20,000 | 11,051 | 8,949 |
| Sustainable New Jersey - Roots to Rivers | - | 7,214 | 7,013 | 201 |
| Sustainable New Jersey - Holland Brook | - | 3,897 | 3,897 | - |
| Somerset County Pass Thru DWI | | 1,980 | 1,980 | - |
| PSE&G Foundation | | 10,000 | 10,000 | - |
| Distracted Driver | - | 950 | 950 | - |
| Clean Fleet Electric Vehicle | | 5,500 | - | 5,500 |
| State Forestry/Nursery Seedlings | | 1,989 | 1,989 | - |
| 391-H Grant Watershed | <u>404,786</u> | <u>-</u> | <u>203,504</u> | <u>201,282</u> |
| | <u>\$ 460,315</u> | <u>\$ 106,354</u> | <u>\$ 300,682</u> | <u>\$ 265,987</u> |
| Cash Disbursements Paid by Current Fund | | | \$ 292,827 | |
| Reserve for Encumbrances | | | <u>7,855</u> | |
| | | | <u>\$ 300,682</u> | |

**TOWNSHIP OF READINGTON
STATEMENT OF DUE FROM CURRENT FUND
GRANTS FUND**

| | | |
|--|--------------|------------------|
| Balance, January 1, 2020 | | \$ 59,541 |
| Increased by: | | |
| Grant Receipts Collected by Current Fund | | <u>267,613</u> |
| | | 327,154 |
| Decreased by: | | |
| Grant Disbursements Paid by Current Fund | | |
| Appropriated Grant Reserves | \$ 292,827 | |
| Grant Encumbrances | <u>2,602</u> | |
| | | <u>295,429</u> |
| Balance, December 31, 2020 | | <u>\$ 31,725</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF RESERVE FOR SALE OF ASSETS**

| | |
|------------------------------------|------------------|
| Balance, January 1, 2020 | \$ 6,252 |
| Increased by: | |
| Cash Receipts | <u>18,845</u> |
| | 25,097 |
| Decreased by: | |
| Utilized as Revenue in 2020 Budget | <u>6,252</u> |
| Balance, December 31, 2020 | <u>\$ 18,845</u> |

STATEMENT OF RESERVE FOR TAX SALE PREMIUMS

| | |
|----------------------------|-------------------|
| Balance, January 1, 2020 | \$ 662,500 |
| Increased by: | |
| Cash Receipts | <u>144,900</u> |
| | 807,400 |
| Decreased by: | |
| Cash Disbursements | <u>499,100</u> |
| Balance, December 31, 2020 | <u>\$ 308,300</u> |

STATEMENT OF RESERVE FOR OUTSIDE TAX LIENS

| | |
|----------------------------|----------------|
| Balance, December 31, 2019 | \$ 43,404 |
| Increased by: | |
| Cash Receipts | <u>598,815</u> |
| | 642,219 |
| Decreased by: | |
| Cash Disbursements | <u>642,219</u> |
| Balance, December 31, 2020 | <u>\$ -</u> |

STATEMENT OF RESERVE FOR TAX APPEALS PENDING

| | |
|---------------------------------------|---------------------|
| Balance, January 1, 2020 | \$ 308,002 |
| Increased by: | |
| Transfer from Current Tax Collections | <u>1,500,000</u> |
| Balance, December 31, 2020 | <u>\$ 1,808,002</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF ENCUMBRANCES PAYABLE
GRANTS FUND**

| | | |
|--|----|--------|
| Balance, January 1, 2020 | \$ | 2,602 |
| Increased by: | | |
| Charges to Appropriated Grant Reserves | | 7,855 |
| | | 10,457 |
| Decreased by: | | |
| Cash Disbursements | | 2,602 |
| Balance, December 31, 2020 | \$ | 7,855 |

STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE

| | | |
|--------------------------------------|----|---------|
| Increased by: | | |
| 2020 Tax Levy | \$ | 525,759 |
| 2020 Added Taxes (54:4-63.1 et seq.) | | 2,270 |
| | \$ | 528,029 |
| Decreased by: | | |
| Payments | \$ | 528,029 |

STATEMENT OF DEFERRED CHARGES- SPECIAL EMERGENCY AUTHORIZATION

| <u>Date</u> <u>Authorized</u> | <u>Purpose</u> | <u>Net Amount</u> <u>Authorized</u> | <u>Balance</u> <u>Jan. 1.</u> <u>2020</u> | <u>Raised in</u> <u>2020</u> <u>Budget</u> | <u>Balance</u> <u>Dec. 31,</u> <u>2020</u> |
|----------------------------------|------------------------------|--|---|--|--|
| 2/4/2019 | Revaluation of Real Property | \$ 500,000 | \$ 500,000 | \$ 100,000 | \$ 400,000 |

TRUST FUND

**TOWNSHIP OF READINGTON
SCHEDULE OF TRUST CASH - TREASURER**

| | <u>Animal Control Fund</u> | <u>Other Trust Fund</u> |
|------------------------------------|----------------------------|-------------------------|
| Balance, January 1, 2020 | \$ 6,205 | \$ 2,214,967 |
| Increased by Receipts: | | |
| Miscellaneous Reserves | | \$ 7,182,558 |
| Interest Earned | \$ 52 | 6,377 |
| Receipts Due to Current Fund | 5,000 | |
| Prepaid Dog Licenses | 221 | |
| Due to State of New Jersey | 3,261 | |
| Dog License Fees/Late Fees | <u>34,695</u> | - |
| | <u>43,229</u> | <u>7,188,935</u> |
| | 49,434 | 9,403,902 |
| Decreased by Disbursements: | | |
| Due to State of New Jersey | 3,240 | 865 |
| Expenditures Under (RS 4:19-15.11) | 39,400 | |
| Payments to Current Fund | 52 | 6,377 |
| Miscellaneous Reserves | <u>-</u> | <u>7,120,265</u> |
| | <u>42,692</u> | <u>7,127,507</u> |
| Balance, December 31, 2020 | <u>\$ 6,742</u> | <u>\$ 2,276,395</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
ANIMAL CONTROL FUND**

| | | |
|------------------------------------|--------------|-----------------|
| Balance, January 1, 2020 | | \$ 4,909 |
| Increased by: | | |
| Dog License Fees Collected in 2020 | \$ 29,753 | |
| Prepaid Licenses Applied | 1,187 | |
| Late Fees/Miscellaneous | <u>4,942</u> | |
| | | <u>35,882</u> |
| | | 40,791 |
| Decreased by: | | |
| Cash Disbursements | | <u>39,400</u> |
| Balance, December 31, 2020 | | <u>\$ 1,391</u> |

**STATEMENT OF PREPAID LICENSES
ANIMAL CONTROL FUND**

| | | |
|-----------------------------|--|---------------|
| Balance, January 1, 2020 | | \$ 1,187 |
| Increased by: | | |
| 2021 License Fees Collected | | <u>221</u> |
| | | 1,408 |
| Decreased by: | | |
| Applied in 2020 | | <u>1,187</u> |
| Balance, December 31, 2020 | | <u>\$ 221</u> |

