

**TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2021**

**TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY**

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HUNTERDON COUNTY, NEW JERSEY**

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**TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY**

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**TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY**

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**



Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Committee
Township of Readington
Whitehouse Station, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Township of Readington, New Jersey ("Township"), which comprise the balance sheets as of December 31, 2021, and the related statements of operations and changes in fund balance for the year then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The regulatory basis financial statements of the Township as of and for the year ended December 31, 2020 were audited by other auditors whose report dated June 28, 2021 expressed a modified opinion on those regulatory basis financial statements. The modified opinion on the financial statements – regulatory basis report, that the Length of Service Award Program (LOSAP) was not audited and was not subject to audit by the requirements prescribed by the Department of Community Affairs, Division of Local Government Services, State of New Jersey.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Township as of December 31, 2021, and the regulatory basis revenues, expenditures, and changes in fund balances for the year then ended, the statements of revenues and statements of expenditures fund for the year ended December 31, 2021 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government, State of New Jersey ("Division") described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2021, or its revenues, expenditures and changes in fund balance thereof for the year then ended.

Basis for Opinion

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is required to evaluate whether there are conditions of events considered in the aggregate, that raise substantial doubt about the Township’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The information included in Part II – Supplementary Information Required by the Division and Part III – Roster and Letter of Comments and Recommendations - Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**The Honorable Mayor and Members
of the Township Committee
Township of Readington**
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2022 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Woodcliff Lake, New Jersey
August 25, 2022

Gary Higgins

Gary Higgins, CPA
Registered Municipal Accountant, No. 405



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 Auditors' Report

**The Honorable Mayor and Members
of the Township Committee
Township of Readington
Whitehouse Station, 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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the regulatory basis financial statements of the Township of Readington, New Jersey ("Township") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 25, 2022 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Report on Internal Control Over Financial Reporting

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

**The Honorable Mayor and Members
of the Township Committee
Township of Readington**

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and by the Division.

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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
August 25, 2022

Gary Higgins

Gary Higgins, CPA
Registered Municipal Accountant, No. 405

TOWNSHIP OF READINGTON
CURRENT AND GRANT FUNDS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

A
Sheet # 1

| | <u>Ref.</u> | <u>2021</u> | <u>2020</u> |
|---|-------------|----------------------|----------------------|
| ASSETS AND DEFERRED CHARGES | | | |
| CURRENT FUND | | | |
| Cash and Cash Equivalents | A-4 | \$ 10,673,134 | \$ 10,134,053 |
| Change Funds | A-5 | 650 | 650 |
| Due from State of N.J. - Senior Citizens and Veterans' Deductions | A-6 | 46,235 | 51,485 |
| | | <u>10,720,019</u> | <u>10,186,188</u> |
| Receivables and Other Assets with Full Reserves | | | |
| Delinquent Property Taxes | A-7 | 643,001 | 802,224 |
| Tax Title Liens Receivable | A-8 | 125,311 | 121,105 |
| Revenue Accounts Receivable | A-12 | 3,709 | 3,310 |
| Due from Animal Control Fund | | | 5,000 |
| Due from Trust Other Fund | A-16 | 17 | |
| Due from General Capital Fund | A-16 | 97 | |
| | | <u>772,135</u> | <u>931,639</u> |
| Deferred Charges - Special Emergency | A-23 | 300,000 | 400,000 |
| Total Current Fund | | <u>11,792,154</u> | <u>11,517,827</u> |
| GRANT FUND | | | |
| Due from Current Fund | A-26 | 874,408 | 31,725 |
| Grants Receivable | A-25 | 156,160 | 242,117 |
| Total Grant Fund | | <u>1,030,568</u> | <u>273,842</u> |
| Total | | <u>\$ 12,822,722</u> | <u>\$ 11,791,669</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT AND GRANT FUNDS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

A
Sheet # 2

| | <u>Ref.</u> | <u>2021</u> | <u>2020</u> |
|--|-------------|----------------------|----------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| CURRENT FUND | | | |
| Liabilities | | | |
| Appropriation Reserves | A-3, A-13 | \$ 899,380 | \$ 1,273,089 |
| Encumbrances Payable | A-3, A-13 | 510,341 | 667,801 |
| Reserve for Revaluation | A-10 | 59,220 | 131,634 |
| Reserve for Sale of Assets | A-15 | 8,500 | 18,845 |
| Prepaid Taxes | A-20 | 563,117 | 609,453 |
| Miscellaneous Fees Payable | A-9 | 17,659 | 10,450 |
| County Taxes Payable | A-18 | 20,960 | 52,936 |
| Regional School Taxes Payable | A-19 | 2,000,000 | 2,000,000 |
| Reserve for Tax Sale Premiums | A-14 | 509,100 | 308,300 |
| Reserve for Tax Appeals | A-24 | 1,808,002 | 1,808,002 |
| Tax Overpayments | A-11 | 103,359 | 132,665 |
| Due to Grant Fund | A-16 | 874,408 | 31,725 |
| | | <u>7,374,046</u> | <u>7,044,900</u> |
| Reserve for Receivables and Other Assets | A | 772,135 | 931,639 |
| Fund Balance | A-1 | <u>3,645,973</u> | <u>3,541,288</u> |
| Total Current Fund | | <u>11,792,154</u> | <u>11,517,827</u> |
| GRANT FUND | | | |
| Encumbrances Payable | A-27 | 7,923 | 7,855 |
| Reserve for Appropriated Grants | A-28 | <u>1,022,645</u> | <u>265,987</u> |
| Total Grant Fund | | <u>1,030,568</u> | <u>273,842</u> |
| Total | | <u>\$ 12,822,722</u> | <u>\$ 11,791,669</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>Ref.</u> | <u>2021</u> | <u>2020</u> |
|--|-------------|---------------------|---------------------|
| <u>A-1</u> | | | |
| Revenue and Other Income Realized | | | |
| Fund Balance Utilized | A-2 | \$ 1,950,000 | \$ 1,897,850 |
| Miscellaneous Revenue Anticipated | A-2 | 4,426,260 | 3,061,606 |
| Delinquent Taxes | A-2 | 802,205 | 683,881 |
| Current Taxes | A-2 | 80,356,461 | 77,847,661 |
| Non-Budget Revenue | A-2 | 231,487 | 122,915 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-13 | 911,154 | 321,611 |
| Cancellation of Regional High School Taxes Payable Cancelled | | | 3,459,271 |
| Interfunds Returned | A-16 | 5,000 | |
| Total Revenues | | <u>88,682,567</u> | <u>87,394,795</u> |
| Expenditures: | | | |
| Budget and Emergency Appropriations | | | |
| Operations | | | |
| Salaries and Wages | A-3 | 7,188,500 | 6,799,890 |
| Other Expenses | A-3 | 8,092,013 | 7,206,052 |
| Capital Improvements | A-3 | 567,000 | 662,000 |
| Municipal Debt Service | A-3 | 3,977,543 | 4,121,231 |
| Deferred Charges and Statutory Expenditures | A-3 | 1,991,509 | 1,769,858 |
| County Taxes | A-18 | 11,962,056 | 12,269,157 |
| County Share of Added and Omitted Taxes | A-18 | 20,960 | 52,936 |
| Local Open Space Tax | A-22 | 661,488 | 525,759 |
| Local Open Space Added Taxes | A-22 | 1,041 | 2,270 |
| Regional School Taxes | A-19 | 19,569,278 | 19,419,844 |
| Local District School Taxes | A-21 | 32,588,382 | 31,947,239 |
| Return of Prior Year Revenue | A-4 | 7,998 | 1,842 |
| Interfund Advanced | A-16 | 114 | 5,000 |
| Total Expenditures | | <u>86,627,882</u> | <u>84,783,078</u> |
| Statutory Excess in Fund Balance | | 2,054,685 | 2,611,717 |
| Fund Balance, Beginning of Year | A | <u>3,541,288</u> | <u>2,827,421</u> |
| | | 5,595,973 | 5,439,138 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1, A-2 | <u>1,950,000</u> | <u>1,897,850</u> |
| Fund Balance, End of Year | A | <u>\$ 3,645,973</u> | <u>\$ 3,541,288</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-2
Sheet # 1