**STATEMENT OF DUE TO STATE OF NEW JERSEY - DEPARTMENT OF HEALTH
ANIMAL CONTROL FUND**

| | | |
|---------------------------------|--|---------------|
| Balance, January 1, 2020 | | \$ 109 |
| Increased by: | | |
| State Fees Collected in 2020 | | <u>3,261</u> |
| | | 3,370 |
| Decreased by: | | |
| Payments to State of New Jersey | | <u>3,240</u> |
| Balance, December 31, 2020 | | <u>\$ 130</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

| | | |
|----------------------------|----|--------------|
| Increased by: | | |
| Cash Receipts | \$ | 5,000 |
| Interest Earned | | <u>52</u> |
| | \$ | 5,052 |
| Decreased by: | | |
| Payments to Current Fund | | <u>52</u> |
| Balance, December 31, 2020 | \$ | <u>5,000</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

| | |
|----------------------------|--------------|
| Increased by: | |
| Interest Earned | \$ 6,377 |
| Decreased by: | |
| Payments to Current Fund | <u>6,377</u> |
| Balance, December 31, 2020 | <u>\$ -</u> |

**STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT COMPENSATION
OTHER TRUST FUND**

| | |
|----------------------------------|-------------|
| Balance, January 1, 2020 | \$ - |
| Increased by: | |
| Unemployment Compensation Claims | <u>865</u> |
| | 865 |
| Decreased by: | |
| Cash Disbursements | <u>865</u> |
| Balance, December 31, 2020 | <u>\$ -</u> |

TOWNSHIP OF READINGTON
STATEMENT MISCELLANOUS RESERVES - OTHER TRUST FUND

| | Balance, January 1, <u>2020</u> | <u>Increased</u> | <u>Decreased</u> | Balance, December 31, <u>2020</u> |
|-----------------------------------|---------------------------------------|-------------------------|-------------------------|---|
| Open Space | \$ 14,617 | \$ 528,076 | \$ 492,309 | \$ 50,384 |
| Unemployment | 59,002 | 8,634 | 865 | 66,771 |
| General: | | | | |
| Police Escrow | 37,963 | 79,205 | 59,959 | 57,209 |
| Public Defender | 7,968 | 2,750 | 5,518 | 5,200 |
| Parking Offenses Adjudication Act | 74 | | | 74 |
| Library | 16,463 | 2,053 | 1,373 | 17,143 |
| Museum | 55,985 | 200 | | 56,185 |
| Board of Health Escrow | 245,236 | 38,733 | 18,025 | 265,944 |
| Housing: | | | | |
| Deposits | 312,238 | 219,202 | 244,123 | 287,317 |
| COAH | 1,972 | | 1,972 | - |
| Developers Escrow | 1,171,607 | 1,667,376 | 1,629,997 | 1,208,986 |
| Recreation | 90,846 | 278,249 | 330,622 | 38,473 |
| Driveway Apron/Maintenance | 150,084 | 9,533 | 1,154 | 158,463 |
| Payroll Deduction | 48,810 | 4,315,259 | 4,315,609 | 48,460 |
| Flexible Spending | 2,081 | 18,088 | 19,604 | 565 |
| Fire Penalties | | 15,200 | | 15,200 |
| Forfeited Funds | 21 | - | - | 21 |
| | <u>21</u> | <u>-</u> | <u>-</u> | <u>21</u> |
| Total | <u>\$ 2,214,967</u> | <u>\$ 7,182,558</u> | <u>\$ 7,121,130</u> | <u>\$ 2,276,395</u> |

| | | |
|-----------------------------------|---------------------|---------------------|
| Cash Receipts | \$ 7,182,558 | |
| Cash Disbursements | | \$ 7,120,265 |
| Amount Due to State of New Jersey | <u>-</u> | <u>865</u> |
| | <u>\$ 7,182,558</u> | <u>\$ 7,121,130</u> |

GENERAL CAPITAL FUND

TOWNSHIP OF READINGTON
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

| | | |
|---|----------------|---------------------|
| Balance, January 1, 2020 | | \$ 4,698,243 |
| Increased by Receipts: | | |
| Bond Anticipation Notes | \$ 4,094,077 | |
| Capital Improvement Fund - Budget Appropriation | 462,000 | |
| Cash Receipts - Deferred Charges Unfunded | 512,898 | |
| Premium on Sale of Bonds and Notes | 292,587 | |
| Receipts from Housing Trust Fund | 109,250 | |
| Reserve for Debt Service | 270,463 | |
| Serial Bonds Issued | 6,121,000 | |
| Interest Earned | <u>22,497</u> | |
| | | <u>11,884,772</u> |
| | | 16,583,015 |
| Decreased by Disbursements: | | |
| Bond Anticipation Notes | 7,110,077 | |
| Improvement Authorizations | 2,993,015 | |
| Contracts Payable | 123,939 | |
| Payments to Current Fund | <u>247,497</u> | |
| | | <u>10,474,528</u> |
| Balance, December 31, 2020 | | <u>\$ 6,108,487</u> |

**TOWNSHIP OF READINGTON
ANALYSIS OF GENERAL CAPITAL CASH**

| | Balance, December 31, <u>2020</u> |
|--|---|
| Fund Balance | \$ 294,884 |
| Capital Improvement Fund | 194,930 |
| Reserve for Debt Service | 270,463 |
| Contracts Payable | 1,388,806 |
| Reserve for Emergency Vehicles | 4,240 |
| Reserve for Road Improvements | 187,250 |
| Excess Note Proceeds - Ordinance 17-07 | 330,000 |
| Excess Note Proceeds - Ordinance 19-09 | 20,075 |
| | |
| Improvement <u>Authorizations:</u> | |
| 03-24/04-27 Acquisition of Property - O'Urso | (805,224) |
| 05-21/06-33 Various Capital Improvements | 25,859 |
| 05-22/14-19 Various Capital Improvements | 130,756 |
| 06-41 Various Capital Improvements | 5,767 |
| 14-11 Various Capital Improvements | 367,510 |
| 15-10 Acquisition of Affordable Housing Unit | 135,000 |
| 16-4 Various Capital Improvements | 71,698 |
| 17-09 Acquisition of Sewer Capacity | 1,784,420 |
| 17-10 Acquisition of Property | 153,000 |
| 17-12 Acquisition of Property - Affordable Housing | 7,815 |
| 18-1 Acquisition of Property - Affordable Housing | 14,041 |
| 18-5 Various Improvements | 183,995 |
| 18-10 Market to Affordable Program | 682,086 |
| 18-18 Acquisition of Affordable Housing Unit | 5,000 |
| 19-06 Deed Restrictions | 4,486 |
| 19-09 Various Capital Improvements | 459,180 |
| 19-14 Acquisition of Property | 2,186 |
| 19-23 Saums Property | 72,710 |
| 20-20 Various Capital Improvements | 46,059 |
| 20-27 Acquisition of Property - Gerison | (2,755) |
| 20-31 Market Affordable Housing | <u>74,250</u> |
| | <u>\$ 6,108,487</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF DUE TO CURRENT FUND**

| | | | |
|--|--|-----------|----------------|
| Balance, January 1, 2020 | | \$ | - |
| Increased by: | | | |
| Fund Balance Anticipated as Current Fund Revenue | | \$ | 225,000 |
| Interest Earned | | | <u>22,497</u> |
| | | | <u>247,497</u> |
| | | | 247,497 |
| Decreased By: | | | |
| Payments to Current Fund | | | <u>247,497</u> |
| Balance, December 31, 2020 | | <u>\$</u> | <u>-</u> |