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Added by N.J.S.A. 40A:4-87</u> | <u>Realized</u> | <u>Excess (Deficit)</u> |
|---|-------------|---------------------------|---------------------------------------|------------------|-----------------------------|
| Fund Balance Anticipated | A-1 | \$ 1,950,000 | | \$ 1,950,000 | |
| Miscellaneous Revenues | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | | 20,000 | | 22,950 | \$ 2,950 |
| Fees and Permits | | 199,034 | | 223,256 | 24,222 |
| Municipal Court - Fines and Costs | | 86,719 | | 66,719 | (20,000) |
| Interest and Costs on Taxes | | 150,000 | | 171,596 | 21,596 |
| Interest on Investments and Deposits | | 50,000 | | 21,392 | (28,608) |
| Energy Receipts Tax | | 1,421,711 | | 1,421,711 | |
| Garden State Trust Fund | | 6,112 | | 6,101 | (11) |
| Uniform Construction Code Fees | | 626,195 | | 952,020 | 325,825 |
| Recycling Tonnage Grant | | | \$ 12,600 | 12,600 | |
| Drunk Driving Enforcement Fund | | | 4,751 | 4,751 | |
| Alcohol Education, Rehabilitation, & Enforcement Fund | | | 1,136 | 1,136 | |
| Drive Sober or Get Pulled Over | | | 1,800 | 1,800 | |
| Body Armor Fund | | | 1,912 | 1,912 | |
| American Rescue Plan Grant | | | 829,132 | 829,132 | |
| General Capital Fund Balance Anticipated | | 175,000 | | 175,000 | |
| Sewer Utility Operating Fund Balance | | 125,000 | | 125,000 | |
| Reserve for Payment of Debt | | 270,463 | | 270,463 | |
| Reserve for Sale of Assets | | 18,845 | | 18,845 | |
| Uniform Safety Act | | 32,076 | | 39,051 | 6,975 |
| Somerset County Pass Thru Distracted Driving Grant | | | 2,880 | 2,880 | |
| Somerset County Pass Thru DWI | | | 880 | 880 | |
| PSE&G Foundation | | | 2,000 | 2,000 | |
| NJDEP Clean Communities Program | | | 55,065 | 55,065 | |
| Total Miscellaneous Revenues | A-1 | <u>3,181,155</u> | <u>912,156</u> | <u>4,426,260</u> | <u>332,949</u> |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-2
Sheet # 2

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess</u> |
|---|-------------|---------------------------|----------------------|-------------------|
| <u>General Revenue</u> | | | | |
| Receipts from Delinquent Taxes | A-1 | \$ <u>675,000</u> | \$ <u>802,205</u> | \$ <u>127,205</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | <u>16,155,011</u> | <u>16,603,256</u> | <u>448,245</u> |
| Budget Totals | A-3 | <u>\$ 22,873,322</u> | 23,781,721 | <u>\$ 908,399</u> |
| Non-Budget Revenues | A-1 | | <u>231,487</u> | |
| Total Revenue | | | <u>\$ 24,013,208</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-2
Sheet # 3

| | <u>Ref.</u> | |
|--|-------------|----------------------|
| ANALYSIS OF REALIZED REVENUES | | |
| Allocation of Current Tax Collection | | |
| Revenues from Collections | A-1, A-7 | \$ 80,356,461 |
| Allocated to Regional School, County, and Open Space Taxes | A-1 | <u>64,803,205</u> |
| | | 15,553,256 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>1,050,000</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u>\$ 16,603,256</u> |
| ANALYSIS OF REALIZED DELINQUENT TAXES | | |
| Delinquent Taxes | A-7 | \$ 802,205 |
| | A-1 | <u>\$ 802,205</u> |
| Miscellaneous Revenue Not Anticipated: | | |
| Township Clerk | | \$ 40,242 |
| Board of Health / Registrar of Vital Statistics | | 60,052 |
| Fire Prevention | | 70,689 |
| Planning and Zoning Boards | | 35,001 |
| Department of Public Works | | 12,720 |
| Police | | 4,552 |
| State of New Jersey Sr Cit and Vets surcharge | | 2,115 |
| Other | | <u>6,116</u> |
| | A-1, A-4 | <u>\$ 231,487</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 1

| Appropriation | Appropriations | | Expended | |
|------------------------------------|----------------|---------------------------|-----------------|----------|
| | Budget | Budget After Modification | Paid or Charged | Reserved |
| GENERAL APPROPRIATIONS | | | | |
| OPERATIONS WITHIN "CAPS" | | | | |
| General Administration | | | | |
| Salaries and Wages | \$ 344,000 | \$ 346,500 | \$ 346,301 | \$ 199 |
| Other Expenses | | | | |
| Elections | 24,500 | 15,500 | 12,697 | 2,803 |
| Miscellaneous Other Expenses | 140,700 | 130,700 | 128,382 | 2,318 |
| Mayor and Township Committee | | | | |
| Salaries and Wages | 35,000 | 35,000 | 34,454 | 546 |
| Revenue Administration | | | | |
| Salaries and Wages | 95,000 | 88,000 | 86,865 | 1,135 |
| Other Expenses | 26,000 | 26,000 | 25,434 | 566 |
| Financial Administration | | | | |
| Salaries and Wages | 235,000 | 257,000 | 256,861 | 139 |
| Other Expenses | 9,500 | 9,500 | 9,067 | 433 |
| Audit Services | | | | |
| Other Expenses | 42,000 | 42,000 | 42,000 | |
| Assessment of Taxes | | | | |
| Salaries and Wages | 95,000 | 95,100 | 95,099 | 1 |
| Other Expenses | | | | |
| Revision of Tax Map | 25,000 | 5,000 | 309 | 4,691 |
| Miscellaneous Other Expenses | 6,500 | 6,500 | 5,709 | 791 |
| Legal Services and Costs | | | | |
| Other Expenses | 775,000 | 679,400 | 443,447 | 235,953 |
| Municipal Court | | | | |
| Salaries and Wages | 125,750 | 115,750 | 105,318 | 10,432 |
| Other Expenses | 28,600 | 16,600 | 11,531 | 5,069 |
| Public Defender | | | | |
| Other Expenses | 10,000 | 10,000 | 9,461 | 539 |
| Engineering Services and Costs | | | | |
| Other Expenses | 250,000 | 250,000 | 162,589 | 87,411 |
| Museum Committee | | | | |
| Salaries and Wages | 34,200 | 34,200 | 24,617 | 9,583 |
| Other Expenses | 18,000 | 18,000 | 14,547 | 3,453 |
| Historical Preservation Commission | | | | |
| Other Expenses | 800 | 800 | 60 | 740 |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 2