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | | | |
|-------------------------------------|--|-----------|-------------------|
| Balance, January 1, 2020 | | \$ | 40,308,350 |
| Increased by: | | | |
| General Improvement Bonds Issued | | | <u>6,121,000</u> |
| | | | 46,429,350 |
| Decreased by: | | | |
| Bonds Refunded | | \$ | 15,323,000 |
| Current Fund Budget Appropriations: | | | |
| Serial Bonds Payable | | | 2,395,000 |
| Loans Paid | | | <u>219,647</u> |
| | | | <u>17,937,647</u> |
| Balance, December 31, 2020 | | <u>\$</u> | <u>28,491,703</u> |

TOWNSHIP OF READINGTON
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord. No. | General Improvements | | | | | Analysis of Balance December 31, 2020 | | | | |
|--|--|-------------------------------|------------------------|----------------------------------|---------------------------|--|---------------------|--------------------------------------|-------------------|---|
| | | Balance January 1, 2020 | 2020 Authorizations | State/ County Aid Received | Serial Bonds Issued | Balance, December 31, 2020 | Excess Proceeds | Bond Anticipation Notes Issued | Expenditures | Unexpended Improvement Authorizations |
| 03-24/04-27 | Acquisition of Property - O'Urso | \$ 805,224 | | | | \$ 805,224 | | | \$ 805,224 | |
| 05-22/14-19 | Various Capital Improvements | 558 | | | | 558 | | | | \$ 558 |
| 09-22 | Acquisition of Property | 631,605 | | | 631,605 | - | | | | |
| 09-23 | Acquisition of Property | 1,406,413 | | | 1,406,413 | - | | | | |
| 09-31 | Acquisition of Property - Affordable Housing | 63,371 | | | 63,371 | - | | | | |
| 14-21 | Acquisition of Property - Affordable Housing | 396,468 | | | 396,468 | - | | | | |
| 15-4 | Various Improvements | 2,135,722 | | | 2,135,722 | - | | | | |
| 16-04 | Various Capital Improvements | 1,495,100 | | | 1,487,421 | 7,679 | | 695 | | 6,984 |
| 17-07 | Various Capital Improvements | 1,666,300 | | \$ 330,000 | | 1,336,300 | \$ (330,000) | 1,666,300 | | |
| 17-08 | Acquisition of Sewer Capacity | 410,923 | | | | 410,923 | | 410,923 | | |
| 17-09 | Acquisition of Sewer Capacity | 3,420,000 | | | | 3,420,000 | | 3,420,000 | | |
| 17-12 | Acquisition of Property - Affordable Housing | 840,000 | | | | 840,000 | | 840,000 | | |
| 18-1 | Acquisition of Property - Affordable Housing | 74,750 | | | | 74,750 | | 74,750 | | |
| 18-5 | Various Improvements | 1,725,200 | | | | 1,725,200 | | 1,725,200 | | |
| 18-10 | Market to Affordable Program | 760,000 | | | | 760,000 | | 752,055 | 7,945 | |
| 19-09 | Various Capital Improvements | 1,425,000 | | 20,075 | | 1,404,925 | (20,075) | 1,425,000 | | |
| 19-20 | Acquisition of Fire Truck | 665,000 | | | | 665,000 | | 665,000 | | |
| 19-23 | Saums Property | 2,004,500 | | | | 2,004,500 | | 2,004,077 | | 423 |
| 20-20 | Various Capital Improvements | | \$ 430,200 | 162,823 | | 267,377 | | | | 267,377 |
| 20-27 | Acquisition of Property - Gerison | | 304,000 | | | 304,000 | | | 2,755 | 301,245 |
| 20-31 | Market Affordable Housing | - | 1,410,750 | - | - | 1,410,750 | - | - | - | 1,410,750 |
| | | <u>\$ 19,926,134</u> | <u>\$ 2,144,950</u> | <u>\$ 512,898</u> | <u>\$ 6,121,000</u> | <u>\$ 15,437,186</u> | <u>\$ (350,075)</u> | <u>\$ 12,984,000</u> | <u>\$ 815,924</u> | <u>\$ 1,987,337</u> |
| Improvement Authorizations-Unfunded | | | | | | | | | | \$ 5,200,224 |
| Less: Unexpended Proceeds of Bond Anticipation Notes | | | | | | | | | | |
| | | | | | | | Ord. 16-04 | \$ 695 | | |
| | | | | | | | Ord. 17-09 | 1,784,420 | | |
| | | | | | | | Ord. 17-12 | 7,815 | | |
| | | | | | | | Ord. 18-1 | 14,041 | | |
| | | | | | | | Ord. 18-5 | 183,995 | | |
| | | | | | | | Ord. 18-10 | 690,031 | | |
| | | | | | | | Ord. 19-9 | 459,180 | | |
| | | | | | | | Ord. 19-23 | 72,710 | | |
| | | | | | | | | | | <u>3,212,887</u> |
| | | | | | | | | | | <u>\$ 1,987,337</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF CAPITAL IMPROVEMENT FUND**

| | |
|--|-------------------|
| Balance, January 1, 2020 | \$ 34,730 |
| Increased by: | |
| Budget Appropriation - Capital Improvement Fund | <u>462,000</u> |
| | 496,730 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorizations | <u>301,800</u> |
| Balance, December 31, 2020 | <u>\$ 194,930</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

| Ord <u>No.</u> | <u>Improvement Description</u> | Balance, | | 2020 Authorizations | | | | | Balance, | |
|-------------------|--|------------------------|-----------------|-----------------------------------|------------------------------------|-----------------------------------|--------------|--------------------------|-----------------|--|
| | | <u>January 1, 2020</u> | | Capital | Reserve | Deferred | Expended | <u>December 31, 2020</u> | | |
| | | <u>Funded</u> | <u>Unfunded</u> | <u>Improvement</u> <u>Fund</u> | <u>for</u> <u>Housing Trust</u> | <u>Charges</u> <u>Unfunded</u> | | <u>Funded</u> | <u>Unfunded</u> | |
| 05-21/06-33 | Various Capital Improvements | \$ 67,375 | | | | | \$ 41,516 | \$ 25,859 | | |
| 05-22/14-19 | Various Capital Improvements | 784,080 | \$ 558 | | | | 653,324 | 130,756 | \$ 558 | |
| 06-41 | Various Capital Improvements | 5,767 | | | | | | 5,767 | | |
| 14-11 | Various Capital Improvements | 463,839 | | | | | 96,329 | 367,510 | | |
| 15-10 | Acquisition of Affordable Housing Unit | 135,000 | | | | | | 135,000 | | |
| 16-04 | Various Capital Improvements | | 88,187 | | | | 9,505 | 71,003 | 7,679 | |
| 17-09 | Acquisition of Sewer Capacity | | 1,784,420 | | | | | | 1,784,420 | |
| 17-10 | Acquisition of Property | 153,000 | | | | | | 153,000 | | |
| 17-12 | Acquisition of Property - Affordable Housing | | 14,627 | | | | 6,812 | | 7,815 | |
| 18-1 | Acquisition of Property - Affordable Housing | | 15,241 | | | | 1,200 | | 14,041 | |
| 18-5 | Various Improvements | | 229,100 | | | | 45,105 | | 183,995 | |
| 18-10/19-11 | Market to Affordable Program | | 732,609 | | | | 42,578 | | 690,031 | |
| 18-18 | Acquisition of Affordable Housing Unit | 5,000 | - | | | | | 5,000 | - | |
| 19-06 | Deed Restrictions | 4,486 | | | | | | 4,486 | | |
| 19-09 | Various Capital Improvements | | 757,737 | | | | 298,557 | | 459,180 | |
| 19-14 | Acquisition of Property | 2,186 | | | | | | 2,186 | | |
| 19-20 | Acquisition of Fire Truck | 35,000 | 665,000 | | | | 700,000 | - | - | |
| 19-23 | Saums Property | 99,209 | 2,004,500 | | | | 2,030,576 | | 73,133 | |
| 20-01 | Affordable Housing Deed | | | | \$ 35,000 | | 35,000 | | | |
| 20-20 | Various Capital Improvements | | | \$ 285,800 | | \$ 430,200 | 402,564 | 46,059 | 267,377 | |
| 20-27 | Acquisition of Property - Gerison | | | 16,000 | | 304,000 | 18,755 | | 301,245 | |
| 20-31 | Market Affordable Housing | - | - | - | 74,250 | 1,410,750 | - | 74,250 | 1,410,750 | |
| | | \$ 1,754,942 | \$ 6,291,979 | \$ 301,800 | \$ 109,250 | \$ 2,144,950 | \$ 4,381,821 | \$ 1,020,876 | \$ 5,200,224 | |
| | | | | | | | | | | |
| | | | | | | Cash Disbursements | \$ 2,993,015 | | | |
| | | | | | | Contracts Payable | 1,388,806 | | | |
| | | | | | | | \$ 4,381,821 | | | |