| Appropriation | Appropriations | | Expended | |
|---|----------------|---------------------------|-----------------|----------|
| | Budget | Budget After Modification | Paid or Charged | Reserved |
| GENERAL APPROPRIATIONS (Continued) | | | | |
| OPERATIONS WITHIN "CAPS" (Continued) | | | | |
| Planning Board | | | | |
| Salaries and Wages | \$ 34,000 | \$ 34,300 | \$ 34,281 | \$ 19 |
| Other Expenses | 7,820 | 7,820 | 4,132 | 3,688 |
| Board of Adjustment | | | | |
| Salaries and Wages | 103,000 | 102,700 | 102,699 | 1 |
| Other Expenses | 10,670 | 10,670 | 5,294 | 5,376 |
| Environmental Health Commission | | | | |
| Salaries and Wages | 1,300 | 1,300 | 994 | 306 |
| Other Expenses | | | | |
| Consultants | 115,000 | 175,000 | 174,625 | 375 |
| Miscellaneous Other Expenses | 19,800 | 19,800 | 2,852 | 16,948 |
| Insurance | | | | |
| General Liability | 459,546 | 463,546 | 461,838 | 1,708 |
| Employee Group Insurance | 1,959,000 | 1,975,000 | 1,974,313 | 687 |
| Worker's Compensation | 196,700 | 196,700 | 196,700 | |
| Police | | | | |
| Salaries and Wages | 3,200,000 | 3,211,000 | 3,210,464 | 536 |
| Other Expenses | 302,250 | 302,250 | 251,182 | 51,068 |
| Emergency Management Services | | | | |
| Salaries and Wages | 12,000 | 12,000 | 11,917 | 83 |
| Other Expenses | 7,500 | 7,500 | 7,389 | 111 |
| 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 | 24,160 | |
| Fire | | | | |
| Other Expenses | | | | |
| Aid to Volunteer Fire Co. | 120,000 | 120,000 | 120,000 | |
| Purchase of Equipment Volunteer Fire Co. | 96,640 | 96,640 | 96,640 | |
| Training Fire Department Personnel | 16,000 | 16,000 | 16,000 | |
| Uniform Fire Safety Act | | | | |
| Salaries and Wages | 66,150 | 66,150 | 64,977 | 1,173 |
| Other Expenses | 5,150 | 6,650 | 5,278 | 1,372 |
| Supplemental Fire Service Program | | | | |
| Other Expenses | 12,500 | 12,500 | 12,500 | |
| Municipal Prosecutor | | | | |
| Other Expenses | 52,000 | 52,000 | 40,041 | 11,959 |
| Road, Repair and Maintenance | | | | |
| Salaries and Wages | 1,635,000 | 1,635,000 | 1,614,511 | 20,489 |
| Other Expenses | 416,000 | 436,000 | 434,524 | 1,476 |
| Waste Collection/Recycling | | | | |
| Other Expenses | 852,076 | 882,076 | 882,076 | |
| Snow Removal | | | | |
| Other Expenses | 130,000 | 130,000 | 122,407 | 7,593 |
| Tree Care | | | | |
| Other Expenses | 40,000 | 40,000 | 29,579 | 10,421 |
| Buildings and Grounds | | | | |
| Salaries and Wages | 272,000 | 272,000 | 254,124 | 17,876 |
| Other Expenses | 110,000 | 130,000 | 122,715 | 7,285 |
| Board of Health | | | | |
| Salaries and Wages | 52,500 | 52,500 | 44,237 | 8,263 |
| Other Expenses | 36,300 | 42,800 | 39,612 | 3,188 |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 3

| <u>Appropriation</u> | Appropriations | | Expended | |
|---|----------------|------------------------------|-----------------|-----------|
| | Budget | Budget After Modification | Paid or Charged | Reserved |
| GENERAL APPROPRIATIONS (Continued) | | | | |
| OPERATIONS WITHIN "CAPS" (Continued) | | | | |
| Administration of Public Assistance | | | | |
| Salaries and Wages | \$ 110,000 | \$ 110,000 | \$ 72,894 | \$ 37,106 |
| Other Expenses | 8,000 | 8,000 | 3,641 | 4,359 |
| Expense of Participation of Free County Library | | | | |
| Salaries and Wages | 138,000 | 138,000 | 131,275 | 6,725 |
| Other Expenses | 8,500 | 8,500 | 4,422 | 4,078 |
| Animal Control Regulations | | | | |
| Other Expenses | 5,000 | 5,000 | | 5,000 |
| Senior Citizens Transportation | | | | |
| Other Expenses | 6,000 | 6,000 | | 6,000 |
| Recreation Services and Programs | | | | |
| Salaries and Wages | 157,000 | 157,000 | 145,978 | 11,022 |
| Other Expenses | 41,245 | 41,245 | 40,023 | 1,222 |
| Cost of PEOSHA Requirements | | | | |
| Other Expenses | 55,000 | 55,000 | 33,652 | 21,348 |
| Construction Code Official | | | | |
| Salaries and Wages | 300,000 | 300,000 | 279,766 | 20,234 |
| Other Expenses | 102,000 | 67,000 | 45,170 | 21,830 |
| Salary and Wage Adjustment | 125,000 | 125,000 | | 125,000 |
| Utility Expense and Bulk Purchases | | | | |
| Fire Hydrant Service | 100,000 | 100,000 | 93,585 | 6,415 |
| Electricity | 135,000 | 135,000 | 126,055 | 8,945 |
| Street Lighting | 35,000 | 40,000 | 36,308 | 3,692 |
| Telephone | 70,000 | 70,000 | 69,629 | 371 |
| Fuel Oil | 8,500 | 8,500 | | 8,500 |
| Gasoline | 150,000 | 150,000 | 130,306 | 19,694 |
| Celebration of Public Events | | | | |
| Other Expenses | 8,500 | 8,500 | 3,482 | 5,018 |
| Total Operation Within "CAPS" | 14,278,357 | 14,278,357 | 13,422,995 | 855,362 |
| Contingent | 5,000 | 5,000 | 2,648 | 2,352 |
| Total Operation Including Contingent Within "CAPS" | 14,283,357 | 14,283,357 | 13,425,643 | 857,714 |
| Detail: | | | | |
| Salaries and Wages | 7,169,900 | 7,188,500 | 6,917,632 | 270,868 |
| Other Expenses | 7,113,457 | 7,094,857 | 6,508,011 | 586,846 |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 4

| Appropriation | Appropriations | | Expended | | Unexpended Balance Canceled |
|---|-------------------|------------------------------|-------------------|----------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| GENERAL APPROPRIATIONS (Continued) | | | | | |
| DEFERRED CHARGES & STATUTORY EXPENDITURES | | | | | |
| Statutory Expenditures - Contributions to: | | | | | |
| Social Security System (O.A.S.I.) | \$ 540,000 | \$ 540,000 | \$ 509,798 | \$ 30,202 | |
| Public Employees Retirement System | 488,909 | 488,909 | 488,909 | | |
| Defined Contribution Retirement Program | 12,000 | 12,000 | 11,481 | 519 | |
| Unemployment Insurance | 5,000 | 5,000 | 3,101 | 1,899 | |
| Police and Firemen's Retirement System of N.J. | 845,600 | 845,600 | 845,554 | 46 | |
| | <u>1,891,509</u> | <u>1,891,509</u> | <u>1,858,843</u> | <u>32,666</u> | |
| Total Deferred Charges and Statutory Expenditures | <u>1,891,509</u> | <u>1,891,509</u> | <u>1,858,843</u> | <u>32,666</u> | |
| Total General Appropriations for Municipal Purposes Within "CAPS" | <u>16,174,866</u> | <u>16,174,866</u> | <u>15,284,486</u> | <u>890,380</u> | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| Length of Service Awards Program (LOSAP) | 85,000 | 85,000 | 76,000 | 9,000 | |
| Recycling Tonnage Grant | | 12,600 | 12,600 | | |
| Alcohol Education and Rehabilitation | | 1,136 | 1,136 | | |
| American Rescue Plan | | 829,132 | 829,132 | | |
| Drunk Driving Enforcement Fund | | 4,751 | 4,751 | | |
| Body Armor Replacement Fund | | 1,912 | 1,912 | | |
| Drive Sober or Get Pulled Over | | 1,800 | 1,800 | | |
| PSE&G Foundation | | 2,000 | 2,000 | | |
| Somerset county Pass Thru DWI | | 880 | 880 | | |
| Somerset County Pass Thru Distracted Driving Grant | | 2,880 | 2,880 | | |
| Clean Communities | | 55,065 | 55,065 | | |
| Total Operations - Excluded from "CAPS" | <u>85,000</u> | <u>997,156</u> | <u>988,156</u> | <u>9,000</u> | |
| Detail: | | | | | |
| Other Expenses | <u>85,000</u> | <u>997,156</u> | <u>988,156</u> | <u>9,000</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

A-3
Sheet # 5

| Appropriation | Appropriations | | Expended | | Unexpended Balance Canceled |
|--|----------------------|------------------------------|----------------------|----------------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| CAPITAL IMPROVEMENTS | | | | | |
| Capital Improvement Fund | \$ 367,000 | \$ 367,000 | \$ 367,000 | | |
| Road Repairs and Improvements | 200,000 | 200,000 | 200,000 | | |
| Total Capital Improvements | <u>567,000</u> | <u>567,000</u> | <u>567,000</u> | | |
| MUNICIPAL DEBT SERVICE | | | | | |
| Payment of Bond Principal | 2,241,000 | 2,241,000 | 2,241,000 | | |
| Payment on Bond Anticipation Notes | 275,000 | 275,000 | 274,903 | | \$ 97 |
| Interest on Bonds | 1,102,000 | 1,102,000 | 1,101,897 | | 103 |
| Interest on Notes | 194,800 | 194,800 | 194,760 | | 40 |
| Green Trust Loan Program: Loan Repayments of Principal and Interest | 171,500 | 171,500 | 164,983 | | 6,517 |
| Total Municipal Debt Service | <u>3,984,300</u> | <u>3,984,300</u> | <u>3,977,543</u> | | <u>6,757</u> |
| DEFERRED CHARGES | | | | | |
| Special Emergency | 100,000 | 100,000 | 100,000 | | |
| Total Appropriations Excluded from "CAPS" | <u>4,736,300</u> | <u>5,648,456</u> | <u>5,632,699</u> | \$ 9,000 | <u>6,757</u> |
| Sub-Total General Appropriations | 20,911,166 | 21,823,322 | 20,917,185 | 899,380 | 6,757 |
| RESERVE FOR UNCOLLECTED TAXES | | | | | |
| Total General Appropriations | <u>\$ 21,961,166</u> | <u>\$ 22,873,322</u> | <u>\$ 21,967,185</u> | <u>\$ 899,380</u> | <u>\$ 6,757</u> |
| | <u>Ref.</u> | Below | Below | Below | A |
| Original Budget | A-2 | | \$ 21,961,166 | | |
| Appropriation by 40A:4-87 | A-2 | | <u>912,156</u> | | |
| | Above | | <u>\$ 22,873,322</u> | | |
| Cash Disbursed | A-4 | | | \$ 19,394,688 | |
| Reserve for Uncollected Taxes | A-2 | | | 1,050,000 | |
| Encumbrances | A | | | 510,341 | |
| Transferred to Grants Fund | A-28 | | | 912,156 | |
| Deferred Charges | A-23 | | | <u>100,000</u> | |
| | Above | | | <u>\$ 21,967,185</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
TRUST FUND

B

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

| <u>ASSETS</u> | <u>Ref.</u> | <u>2021</u> | <u>2020</u> |
|---|-------------|---------------------|---------------------|
| | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Cash and Cash Equivalents | B-1 | \$ 15,006 | \$ 6,742 |
| | | <u>15,006</u> | <u>6,742</u> |
| | | | |
| <u>Other Trust Fund</u> | | | |
| Cash and Cash Equivalents | B-1 | 2,674,352 | 2,276,395 |
| | | <u>2,674,352</u> | <u>2,276,395</u> |
| | | <u>\$ 2,689,358</u> | <u>\$ 2,283,137</u> |
| | | | |
| <u>LIABILITIES AND RESERVES</u> | | | |
| | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Due to Current Fund | B-7 | | \$ 5,000 |
| Prepaid Licenses | B-5 | \$ 10,529 | 221 |
| Due to State of New Jersey | B-6 | 1,114 | 130 |
| Reserve for Animal Control Expenditures | B-4 | 3,363 | 1,391 |
| | | <u>15,006</u> | <u>6,742</u> |
| | | | |
| <u>Other Trust Fund</u> | | | |
| Due to Current Fund | B-8 | 17 | |
| Miscellaneous Reserves | B-9 | 2,674,335 | 2,276,395 |
| | | <u>2,674,352</u> | <u>2,276,395</u> |
| | | <u>\$ 2,689,358</u> | <u>\$ 2,283,137</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
OPEN SPACE TRUST FUND

B-1

STATEMENT OF REVENUES -REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

| <u>Reference</u> | <u>2021 Budget</u> | <u>2021 Realized</u> | <u>Variance</u> |
|---------------------------------|------------------------|--------------------------|-----------------|
| Amount to be Raised by Taxation | \$ 661,488 | \$ 662,529 | \$ 1,041 |
| Non-Budget Revenue - interest | - | 232 | 232 |
| B-2, B-9 | <u>\$ 661,488</u> | <u>\$ 662,761</u> | <u>\$ 1,273</u> |

TOWNSHIP OF READINGTON
OPEN SPACE TRUST FUND

B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

| <u>Reference</u> | <u>2021 Budget</u> | <u>2021 Paid or Charged</u> | <u>Variance</u> |
|---------------------------|------------------------|-------------------------------------|-------------------|
| Debt Service | | | |
| Payment of Bond Principal | \$ 400,000 | \$ 400,000 | |
| Reserve for Future Use | <u>261,488</u> | <u>101,819</u> | <u>\$ 159,669</u> |
| B-1, B-9 | <u>\$ 661,488</u> | <u>\$ 501,819</u> | <u>\$ 159,669</u> |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

C

| | <u>Ref.</u> | <u>2021</u> | <u>2020</u> |
|---|-------------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | C-2, C-3 | \$ 5,332,418 | \$ 6,108,487 |
| Grants Receivable | C-4 | 140,250 | |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 25,688,933 | 28,491,703 |
| Unfunded | C-6 | 17,296,413 | 15,437,186 |
| | | <u> </u> | <u> </u> |
| Total Assets | | <u>\$ 48,458,014</u> | <u>\$ 50,037,376</u> |
| LIABILITIES AND FUND BALANCE | | | |
| General Serial Bonds | C-10 | \$ 25,553,000 | \$ 28,194,000 |
| Bond Anticipation Notes | C-16 | 14,350,000 | 12,984,000 |
| Green Acres Loans Payable | C-17 | 135,933 | 297,703 |
| Capital Improvement Fund | C-8 | 80 | 194,930 |
| Improvement Authorizations: | | | |
| Funded | C-7 | 828,401 | 1,020,876 |
| Unfunded | C-7 | 5,162,448 | 5,200,224 |
| Contracts Payable | C-9 | 941,974 | 1,388,806 |
| Reserve for Emergency Vehicles | C-13 | 4,240 | 4,240 |
| Reserve for Road Improvements | C-11 | 187,250 | 187,250 |
| Reserve for Debt Service | C-12 | 1,282,558 | 270,463 |
| Due to Current Fund | C-14 | 97 | |
| Fund Balance | C-1 | 12,033 | 294,884 |
| | | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balance | | <u>\$ 48,458,014</u> | <u>\$ 50,037,376</u> |
| | | | |
| Bonds and Notes Authorized But Not Issued | C-18 | <u>\$ 2,946,413</u> | <u>\$ 2,803,261</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF CHANGES IN FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

C-1

| | <u>Ref.</u> | | |
|---|-------------|----------------|------------------|
| Balance, December 31, 2020 | C | | \$ 294,884 |
| Increased by: | | | |
| Premium on Note Sale | C-2 | \$ 112,647 | |
| Cancelation of Improvement Authorizations | C-7 | <u>11,652</u> | <u>124,299</u> |
| | | | 419,183 |
| Decreased by: | | | |
| Anticipated Revenue - Current Fund | C-14 | 175,000 | |
| Appropriated to Finance Authorizations | C-7 | <u>232,150</u> | <u>407,150</u> |
| Balance, December 31, 2021 | C | | <u>\$ 12,033</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

D

| | <u>Ref.</u> | <u>2021</u> | <u>2020</u> |
|---|-------------|---------------------|---------------------|
| ASSETS | | | |
| OPERATING FUND | | | |
| Cash | D-4 | \$ 1,229,625 | \$ 916,461 |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-5 | 87,928 | 108,137 |
| | | | |
| Total Operating Fund | | <u>\$ 1,317,553</u> | <u>\$ 1,024,598</u> |
| | | | |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| OPERATING FUND | | | |
| Liabilities | | | |
| Appropriation Reserves | D-3, D-6 | \$ 180,675 | \$ 100,900 |
| Accounts Payable - Vendors | D-6, D-7 | 24,749 | 122,852 |
| Sewer Overpayments | D-8 | 1,926 | 4,399 |
| Prepaid Rents | D-9 | 4,980 | |
| | | <u>212,330</u> | <u>228,151</u> |
| | | | |
| Reserve for Receivables | D | 87,928 | 108,137 |
| Fund Balance | D-1 | 1,017,295 | 688,310 |
| | | | |
| Total Operating Fund | | <u>\$ 1,317,553</u> | <u>\$ 1,024,598</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020