**TOWNSHIP OF READINGTON
STATEMENT OF CONTRACTS PAYABLE**

| | |
|---------------------------------------|---------------------|
| Balance, January 1, 2020 | \$ 123,939 |
| Increased by: | |
| Charges to Improvement Authorizations | <u>1,388,806</u> |
| | 1,512,745 |
| Decreased by: | |
| Cash Disbursements | <u>123,939</u> |
| Balance, December 31, 2020 | <u>\$ 1,388,806</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF SERIAL BONDS PAYABLE**

| Purpose of Issue | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding December 31, 2020 | | Interest Rate | Balance, January 1, 2020 | Increased | Decreased | Balance, December 31, 2020 |
|---------------------------|---------------|--------------------------|---|------------|---------------|--------------------------|---------------------|----------------------|----------------------------|
| | | | Date | Amount | | | | | |
| General Improvement Bonds | 1/18/2011 | \$ 11,000,000 | 2/1/2021 | \$ 265,000 | 5.000% | \$ 735,000 | | \$ 470,000 | \$ 265,000 |
| Refunding Bonds | 6/26/2014 | 7,945,000 | 7/1/2021 | 960,000 | 4.000% | 5,455,000 | | 715,000 | 4,740,000 |
| | | | 7/1/2022 | 955,000 | 4.000% | | | | |
| | | | 7/1/2023 | 950,000 | 4.000% | | | | |
| | | | 7/1/2024 | 940,000 | 4.000% | | | | |
| | | | 7/1/2025 | 935,000 | 5.000% | | | | |
| General Improvement Bonds | 8/4/2015 | 9,573,000 | 2/1/2021 | 675,000 | 2.000% | 7,298,000 | | 650,000 | 6,648,000 |
| | | | 2/1/2022 | 700,000 | 3.000% | | | | |
| | | | 2/1/2023 | 725,000 | 3.000% | | | | |
| | | | 2/1/2024 | 750,000 | 3.000% | | | | |
| | | | 2/1/2025 | 798,000 | 3.000% | | | | |
| | | | 2/1/26-28 | 1,000,000 | 3.000% | | | | |
| General Improvement Bonds | 4/27/2017 | 14,184,000 | 2/15/2021 | 350,000 | 4.000% | 13,475,000 | | 11,275,000 | 2,200,000 |
| | | | 2/15/2022 | 350,000 | 4.000% | | | | |
| | | | 2/15/2023 | 350,000 | 5.000% | | | | |
| | | | 2/15/2024 | 350,000 | 5.000% | | | | |
| | | | 2/15/2025 | 350,000 | 5.000% | | | | |
| | | | 2/15/2026 | 450,000 | 5.000% | | | | |
| Refunding Bonds | 7/6/2017 | 6,750,000 | 1/15/2022 | 320,000 | 4.000% | 6,750,000 | | | 6,750,000 |
| | | | 1/15/2023 | 370,000 | 4.000% | | | | |
| | | | 1/15/2024 | 425,000 | 4.000% | | | | |
| | | | 1/15/2025 | 485,000 | 5.000% | | | | |
| | | | 1/15/2026 | 150,000 | 4.000% | | | | |
| | | | 1/15/2026 | 720,000 | 5.000% | | | | |
| | | | 1/15/2027 | 865,000 | 5.000% | | | | |
| | | | 1/15/2028 | 865,000 | 5.000% | | | | |
| | | | 1/15/2029 | 865,000 | 5.000% | | | | |
| | | | 1/15/2030 | 850,000 | 3.000% | | | | |
| | | | 1/15/2031 | 835,000 | 3.000-4.000% | | | | |
| General Improvement Bonds | 4/12/2018 | 6,278,000 | 3/1/2021 | 215,000 | 5.000% | 6,078,000 | | 4,608,000 | 1,470,000 |
| | | | 3/1/2022 | 225,000 | 5.000% | | | | |
| | | | 3/1/2023 | 235,000 | 4.000% | | | | |
| | | | 3/1/2024 | 245,000 | 4.000% | | | | |
| | | | 3/1/2025 | 250,000 | 4.000% | | | | |
| | | | 3/1/2026 | 300,000 | 4.000% | | | | |
| General Improvement Bonds | 4/15/2020 | 6,121,000 | 4/1/2021 | 176,000 | 4.000% | | | | |
| | | | 4/1/2022 | 200,000 | 4.000% | | | | |
| | | | 4/1/2023 | 215,000 | 4.000% | | | | |
| | | | 4/1/2024 | 225,000 | 4.000% | | | | |
| | | | 4/1/2025 | 235,000 | 4.000% | | | | |
| | | | 4/1/2026 | 250,000 | 4.000% | | | | |
| | | | 4/1/2027 | 260,000 | 4.000% | | | | |
| | | | 4/1/2028 | 275,000 | 4.000% | | | | |
| | | | 4/1/2029 | 350,000 | 4.000% | | | | |
| | | | 4/1/2030 | 350,000 | 3.000% | | | | |
| | | | 4/1/2031 | 335,000 | 2.000% | | | | |
| | | | 4/1/2032 | 325,000 | 2.000% | | | | |
| | | | 4/1/2033 | 325,000 | 2.125% | | | | |
| | | | 4/1/2034 | 325,000 | 2.250% | | | | |
| | | | 4/1/2035 | 325,000 | 2.375% | | | | |
| | | | 4/1/2036 | 325,000 | 2.375% | | | | |
| | | | 4/1/2037 | 325,000 | 2.500% | | | | |
| | | | 4/1/2038 | 325,000 | 2.500% | | | | |
| 4/1/2039 | 325,000 | 2.500% | | | | | | | |
| 4/1/2040 | 325,000 | 2.625% | | | | | | | |
| 4/1/2041 | 325,000 | 2.625% | | | | | | | |
| | | | | | | - | \$ 6,121,000 | - | 6,121,000 |
| | | | | | | <u>\$ 39,791,000</u> | <u>\$ 6,121,000</u> | <u>\$ 17,718,000</u> | <u>\$ 28,194,000</u> |