D-1

| | <u>Ref.</u> | <u>2021</u> | <u>2020</u> |
|--|-------------|---------------------|-------------------|
| REVENUES AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | D-2 | \$ 154,400 | \$ 72,392 |
| Rents | D-2 | 1,564,088 | 1,504,082 |
| Miscellaneous Revenue Anticipated | D-2 | 12,039 | 6,206 |
| Sewer User Charges - Other Contracts | D-2 | 576,910 | 374,370 |
| Other Credits to Income: | | | |
| Sewer Overpayments Cancelled | D-8 | 51 | |
| Unexpended Balance of Appropriation Reserves | D-6 | 89,297 | 29,656 |
| Total Income | | <u>2,396,785</u> | <u>1,986,706</u> |
| EXPENDITURES | | | |
| Operating | D-3 | 225,000 | 225,000 |
| Capital Improvements | D-3 | 75,000 | |
| Service Fees | D-3 | 1,488,400 | 1,457,392 |
| Total Expenditures | | <u>1,788,400</u> | <u>1,682,392</u> |
| Statutory Excess to Fund Balance | | 608,385 | 304,314 |
| Fund Balance, Beginning of Year | D | <u>688,310</u> | <u>581,388</u> |
| | | 1,296,695 | 885,702 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue: | | | |
| Sewer Utility Operating Budget | D-1 | 154,400 | 72,392 |
| Current Fund Budget | D-3 | 125,000 | 125,000 |
| Fund Balance, End of Year | D | <u>\$ 1,017,295</u> | <u>\$ 688,310</u> |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

D-2

| | <u>Ref.</u> | <u>Anticipated</u> | <u>Realized</u> | <u>Excess</u> |
|--------------------------------|-------------|--------------------|-----------------|---------------|
| Surplus Anticipated | D-1 | \$ 154,400 | \$ 154,400 | |
| Sewer User Charges | D-1, D-5 | 1,453,000 | 1,564,088 | \$ 111,088 |
| User Fees from Other Contracts | D-1, D-4 | 300,000 | 576,910 | 276,910 |
| Miscellaneous | D-1, D-4 | 6,000 | 12,039 | 6,039 |
| | | <hr/> | <hr/> | <hr/> |
| | D-3 | \$ 1,913,400 | \$ 2,307,437 | \$ 394,037 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

D-3

| | <u>Appropriated</u> | | <u>Expended</u> | |
|--------------------------|---------------------|--------------------------------------|------------------------|-------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
| OPERATING | | | | |
| Other Expenses | \$ 225,000 | \$ 225,000 | \$ 146,875 | \$ 78,125 |
| Service Fees - RLSA | 1,198,400 | 1,198,400 | 1,198,400 | |
| Service Fees - RTMUA | 290,000 | 290,000 | 187,450 | 102,550 |
| Total Operating | <u>1,713,400</u> | <u>1,713,400</u> | <u>1,532,725</u> | <u>180,675</u> |
| CAPITAL IMPROVEMENTS | | | | |
| Capital Improvement Fund | 75,000 | 75,000 | 75,000 | |
| Surplus (General Budget) | 125,000 | 125,000 | 125,000 | |
| | <u>\$ 1,913,400</u> | <u>\$ 1,913,400</u> | <u>\$ 1,732,725</u> | <u>\$ 180,675</u> |
| <u>Ref.</u> | D-2 | D-2 | Below | D |
| Cash Disbursements | D-4 | | \$ 1,707,976 | |
| Accounts Payable | D-7 | | <u>24,749</u> | |
| Above | | | <u>\$ 1,732,725</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF READINGTON
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2021 and 2020

E

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|--------------------------|--------------------------|
| Land and Land Improvements | \$ 34,862,968 | \$ 32,981,924 |
| Buildings and Building Improvements | 8,453,199 | 7,850,537 |
| Equipment | <u>12,932,759</u> | <u>12,458,162</u> |
| | <u>\$ 56,248,926</u> | <u>\$ 53,290,623</u> |
| Investment in Fixed Assets | <u>\$ 56,248,926</u> | <u>\$ 53,290,623</u> |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of Readington, Hunterdon County, New Jersey (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 the 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.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB statement No. 14 as amended by GASB Statement No. 61 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The municipalities in the State of New Jersey do not prepare financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and thus do not comply with all of the GASB pronouncements.

The financial statements of the Township 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 US 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 US GAAP.

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 N.J.S.A. 40A:5-5.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurements Focus, Basis of Accounting and Basis of Presentation

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 – Trust 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 Trust Funds.

Animal Control Trust Fund – This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A. 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.

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 operation of the Township's sanitary sewerage system and the assets and liabilities related 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.

Basis of Accounting

The Township follows the regulatory basis of accounting. Under this method of accounting, revenues, except for Federal and State 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 US GAAP applicable to local government units.

The more significant differences are as follows:

Property Tax Revenues - 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. 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 June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

thereof, on real property, remains in arrears on April 1 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 11th 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. US 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.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. US 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).

Sewer Utility Rents - Utility charges are levied semiannually based upon a 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. US GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e. when they are both levied and available).

Grant and Similar Award Revenues - 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. US GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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 Division per N.J.S.A. 40A:4 et seq.

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

Trust Funds (Except Open Space Reserve)
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than the last day in February of the fiscal year. The budget is required to be adopted no later than April 20, and prior to adoption, must be certified by the Division. The Director of the Division, 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

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. In addition, the governing body approved several budget transfers during 2021.

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. US 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 judgments, 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 US GAAP.

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 US GAAP.

Operating Deficits - Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year, are recorded as deferred charges on the balance sheet of the respective operating fund at year-end and are required to be funded in the succeeding year's budget. US GAAP does not permit the deferral of operating deficits at year-end.

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 N.J.S.A. 40A:4-39 for the future payment of compensated absences. US 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.

Interfund Receivables - 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. US GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The cost 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. US GAAP requires inventories to be recorded as assets in proprietary-type funds.

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. US GAAP requires that all investments be reported at fair value.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. US 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 N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Township 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 are not capitalized.

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

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 Capital Funds until such time as the construction is completed and put into operation.

Accounting for Utility Fund "fixed capital" remains unchanged under N.J.A.C. 5:30-5.6.

Property and equipment purchased by the utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement cost or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility capital funds do not record depreciation on fixed assets.

US 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, US GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Long-term debt - The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in Note 3 to the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - the requirements of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2022-12 on June 16, 2022. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 68 financial information to be incorporated into the audited financial statements and only requires one year to be disclosed. Refer to Note 8 for these disclosures.

Other Post-Employment Benefits Other Than Pensions - The requirements of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)" that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow generally accepted accounting principles, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASBs. The audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2022-12 on June 16, 2022. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 75 financial information to be incorporated into the audited financial statements and only requires one year to be disclosed. As a result, the latest available audited information is presented in Note 9.

Length of Service Awards Program (LOSAP)

Financial reporting standards established by the DLGS/Division exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Township's LOSAP Program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the volunteers, is not reported as part of the Township's basic financial statements. As the LOSAP Plan's assets remain the property of the Township until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Township's basic financial statements. See Note 19 regarding the availability of LOSAP Plan financial information.

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.

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.

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements

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

2. 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.

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") 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. GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Custodial Credit Risk – the custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. Although the Township does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for periods ending December 31, 2021 and 2020. At December 31, 2021 and 2020, the book value of the Township's deposits was \$19,925,185 and \$19,442,788, respectively.

The Township's deposits, which are displayed on the various fund Balance Sheet as "cash and cash equivalents", are categorized as:

| | Book Balance | |
|------------------------|----------------------|----------------------|
| | December 31, 2021 | December 31, 2020 |
| Cash (Demand Accounts) | \$ 19,924,535 | \$ 19,442,138 |
| Change Funds (On-Hand) | 650 | 650 |
| | \$ 19,925,185 | \$ 19,442,788 |
| | Bank Balance | |
| | December 31, 2021 | December 31, 2020 |
| FDIC Insured | \$ 750,000 | \$ 750,000 |
| GUDPA Insured | 19,504,685 | 19,684,917 |
| Uninsured | 120,762 | 119,004 |
| | \$ 20,375,447 | \$ 20,553,921 |

\$120,762 and \$119,004 was held in the Township's agency accounts and are not covered by GUDPA

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

2. DEPOSITS AND INVESTMENTS (continued)

at December 31, 2021 and 2020, respectively.

Investments

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

- a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- b. Government money market mutual funds;
- c. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- d. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- e. Bonds or other obligations, having a maturity date more than 397 days from the date of purchase, issued by New Jersey School Districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the division of Local Government Services in the Department of Community Affairs for investment by local units;
- f. Local government investment pools;
- g. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- h. Agreements for the repurchase of fully collateralized securities if:
 - i. The underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - ii. The custody of collateral is transferred to a third party;
 - iii. The maturity of the agreement is not more than 30 days;
 - iv. The underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - v. A master repurchase agreement providing for the custody and security of collateral is executed.

The Township did not have any investments as of December 31, 2021 and 2020.

3. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the General Capital Fund. 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, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt as of December 31, is summarized as follows:

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

| | December 31, | |
|--|-------------------|-------------------|
| | 2021 | 2020 |
| <u>Issued:</u> | | |
| General: | | |
| Bonds, Notes and Loans | \$ 40,038,933 | \$ 41,475,703 |
| Total Issued | 40,038,933 | 41,475,703 |
| Less: Reserve for Debt Service | 1,282,558 | 270,463 |
| Subtotal | 38,756,375 | 41,205,240 |
| <u>Authorized but not Issued:</u> | | |
| General: | | |
| Bonds and Notes | 2,946,413 | 2,803,261 |
| Total Authorized but not Issued | 2,946,413 | 2,803,261 |
| Total Bonds, Notes and Loans Issued and Authorized but Not Issued | \$ 41,702,788 | \$ 44,008,501 |

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.263% at December 31, 2021.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|-------------------|-------------------|-----------------|
| School District Debt | \$ 9,785,000 | \$ 9,785,000 | |
| General Debt | 42,985,346 | 1,282,558 | \$ 41,702,788 |
| Total General Debt | \$ 52,770,346 | \$ 11,067,558 | \$ 41,702,788 |

Net debt, \$41,702,788 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,313,068,547 equals 1.263%

The Township's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2021 as follows:

| | |
|---|----------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 115,957,399 |
| Net Debt | (41,702,788) |
| Remaining Statutory Borrowing Power | \$ 74,254,611 |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

General Obligation Bonds

The Township levies taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2021 and 2020 are as follows:

| | 2021 | 2020 |
|--|---------------|---------------|
| <u>General Obligation Bonds</u> | | |
| \$11,000,000, 2011 General Improvement Bonds, final annual installment of \$265,000 was made in February 2021 | | \$ 265,000 |
| \$7,945,000, 2014 Refunding Bonds, due in annual installments of \$935,000 to \$955,000 through July 2025, interest at 4.00% to 5.00% | \$ 3,780,000 | 4,740,000 |
| \$9,573,000, 2015 General Improvement Bonds, due in annual installments of \$700,000 to \$1,000,000 through February 2028, interest at 3.00% | 5,973,000 | 6,648,000 |
| \$14,184,000, 2017 General Improvement Bonds; due in annual installments of \$350,000 to \$450,000 through February 2026, interest at 4.00% to 5.00% | 1,850,000 | 2,200,000 |
| \$6,750,000, 2017 Refunding Bonds; due in annual installments of \$150,000 to \$865,000 through February 2031, interest at 3.00% to 5.00% | 6,750,000 | 6,750,000 |
| \$6,278,000, 2018 General Improvement Bonds; due in annual installments of \$225,000 to \$300,000 through March 2026, interest at 4.00% to 5.00% | 1,255,000 | 1,470,000 |
| \$6,121,000, 2020 General Improvement Bonds; due in annual installments of \$200,000 to \$350,000 through March 2041, interest at 2.00% to 4.00% | 5,945,000 | 6,121,000 |
| | \$ 25,553,000 | \$ 28,194,000 |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

| Year | General Capital | | Grand Total |
|-----------|----------------------|---------------------|----------------------|
| | Principal | Interest | |
| 2022 | \$ 2,750,000 | \$ 927,509 | \$ 3,677,509 |
| 2023 | 2,845,000 | 820,134 | 3,665,134 |
| 2024 | 2,935,000 | 807,554 | 3,742,554 |
| 2025 | 3,053,000 | 570,259 | 3,623,259 |
| 2026 | 2,870,000 | 500,744 | 3,370,744 |
| 2027-2031 | 7,850,000 | 1,011,697 | 8,861,697 |
| 2032-2036 | 1,625,000 | 300,830 | 1,925,830 |
| 2037-2041 | 1,625,000 | 104,813 | 1,729,813 |
| | <u>\$ 25,553,000</u> | <u>\$ 5,043,540</u> | <u>\$ 30,596,540</u> |

Changes in Long-Term and Short-Term Municipal Debt

The Township's long-term capital debt activity for 2021 and 2020 is as follows:

| | Balance 12/31/2020 | Additions | Matured | Balance 12/31/2021 | Due Within One Year |
|------------------------------------|-----------------------|---------------------|----------------------|-----------------------|------------------------|
| Serial Bonds: | | | | | |
| General Capital Fund | \$ 28,194,000 | | \$ 2,641,000 | \$ 25,553,000 | \$ 2,750,000 |
| Loans Payable: | | | | | |
| General Capital - Green Acres Loan | 297,703 | | 161,770 | 135,933 | 45,932 |
| Total | \$ 28,491,703 | \$ - | \$ 2,802,770 | \$ 25,688,933 | \$ 2,795,932 |
| | | | | | |
| | Balance 12/31/2019 | Additions | Matured | Balance 12/31/2020 | Due Within One Year |
| Serial Bonds: | | | | | |
| General Capital Fund | \$ 39,791,000 | \$ 6,121,000 | \$ 17,718,000 | \$ 28,194,000 | \$ 2,641,000 |
| Loans Payable: | | | | | |
| General Capital - Green Acres Loan | 517,350 | | 219,647 | 297,703 | 161,770 |
| Total | \$ 40,308,350 | \$ 6,121,000 | \$ 17,937,647 | \$ 28,491,703 | \$ 2,802,770 |

Green Acres Loans:

The Township has entered into various loan agreements with the State of New Jersey for the financing related to the acquisition of various properties and infrastructure improvements. The Township levies ad valorem taxes to pay debt service on loans issued. The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

3. MUNICIPAL DEBT (continued)

| Year | Green Acres Loan | | Total |
|------|------------------|----------|------------|
| | Principal | Interest | |
| 2022 | \$ 45,932 | \$ 2,050 | \$ 47,982 |
| 2023 | 59,050 | 1,313 | 60,363 |
| 2024 | 30,951 | 438 | 31,389 |
| | \$ 135,933 | \$ 3,801 | \$ 139,734 |

Bond Anticipation Notes:

Bond anticipation notes were issued in the General Capital Fund at an interest rate of 1.00% and mature on April 28, 2022. At December 31, 2021 and 2020, there were notes outstanding of \$14,350,000 and \$12,984,000, respectively. The activity in notes issued in the General Capital Fund for the year ended December 31, 2021 are as follows:

| Beginning Balance | Increase | Decrease | Ending Balance |
|----------------------|---------------|---------------|-------------------|
| \$ 12,984,000 | \$ 14,350,000 | \$ 12,984,000 | \$ 14,350,000 |

4. FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the General Fixed Assets account group for the years ended December 31, 2021 and 2020:

| | Balance December 31, 2020 | Additions | Disposals | Balance December 31, 2021 |
|----------------------------|------------------------------|--------------|------------|------------------------------|
| Land and Land Improvements | \$ 32,981,924 | \$ 1,881,044 | | \$ 34,862,968 |
| Buildings and Improvements | 7,850,537 | 602,662 | | 8,453,199 |
| Equipment | 12,458,162 | 499,192 | \$ 24,595 | 12,932,759 |
| | \$ 53,290,623 | \$ 2,982,898 | \$ 24,595 | \$ 56,248,926 |
| | Balance December 31, 2019 | Additions | Disposals | Balance December 31, 2020 |
| Land and Land Improvements | \$ 30,752,309 | \$ 2,229,615 | | \$ 32,981,924 |
| Buildings and Improvements | 7,426,120 | 424,417 | | 7,850,537 |
| Equipment | 12,335,757 | 419,778 | \$ 297,373 | 12,458,162 |
| | \$ 50,514,186 | \$ 3,073,810 | \$ 297,373 | \$ 53,290,623 |

The Township current year additions exceeded disposals resulting in an increase in general fixed assets from year over year.