| | |
|----------------------|--|
| Serial Bonds Issued | \$ 6,121,000 |
| Budget Appropriation | \$ 2,395,000 |
| Bonds Refunded | - 15,323,000 |
| | <u>\$ 6,121,000</u> <u>\$ 17,718,000</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF NEW JERSEY GREEN ACRES LOAN PAYABLE**

| | |
|------------------------------------|-------------------|
| Balance, January 1, 2020 | \$ 517,350 |
| Decreased by: | |
| Loans Paid by Budget Appropriation | <u>219,647</u> |
| Balance, December 31, 2020 | <u>\$ 297,703</u> |

Analysis of Balance

| | |
|----------------------|-------------------|
| Summer Road Park | \$ 30,631 |
| N.J. Infrastructure: | |
| Dreahook Road | 85,101 |
| 2003 | 42,112 |
| 2004 | <u>139,859</u> |
| | <u>\$ 297,703</u> |

TOWNSHIP OF READINGTON
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Original Amount of Note | Original Date of Issue | Date of Issue | Date of Maturity | Interest Rate | Balance, January 1, 2020 | Increased | Decreased | Balance, December 31, 2020 |
|----------|--|-------------------------|------------------------|------------------------|------------------------|----------------|---|----------------------|----------------------|----------------------------|
| 09-22 | Acquisition of Property | 3,624,000 | 10/9/2009 | 1/28/2019 | 1/28/2020 | 3.00% | \$ 631,605 | | \$ 631,605 | |
| 09-23 | Acquisition of Property | 3,876,000 | 10/9/2009 | 1/28/2019 | 1/28/2020 | 3.00% | 1,406,411 | | 1,406,411 | |
| 09-31 | COAH Property | 225,661 | 2/3/2010 | 1/28/2019 | 1/28/2020 | 3.00% | 63,371 | | 63,371 | |
| 14-21 | Acquisition of Property | 406,120 | 11/17/2014 | 1/28/2019 | 1/28/2020 | 3.00% | 396,468 | | 396,468 | |
| 15-4 | Various Improvements | 2,210,332 | 2/3/2016 | 1/28/2019 | 1/28/2020 | 3.00% | 2,135,722 | | 2,135,722 | |
| 16-4 | Various Improvements | 1,608,118 | 2/3/2016 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 1,488,118 | \$ 695 | 1,488,118 | \$ 695 |
| 17-07 | Various Improvements | 1,666,300 | 1/30/2018 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 1,666,300 | 1,666,300 | 1,666,300 | - 1,666,300 |
| 17-08 | Reacquire Available Sewer Capacity | 1,400,000 | 1/30/2018 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 1,400,000 | 410,923 | 1,400,000 | - 410,923 |
| 17-09 | Reacquire Available Sewer Capacity | 3,420,000 | 1/30/2018 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 3,420,000 | 3,420,000 | 3,420,000 | - 3,420,000 |
| 17-12 | Acquisition of Property - Affordable Housing | 759,622 | 1/30/2018 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 840,000 | 840,000 | 840,000 | - 840,000 |
| 18-1 | Acquisition of Property - Affordable Housing | 74,750 | 1/28/2019 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 74,750 | 74,750 | 74,750 | - 74,750 |
| 18-5 | Various Improvements | 1,725,200 | 1/28/2019 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 1,725,200 | 1,725,200 | 1,725,200 | - 1,725,200 |
| 18-10 | Market to Affordable Housing Program | 752,055 | 1/28/2019 | 1/28/2019 4/29/2020 | 1/28/2020 4/29/2021 | 3.00% 1.50% | 752,055 | - 752,055 | 752,055 | - 752,055 |
| 19-09 | Various Capital Improvements | 1,425,000 | 4/29/2020 | 4/29/2020 | 4/29/2021 | 1.50% | | 1,425,000 | | 1,425,000 |
| 19-20 | Acquisition of Fire Truck | 665,000 | 4/29/2020 | 4/29/2020 | 4/29/2021 | 1.50% | | 665,000 | | 665,000 |
| 19-23 | Saums Property | 2,004,077 | 4/29/2020 | 4/29/2020 | 4/29/2021 | 1.50% | - | 2,004,077 | - | 2,004,077 |
| | | | | | | | <u>\$ 16,000,000</u> | <u>\$ 12,984,000</u> | <u>\$ 16,000,000</u> | <u>\$ 12,984,000</u> |
| | | | | | | | Issued for Cash | \$ 4,094,077 | | |
| | | | | | | | Renewals | 8,889,923 | \$ 8,889,923 | |
| | | | | | | | Paid by Capital Cash - Bond Proceeds | | 6,121,000 | |
| | | | | | | | Paid by Capital Cash - Excess Note Proceeds | - | 989,077 | |
| | | | | | | | <u>\$ 12,984,000</u> | <u>\$ 16,000,000</u> | | |

**TOWNSHIP OF READINGTON
STATEMENT OF RESERVE FOR EMERGENCY VEHICLES**

| | |
|----------------------------|-----------------|
| Balance, January 1, 2020 | \$ <u>4,240</u> |
| Balance, December 31, 2020 | \$ <u>4,240</u> |

STATEMENT OF RESERVE FOR ROAD IMPROVEMENTS

| | |
|----------------------------|-------------------|
| Balance, January 1, 2020 | \$ <u>187,250</u> |
| Balance, December 31, 2020 | \$ <u>187,250</u> |

STATEMENT OF RESERVE FOR DEBT SERVICE

| | |
|----------------------------|-------------------|
| Increased by: | |
| Cash Receipts | \$ <u>270,463</u> |
| Balance, December 31, 2020 | \$ <u>270,463</u> |

TOWNSHIP OF READINGTON
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ord. No. or Date | <u>Improvement Description</u> | Balance, January 1, <u>2020</u> | <u>2020</u> <u>Authorizations</u> | <u>Grants</u> <u>Received</u> | <u>Notes</u> <u>Issued</u> | Balance, December 31, <u>2020</u> |
|---------------------|-----------------------------------|---------------------------------------|--------------------------------------|----------------------------------|-------------------------------|---|
| | <u>General Improvements:</u> | | | | | |
| 03-24/04-27 | Acquisition of Property - O'Urso | \$ 805,224 | | | | \$ 805,224 |
| 05-22/14-19 | Various Sewer Improvements | 558 | | | | 558 |
| 16-4 | Various Improvements | 6,984 | | | | 6,984 |
| 18-10 | Market Affordable Housing | 7,945 | | | | 7,945 |
| 19-09 | Various Capital Improvements | 1,425,000 | | | \$1,425,000 | - |
| 19-20 | Acquisition of Fire Truck | 665,000 | | | 665,000 | - |
| 19-23 | Saums Property | 2,004,500 | | | 2,004,077 | 423 |
| 20-20 | Various Capital Improvements | | \$ 430,200 | \$ 162,823 | | 267,377 |
| 20-27 | Acquisition of Property - Gerison | | 304,000 | | | 304,000 |
| 20-31 | Market Affordable Housing | - | 1,410,750 | - | - | 1,410,750 |
| | | <u>\$ 4,915,211</u> | <u>\$ 2,144,950</u> | <u>\$ 162,823</u> | <u>\$4,094,077</u> | <u>\$ 2,803,261</u> |