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

5. DUE TO/FROM OTHER FUNDS

As of December 31, 2021 and 2020, interfund receivables and payables that resulted from various interfund transactions are as follows:

| | 2021 | | 2020 | |
|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | Interfund Receivable | Interfund Payable | Interfund Receivable | Interfund Payable |
| Current Fund: | | | | |
| Regular | \$ 114 | | \$ 5,000 | |
| Grants | | \$ 874,408 | | \$ 31,725 |
| Grant Fund | 874,408 | | 31,725 | |
| Animal Control Fund | | | | 5,000 |
| Other Trust | | 17 | | |
| General Capital Fund | | 97 | | |
| | <u>\$ 874,522</u> | <u>\$ 874,522</u> | <u>\$ 36,725</u> | <u>\$ 36,725</u> |

The above balances are the result of expenditures being paid by one fund on behalf of another. The Township expects all interfund balances to be liquidated within one year.

6. FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds 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 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:

| Year | Current Fund | | Sewer Utility Operating Fund | |
|------|--------------------------|--|---------------------------------|--|
| | Balance December 31st | Utilized In Budget of Succeeding Year | Balance December 31st | Utilized In Budget of Succeeding Year |
| 2021 | \$ 3,645,973 | \$ 1,960,000 | \$ 1,017,295 | \$ 193,000 |
| 2020 | 3,541,288 | 1,950,000 | 688,310 | 154,400 |
| 2019 | 2,827,421 | 1,897,850 | 581,388 | 72,392 |

7. 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 would approximate \$441,383 and \$526,936 to employees and officials of the Township as of December 31, 2021 and 2020, respectively, upon their retirements or other separations.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

8. EMPLOYEE RETIREMENT SYSTEMS

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by the New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2021 and 2020:

| | |
|---|-----------------------|
| | <u>2021</u> |
| Inactive plan members or beneficiaries currently receiving benefits | 184,775 |
| Inactive plan members entitled to but not yet receiving benefits | 877 |
| Active plan members | <u>246,576</u> |
| Total | <u><u>432,228</u></u> |

Contributing Employers – 1,691

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2021, the Township's total payroll for all employees was \$6,917,632. For the year ended December 31, 2021, total PERS covered payroll was \$3,170,510. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding or noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employee Retirement System (continued)

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Township payments to PERS for the year ending December 31, 2021 consisted of the following:

| | |
|-----------------------|-----------|
| | 2021 |
| Total Regular Billing | \$488,909 |

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 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 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 |

A service retirement benefit 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, to tier 3 and 4 members with 25 years or more 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 retirement age of his/her respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

At June 30, 2021, the PERS reported a net pension liability of \$11,972,782,878 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$5,346,692 or 0.045330951%, which was an increase of 0.000638854% from its proportion measured as of June 30, 2020.

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employee Retirement System (continued)

At December 31, 2021 the Township had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB Statement No. 68 was recognized:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expended and actual experience | \$ 84,324 | \$ 38,276 |
| Changes of assumptions | 27,846 | 1,903,457 |
| Net difference between projected and actual investment earnings on pension plan investments | | 1,408,459 |
| Changes in proportion | 556,247 | 490,571 |
| Township contributions subsequent to the measurement date | 264,281 | |
| | <u>\$ 932,698</u> | <u>\$ 3,840,763</u> |

\$264,281 shown as deferred outflows of resources related to PERS resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense as follows, if GASB Statement No. 68 was recognized:

| <u>Year ended December 31,</u> | <u>Amount</u> |
|------------------------------------|-----------------------|
| 2022 | \$ (1,260,027) |
| 2023 | (962,250) |
| 2024 | (524,042) |
| 2025 | (428,195) |
| 2026 | 2,168 |
| Total | <u>\$ (3,172,346)</u> |

Actuarial Assumptions- The total collective pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

| | |
|-------------------|---------------------------|
| Inflation rate: | 2021 |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00% - 6.00% |
| | based on years of service |
| Therafter | 3.00% - 7.00% |
| | based on years of service |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employees' Retirement System (continued)

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 in the following table:

| | 2021 | |
|----------------------------------|----------------------|--|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| US Equity | 27.00% | 8.09% |
| Non-U.S. Developed Market Equity | 13.50% | 8.71% |
| Emerging Market Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Assets | 3.00% | 7.40% |
| Real Estate | 8.00% | 9.15% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |
| | 100.00% | |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employees' Retirement System (continued)

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2021 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed below as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | At 1% Decrease 6.00% | At Current Discount Rate 7% | At 1% Increase 8.00% |
|------|-------------------------|--------------------------------|-------------------------|
| PERS | \$ 7,281,110 | \$ 5,346,692 | \$ 3,705,064 |

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2021 was \$35,707,804,636. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2021 was \$28,386,785,177.

Additional information

Collective Local Group balances at June 30, 2021 are as follows:

| | | |
|---|----|-------------------|
| Collective deferred outflows of resources | \$ | 1,164,738,169 |
| Collective deferred inflows of resources | | 8,339,123,762 |
| Collective net pension liability | | 11,972,782,878 |
| Township's Proportion | | 0.0451330951% |

Collective pension expense for the Local Group for the measurement period ended June 30, 2021 was \$1,599,674,464. The average of the expected remaining service lives of all plan members is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Public Employees' Retirement System (continued)

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2021 are \$1,207,896,120.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2021:

| | |
|---|---------------|
| | <u>2021</u> |
| Inactive plan members or beneficiaries currently receiving benefits | 45,537 |
| Inactive plan members entitled to but not yet receiving benefits | 65 |
| Active plan members | <u>42,520</u> |
| Total | <u>88,122</u> |

Contributing Employers – 582

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

In accordance with Chapter 98, P.L. 2017, PFRS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from the lottery proceeds are assumed to be contributed to the System on a monthly basis.

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers' contributions are expected to be received on April 1st, 21 months after the associated valuation date.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2021, the Township's total payroll for all employees was \$6,917,632. For the year ended December 31, 2021, total PFRS covered payroll was \$2,820,588. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

Township payments to PFRS for the year ending December 31, 2020 consisted of the following:

| | |
|-----------------------|-------------|
| | <u>2020</u> |
| Total Regular Billing | \$ 725,571 |

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PFRS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|---|
| 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 on or after June 28, 2011 |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

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

At June 30, 2020, the PFRS reported a net pension liability of \$14,926,648,722 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$9,779,769, or 0.0756870802% which was an increase of 0.0038562329% from its proportion, measured as of June 30, 2019.

At December 31, 2020 the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB Statement No. 68 was recognized:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 98,597 | \$ 35,098 |
| Changes of assumptions | 24,611 | 2,621,898 |
| Net difference between projected and actual investment earnings on pension plan investments | 573,434 | |
| Changes in proportion | 692,581 | 4,125 |
| Township contributions subsequent to the measurement date | 422,777 | |
| | <u>\$ 1,812,000</u> | <u>\$ 2,661,121</u> |

\$422,777 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows if GASB Statement No. 68 were followed:

| Year ended December 31, | Amount |
|----------------------------|-----------------------|
| 2022 | \$ (638,472) |
| 2023 | (455,952) |
| 2024 | (159,360) |
| 2025 | (10,268) |
| 2026 | (7,846) |
| Total | <u>\$ (1,271,898)</u> |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

Actuarial Assumptions- The total collective pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

| | 2020 |
|---------------------------|---------------------------|
| Inflation rate: | |
| Prices | 2.75% |
| Wage | 3.25% |
| Salary Increases: | 3.25% - 15.25% |
| | based on years of service |
| Investment rate of return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 are summarized in the following table:

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

| 2020 | | |
|----------------------------------|-------------------|--|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| US Equity | 27.00% | 7.71% |
| Non-U.S. Developed Market Equity | 13.50% | 8.57% |
| Emerging Market Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| | 100.00% | |

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | At 1% Decrease (6.00%) | At Current Discount Rate (7.00%) | At 1% Increase (8.00%) |
|------|---------------------------|-------------------------------------|---------------------------|
| PFRS | \$ 13,005,080 | \$ 9,779,769 | \$ 7,100,902 |

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2020 was \$27,412,127,845.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Police and Firemen's Retirement System (continued)

Additional information

Collective Local Group balances at June 30, 2020 are as follows:

| | |
|---|------------------|
| Collective deferred outflows of resources | \$ 1,601,195,680 |
| Collective deferred inflows of resources | 4,191,274,402 |
| Collective net pension liability | 14,926,648,722 |
| Township's Proportion | 0.0756870802% |

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 was \$949,220,570. The average of the expected remaining service lives of all plan members is 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2020 are \$1,194,176,430.