SEWER UTILITY FUND

**TOWNSHIP OF READINGTON
STATEMENT OF CASH**

| | <u>Operating</u> |
|--------------------------------|-------------------|
| Balance, January 1, 2020 | \$ 783,659 |
| Increased by Receipts: | |
| Sewer Rents | \$ 1,500,197 |
| User Fees from Other Contracts | 374,370 |
| Miscellaneous | 6,206 |
| Sewer Overpayments | <u>4,399</u> |
| | <u>1,885,172</u> |
| | 2,668,831 |
| Decreased by Disbursements: | |
| 2020 Budget Appropriations | 1,583,640 |
| 2019 Appropriation Reserves | <u>168,730</u> |
| | <u>1,752,370</u> |
| Balance, December 31, 2020 | <u>\$ 916,461</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

| | | | |
|----------------------------|----|------------------|-------------------|
| Balance, January 1, 2020 | | | \$ 99,048 |
| Increased by: | | | |
| Billings | | | <u>1,513,171</u> |
| | | | 1,612,219 |
| Decreased by: | | | |
| Sewer Overpayments Applied | \$ | 3,885 | |
| Collections | | <u>1,500,197</u> | |
| | | | <u>1,504,082</u> |
| Balance, December 31, 2020 | | | <u>\$ 108,137</u> |

**TOWNSHIP OF READINGTON
STATEMENT OF 2019 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

| | Balance, January 1, <u>2020</u> | Prior Year Accounts Payable <u>Restored</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|--|---------------------------------------|--|---------------------------|--------------------------|
| Operating | | | | |
| Other Expenses | \$ 95,417 | \$ 12,121 | \$ 106,036 | \$ 1,502 |
| Service Fees - RTMUA | <u>25,848</u> | <u>65,000</u> | <u>62,694</u> | <u>28,154</u> |
| Total Water Utility Appropriation Reserves | <u>\$ 121,265</u> | <u>\$ 77,121</u> | <u>\$ 168,730</u> | <u>\$ 29,656</u> |
| | | Cash Disbursements | <u>\$ 168,730</u> | |

EXHIBIT D-7

**STATEMENT OF ACCOUNTS PAYABLE
SEWER UTILITY OPERATING FUND**

| | |
|---|-------------------|
| Balance, January 1, 2020 | \$ 77,121 |
| Increased by: | |
| Charges to 2020 Budget | <u>122,852</u> |
| | 199,973 |
| Decreased by: | |
| Restored to 2020 Appropriation Reserves | <u>77,121</u> |
| Balance, December 31, 2020 | <u>\$ 122,852</u> |

EXHIBIT D-8

**STATEMENT OF SEWER OVERPAYMENTS
SEWER UTILITY OPERATING FUND**

| | |
|---|-----------------|
| Balance, January 1, 2020 | \$ 3,885 |
| Increased by: | |
| Cash Receipts | <u>4,399</u> |
| | 8,284 |
| Decreased by: | |
| Applied to Consumer Accounts Receivable | <u>3,885</u> |
| Balance, December 31, 2020 | <u>\$ 4,399</u> |

TOWNSHIP OF READINGTON
PART II
GOVERNMENTAL AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA
CHRISTINA CUIFFO, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Readington
Readington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Readington, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2021. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Readington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Readington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Readington's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses or schedule of findings and questioned costs, as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Readington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses as item 2020-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Township of Readington in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Township of Readington's Responses to Findings

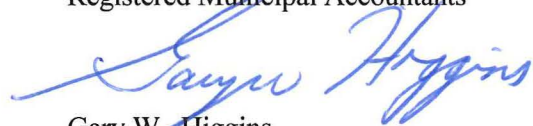
The Township of Readington's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Township of Readington's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Readington's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Readington's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 28, 2021

**TOWNSHIP OF READINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>Federal CFDA Number</u> | <u>Original Grant Award Amount</u> | <u>Current Year Grant Receipt</u> | <u>Grant Year</u> | <u>Balance, January 1, 2020</u> | <u>Revenue Realized</u> | <u>Expenditures</u> | <u>Balance, December 31, 2020</u> | <u>Cumulative Expended</u> |
|--|------------------------------------|--|---|-----------------------|---|-----------------------------|---------------------|---|--------------------------------|
| U.S. Department of Highway Traffic Safety Distracted Driver | 20.616 | \$ 950 | \$ 950 | 2020 | | \$ 950 | \$ 950 | \$ 950 | |
| U.S. Environmental Protection Agency Performance Partnership Grant - 391H Grant Watershed | 66.605 | 650,000 | 194,833 | 2017 | \$ 404,786 | | 203,504 | \$ 201,282 | 448,718 |
| | | | | | - | - | - | - | |
| | | | | | <u>\$ 404,786</u> | <u>\$ 950</u> | <u>\$ 204,454</u> | <u>\$ 201,282</u> | |

Note - This schedule was not subject to an audit in accordance with U.S. Uniform Guidance

**TOWNSHIP OF READINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

| <u>Grant Number</u> | <u>State Grant Program</u> | <u>Grant Award</u> | <u>Current Year Grant Receipt</u> | <u>Grant Award Year</u> | <u>Balance, January 1, 2020</u> | <u>Revenue Realized</u> | <u>Adjustment (A)</u> | <u>Expended</u> | <u>Balance, December 31, 2020</u> | <u>Cumulative Expended</u> |
|--|---|--------------------|-----------------------------------|-------------------------|---------------------------------|-------------------------|-----------------------|-------------------|-----------------------------------|----------------------------|
| 4250-760-050000-63-260 | Alcohol Education and Rehabilitation Fund | \$ 3,334 | \$ 3,334 | 2020 | - | \$ 3,334 | | | \$ 3,334 | - |
| | | 3,054 | | 2019 | \$ 3,054 | | | 3,054 | - | |
| | | 4,321 | | 2018 | 4,321 | | | 4,321 | - | |
| | | 4,504 | | 2017 | 4,504 | | | 4,504 | - | |
| | | 4,774 | | 2016 | 4,774 | | | 4,774 | - | |
| | | 4,302 | | 2015 | 4,302 | | | \$ 844 | 3,458 | \$ 844 |
| | | 6,416 | | Prior Years | 785 | | | 785 | - | 6,416 |
| 1110-448-031020-22 | Drunk Driving Enforcement Fund | 8,535 | | 2018 | 8,535 | | | - | 8,535 | - |
| | | 13,204 | | 2017 | 9,687 | | | 7,179 | 2,508 | 10,696 |
| | | 13,134 | | 2019 | 13,134 | | | | 13,134 | - |
| N/A | Clean Communities | 51,490 | 51,490 | 2020 | - | 51,490 | | 51,490 | - | |
| N/A | Municipal Planning Incentive | 20,000 | | 2020 | - | 20,000 | | 11,051 | 8,949 | 11,051 |
| N/A | Sustainable New Jersey - Roots to Rivers | 7,214 | 3,607 | 2020 | - | 7,214 | | 7,013 | 201 | 7,013 |
| N/A | Sustainable New Jersey - Holland Brook | 3,897 | 2,000 | 2020 | - | 3,897 | | 3,897 | - | 3,897 |
| N/A | Clean Fleet Electric Vehicle | 5,500 | | 2020 | - | 5,500 | | - | 5,500 | - |
| N/A | State Forestry/Nursery Seedlings | 1,989 | 1,989 | 2020 | - | 1,989 | | 1,989 | - | 1,989 |
| New Jersey Department of Transportation: | | | | | | | | | | |
| 078-6320-480-AMQ/AM2 | Ord. 17-07 | 330,000 | 330,000 | 2020 | - | 330,000 | | 330,000 | - | 330,000 |
| 078-6320-480-AN8/ANP | Ord.20-20 | 285,000 | 162,823 | 2020 | - | 285,000 | | 162,823 | 122,177 | 162,823 |
| #1022-96-066 | NJDEP - Green Acres | 500,000 | | 2018 | 355,937 | | \$ 355,937 | | | 144,063 |
| N/A | Body Armor Replacement | 5,023 | 2,430 | 2019 | 2,433 | | | | 2,433 | 2,590 |
| | | | | | - | - | - | - | - | |
| | | | | | <u>\$ 411,466</u> | <u>\$ 708,424</u> | <u>\$ 355,937</u> | <u>\$ 577,071</u> | <u>\$ 186,882</u> | |

Note - This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08

(A) Cancellation of Grant

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**TOWNSHIP OF READINGTON
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2020**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Readington. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|------------------------|----------------|-------------------|-------------------|
| Current Fund | \$ 950 | \$ 93,424 | \$ 94,374 |
| General Capital Fund | <u>-</u> | <u>615,000</u> | <u>615,000</u> |
| Total Financial Awards | <u>\$ 950</u> | <u>\$ 708,424</u> | <u>\$ 709,374</u> |

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

**TOWNSHIP OF READINGTON
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2020**

NOTE 5 STATE LOANS OUTSTANDING

The Township’s state loans outstanding at December 31, 2020, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

| <u>Loan Program</u> | <u>State</u> |
|----------------------|-------------------|
| Summer Road Park | \$ 30,631 |
| N.J. Infrastructure: | |
| Dreahook Road | 85,101 |
| 2003 | 42,112 |
| 2004 | <u>139,859</u> |
| | <u>\$ 297,703</u> |

**TOWNSHIP OF READINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified, Unaudited LOSAP Trust Fund

Internal control over financial reporting:

- 1) Material weakness(es) identified X yes no
- 2) Significant deficiency(ies) that are not
considered to be material weakness(es)? yes no X none
- Noncompliance material to the financial
statements noted? X yes no

**TOWNSHIP OF READINGTON
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2020-001:

The audit indicated that various purchase orders for goods or services were not encumbered prior to the goods being received, the services being rendered or contracts being awarded.

Criteria or specific requirement:

N.J.A.C. 5:30-5.2, “Encumbrance Systems”

Condition:

See Finding 2020-001.

Questioned Costs:

Not Applicable.

Context:

- Certain not to exceed unit cost contracts approved by the Governing Body totaling \$1,142,000 were not encumbered at the time of award by governing body.
- Various purchase orders tested indicated goods were received or services rendered prior to the date the purchase order was executed.
- Encumbrances for the estimated amount of certain recurring expenses were not recorded in the Current and Sewer Utility Operating Funds subsequent to the adoption of the budget.
- Certain expenditure in the Sewer Utility Operating Fund in the amount of \$66,517 were not encumbered at December 31, 2020.
- Certain expenditures in the General Capital Fund in the amount of \$353,782 were not encumbered at December 31, 2020.
- One not to exceed unit cost contract was paid \$7,647 in excess of the amount awarded by the governing body.

Effect:

None.

Cause:

Unknown.

Recommendation:

Internal controls over the Township’s encumbrance accounting system be reviewed and enhanced.

Management’s Response:

Management has reviewed this finding and will undertake corrective action.

**TOWNSHIP OF READINGTON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

Finding 2019-001

The audit indicated that various purchase orders for goods or services were not encumbered prior to the goods or services being received, the services being rendered or contracts being awarded. Additionally, certain professional service fees encumbrances outstanding at year end were deemed invalid.

Current Status

See Finding 2020-001.

TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

| | <u>Year 2020</u> | | <u>Year 2019</u> | |
|---|---------------------|----------------|---------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | \$ 1,897,850 | 2.17% | \$ 1,935,000 | 2.30% |
| Miscellaneous - From Other Than Local | | | | |
| Property Tax Levies | 3,184,521 | 3.64% | 3,667,917 | 4.34% |
| Collection of Delinquent Taxes and Tax Title Liens | 683,881 | 0.78% | 565,874 | 0.67% |
| Collection of Current Tax Levy | 77,847,661 | 89.08% | 77,519,983 | 91.93% |
| Other Credits | <u>3,780,882</u> | <u>4.33%</u> | <u>640,609</u> | <u>0.76%</u> |
| Total Income | <u>87,394,795</u> | <u>100.00%</u> | <u>84,329,383</u> | <u>100.00%</u> |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Municipal Purposes | 20,559,031 | 24.25% | 19,927,975 | 24.00% |
| County Taxes | 12,322,093 | 14.53% | 12,086,040 | 14.56% |
| Local School Taxes | 31,947,239 | 37.68% | 31,174,794 | 37.54% |
| Regional School Taxes | 19,419,844 | 22.91% | 19,277,722 | 23.22% |
| Municipal Open Space Taxes | 528,029 | 0.62% | 524,499 | 0.63% |
| Other Expenditures | <u>6,842</u> | <u>0.01%</u> | <u>44,861</u> | <u>0.05%</u> |
| Total Expenditures | <u>84,783,078</u> | <u>100.00%</u> | <u>83,035,891</u> | <u>100.00%</u> |
| Less: Expenditures to be Raised by Future Revenue | <u>-</u> | | <u>500,000</u> | |
| Total Adjusted Expenditures | <u>84,783,078</u> | | <u>82,535,891</u> | |
| Excess in Revenue | 2,611,717 | | 1,793,492 | |
| Fund Balance, January 1 | <u>2,827,421</u> | | <u>2,968,929</u> | |
| | 5,439,138 | | 4,762,421 | |
| Less Utilization as Anticipated Revenue | <u>1,897,850</u> | | <u>1,935,000</u> | |
| Fund Balance, December 31 | <u>\$ 3,541,288</u> | | <u>\$ 2,827,421</u> | |

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

| | <u>Year 2020</u> | | <u>Year 2019</u> | |
|--|-------------------|----------------|-------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | \$ 72,392 | 3.64% | \$ 31,000 | 1.63% |
| Rents | 1,504,082 | 75.71% | 1,507,396 | 79.18% |
| Miscellaneous | 380,576 | 19.16% | 328,421 | 17.25% |
| Other Credits | <u>29,656</u> | <u>1.49%</u> | <u>36,954</u> | <u>1.94%</u> |
| Total Income | <u>1,986,706</u> | <u>100.00%</u> | <u>1,903,771</u> | <u>100.00%</u> |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Operating | 1,682,392 | 93.08% | 1,621,000 | 92.84% |
| Surplus (General Budget) | <u>125,000</u> | <u>6.92%</u> | <u>125,000</u> | <u>7.16%</u> |
| Total Expenditures | <u>1,807,392</u> | <u>100.00%</u> | <u>1,746,000</u> | <u>100.00%</u> |
| Excess in Revenue | 179,314 | | 157,771 | |
| Fund Balance, January 1 | <u>581,388</u> | | <u>454,617</u> | |
| | 760,702 | | 612,388 | |
| Decreased by: | | | | |
| Utilized by Current Fund Budget | | | | |
| Utilized by Sewer Operating Fund Budget | <u>72,392</u> | | <u>31,000</u> | |
| Fund Balance, December 31 | <u>\$ 688,310</u> | | <u>\$ 581,388</u> | |

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------|----------------|----------------|----------------|
| <u>Tax Rate</u> | <u>\$3.041</u> | <u>\$2.983</u> | <u>\$2.936</u> |
| Municipal | .599 | .572 | .562 |
| Municipal Open Space | .020 | .020 | .020 |
| County | .467 | .460 | .465 |
| Local School | 1.216 | 1.193 | 1.160 |
| Regional School | .739 | .738 | .729 |

Assessed Valuation

| | |
|------|------------------------|
| 2020 | <u>\$2,629,370,388</u> |
| 2019 | <u>\$2,614,460,071</u> |
| 2018 | <u>\$2,605,464,598</u> |

Comparison of Levies and Collection Currently

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

| December 31 <u>Year</u> | <u>Tax Levy</u> | <u>Cash Collections</u> | Percentage of <u>Collection</u> |
|----------------------------|-----------------|-------------------------|---------------------------------------|
| 2020 | \$ 80,300,355 | \$ 79,347,661 | 98.81% |
| 2019 | 78,242,603 | 77,519,983 | 99.08% |
| 2018 | 76,761,008 | 76,140,674 | 99.19% |

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

| December 31 <u>Year</u> | <u>Amount of Delinquent Taxes</u> | <u>Amount of Tax Title Liens</u> | <u>Total Delinquent</u> | Percentage of <u>Tax Levy</u> |
|----------------------------|---|--|-----------------------------|-------------------------------------|
| 2020 | \$ 802,224 | \$ 121,105 | \$ 923,329 | 1.15% |
| 2019 | 683,881 | 117,857 | 801,738 | 1.02% |
| 2018 | 565,874 | 114,671 | 680,545 | 0.89% |

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

Comparison of Sewer Utility Levies

| <u>Year</u> | <u>Levy</u> | <u>Cash Collections</u> * | <u>Percentage of Collection</u> |
|-------------|-------------|---------------------------|---------------------------------|
| 2020 | \$1,513,171 | \$1,504,082 | 99.40% |
| 2019 | 1,495,531 | 1,507,396 | 100.79 |
| 2018 | 1,415,844 | 1,409,787 | 99.57 |

* Cash collections include prior year balance collected in the current year and prior year overpayments applied.

Comparative Schedule of Fund Balances

| | <u>Year</u> | <u>Balance, December 31,</u> | <u>Utilized in Budget of Succeeding Year</u> |
|-------------------------------------|-------------|------------------------------|--|
| <u>Current Fund</u> | 2020 | \$3,541,288 | \$1,950,000 |
| | 2019 | 2,827,421 | 1,897,850 |
| | 2018 | 2,968,929 | 1,935,000 |
| | 2017 | 2,709,779 | 1,852,000 |
| | 2016 | 2,654,687 | 1,756,000 |
| <u>Sewer Utility Operating Fund</u> | 2020 | \$688,310 | \$154,400 |
| | 2019 | 581,388 | 72,392 |
| | 2018 | 454,617 | 31,000 |
| | 2017 | 494,685 | 74,686 |
| | 2016 | 325,019 | 81,390 |

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

| <u>Name</u> | <u>Title</u> |
|---------------------|--|
| Jonathan Heller | Mayor |
| Juergen Huelsebusch | Deputy Mayor |
| Betty Ann Fort | Township Committee |
| John Albanese | Township Committee |
| Benjamin Smith | Township Committee |
| Vita Mekovetz | Administrator, Clerk, Treasurer, Qualified Purchasing Agent (Through 7/31/20) |
| Richard J. Sheola | Administrator/Qualified Purchasing Agent (From 8/3/20) |
| Karin Parker | Municipal Clerk (As of 8/3/20) |
| Thomas Carro | Chief Financial Officer |
| Michael Balogh | Tax Collector, Sewer Collector, Tax Search Officer |
| Laura Whitaker | Tax Assessor |
| Gerard Shamey | Municipal Court Judge |
| Julie Kosakowski | Municipal Court Administrator |
| Joseph Greco | Police Chief |

All officials and employees handling and collecting Township funds are insured for crime coverages for \$50,000 under the Public Alliance Insurance Coverage Fund Joint Insurance Fund and \$950,000 under the Municipal Excess Liability Joint Insurance Fund (MEL).

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Contracts and Agreements Required To Be Advertised For NJS 40a:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement".

If the Township's purchasing agent is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c. 198 (C.40A:11-9), the Township may establish the bid threshold up to a maximum of \$44,000. The Township's Administrator is qualified and the Township, by resolution, has increased the bid threshold to \$40,000.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following item:

Oakland Drive Pump Station Upgrade

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Collection of Interest of Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 6, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that pursuant to R.S 54:4-67, the Township Committee of the Township of Readington, County of Hunterdon and State of New Jersey hereby fixes the rate of interest to be charged on delinquent taxes for calendar year 2019 at the rate of eight percent (8%) per annum on the first \$1,500.00 of delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00 of delinquency.

BE IT FURTHER RESOLVED that notwithstanding the above provision, no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same became payable according to the laws in such cases made and provided. If such payment is not made within the ten (10) day grace period, the above rate of interest shall run and accrue from the original due date of such taxes.

BE IT FURTHER RESOLVED that the same interest calculations for delinquent tax collections be applied to sewer utility accounts with the exception that the grace period by thirty (30) days.

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Collection of Interest of Delinquent Taxes and Assessments (Continued)

BE IT FURTHER RESOLVED that any taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year shall be so charged an additional rate of interest of six percent (6%) against the delinquency.

It appears from an examination of the collector's records that interest on taxes receivable and sewer charges were collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 27, 2020 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certifications were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2020 | 5 |
| 2019 | 5 |
| 2018 | 5 |

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

Suggestions to Management

Continued effort be made to ensure all bank deposits be made with forty-eight (48) hours of receipt.

**TOWNSHIP OF READINGTON
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Internal controls over the Township's encumbrance accounting system be reviewed and enhanced.

Status of Prior Year's Audit Findings/Recommendations

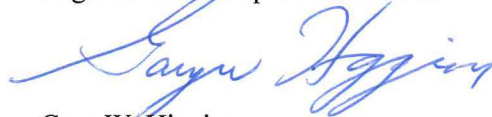
A review was performed on the prior year recommendations and corrective action was taken on all except the recommendations noted with an asterisk (*) above.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405