Special Funding Situation

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2020 for police and fire is 0.0756870802%. The non-employer contributing entities' contribution for the year ended June 30, 2020 was \$116,792. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2020 was \$1,517,776.

TOWNSHIP OF READINGTON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 and 2020

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation. The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2020, the membership in the DCRP, based on the information within the Division's database, was 60,336.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

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 based on 7.50% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

9. POST-RETIREMENT HEALTH COVERAGE

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their 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) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Contributions

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

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Plan Membership and Contributing Employers

Plan membership and contributing employers/nonemployers consisted of the following at June 30, 2020:

| | June 30, 2020 |
|---|---------------|
| Inactive plan members or beneficiaries currently receiving benefits | 30,614 |
| Active plan members | 62,547 |
| Total | 93,161 |
| Contributing employers | 590 |
| Contributing nonemployers | 1 |

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$12,484,309,814 at June 30, 2020.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

| | June 30, 2020 |
|--|-------------------|
| Total OPEB Liability | \$ 18,111,475,228 |
| Plan Fiduciary Net Position | 164,862,282 |
| Net OPEB Liability | \$ 17,946,612,946 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.91% |

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to all periods (2020) in the measurement:

| | June 30, 2020 |
|---|-----------------|
| Inflation | 2.50% |
| Salary Increases*: | |
| Public Employees' Retirement System (PERS) | |
| Rate through 2026 | 2.00% to 6.00% |
| Rate thereafter | 3.00% to 7.00% |
| Police and Firemen's Retirement System (PFRS) | |
| Rate for all future years | 3.25% to 15.25% |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

9. POST-RETIREMENT HEALTH COVERAGE (continued)

Preretirement and postretirement mortality rates were based on the Pub-2010 Safety Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale.

Actuarial assumptions used in the July 1, 2019 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.

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. The GASB statement does not require a particular source for information to determine health care trends, but it does recommend selecting a source that is “publicly available, objective, and unbiased”.

Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

Discount Rate - The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State’s Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

| | 1% Decrease | At Discount Rate | 1% Increase |
|---------------------------------|---------------|------------------|---------------|
| Total Net OPEB Liability - 2020 | \$ 23,212,118 | \$ 19,634,492 | \$ 16,802,476 |

Sensitivity of the State’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---------------------------------|---------------|-------------------------------|---------------|
| Total Net OPEB Liability - 2020 | \$ 16,247,562 | \$ 19,634,492 | \$ 24,069,723 |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability

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

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 no have there been any settlements in excess of insurance coverage in any of the prior three years.

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> |
|-----------------------------------|--|------------------------------|---------------------------|
| 2021 | \$ 9,369 | \$ 920 | \$ 75,220 |
| 2020 | 8,634 | 865 | 66,771 |
| 2019 | 8,959 | 877 | 59,002 |

11. CONTINGENT LIABILITIES

The Township is involved in various claims and lawsuits incidental to its operations. In the opinion of management and legal counsel the ultimate resolution of these matters will not have a material effect on the financial position of the Township except as follows:

388 Rt. 22 Readington Realty Holding, LLC v Township of Readington, et. Al., Superior Court of New Jersey, Law Division, Docket No. HNT-L-751-10. This case involves a suit seeking sewer capacity and civil rights damages. There has been an interim judgment for attorneys' fees which is funded through an escrow account. Plaintiff seeks damages in excess of \$5 million for loss of use of its property. There is limited insurance coverage for this claim. The Superior Court, Law Division reversed the interim judgment for attorney fees and granted the Township's motion for summary judgment. Plaintiff filed for bankruptcy and the Bankruptcy Trustee has filed an appeal of the grant summary judgment. The subject property has now been sold to a third party. As of the date of this report, the Appellate Division reversed and a petition seeking Certification of the Appellate Division Decision was filed by the Township to the New Jersey Supreme Court. The matter has been fully briefed and is awaiting a decision as to whether the Supreme Court will hear the matter. An adverse decision will cause financial

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

11. CONTINGENT LIABILITIES (continued)

exposure to the Township, although there is partial insurance coverage.

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve, which it feels is sufficient, for this contingency in the amount of \$1,808,002 as of December 31, 2021 and 2020.

12. ECONOMIC DEPENDENCY

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

13. TAX ABATEMENTS

The Township has entered into four property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. The agreements are authorized under various New Jersey state statutes. These tax abatement agreements are not material and therefore individual disclosures will not be presented.

14. SELECTED TAX INFORMATION

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

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

14. SELECTED TAX INFORMATION (continued)

Comparative Schedule of Tax Rate Information

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--------------------------------|-------------|-------------|-------------|
| <u>Tax Rate</u> | \$ 2.447* | \$ 3.041 | \$ 2.983 |
| <u>Appointment of Tax Rate</u> | | | |
| Municipal | .488 | .599 | .572 |
| Municipal Open Space | .020 | .020 | .020 |
| County | .362 | .467 | .460 |
| Local School | .985 | 1.216 | 1.193 |
| Regional School District | .592 | .739 | .738 |

Assessed Valuations

| | | | |
|------|-------------------------|-------------------------|-------------------------|
| 2021 | <u>\$ 3,308,032,263</u> | | |
| 2020 | | <u>\$ 2,629,370,388</u> | |
| 2019 | | | <u>\$ 2,614,460,071</u> |

(*) A revaluation of real property was undertaken and effective for the calendar year 2021.

Comparison of Tax Levies and Collections

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.

| Year | Tax Levy | Cash Collections | Percentage of Collections |
|------|---------------|------------------|---------------------------|
| 2021 | \$ 81,098,136 | \$ 80,356,461 | 99.09% |
| 2020 | 80,300,355 | 79,347,661 | 98.81% |
| 2019 | 78,242,603 | 77,519,983 | 99.08% |

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 Year | Amount of Delinquent Taxes | Amount of Tax Title Liens | Total | Percentage of Levy |
|---------------------|-------------------------------|------------------------------|------------|-----------------------|
| 2021 | \$ 643,001 | \$ 125,311 | \$ 768,312 | 0.95% |
| 2020 | 802,224 | 121,105 | 923,329 | 1.15% |
| 2019 | 683,881 | 117,857 | 801,738 | 1.02% |

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

15. CONSUMER ACCOUNTS RECEIVABLE

The Township maintains a utility fund for the billing and collection of sewer rents. A comparison of sewer billings and collections for the past three years are as follows:

| <u>Year</u> | <u>Billing</u> | <u>Collections</u> | <u>Percentage of Collection*</u> |
|-------------|----------------|--------------------|----------------------------------|
| 2021 | \$1,543,879 | \$1,564,088 | 101.31% |
| 2020 | 1,513,171 | 1,504,082 | 99.40% |
| 2019 | 1,495,531 | 1,507,396 | 100.79% |

* Collections of prior year balances are included in the above sum amounts.

16. DEFERRED CHARGES

During 2019, the Township adopted a special emergency ordinance in its Current Fund due to the a revaluation of real property in the amount of \$500,000. The deferred charge associated with the special emergency is required to be raised in the Township’s annual budget over five years which commenced with the 2020 budget.

17. LIQUIDITY, MANAGEMENT PLANS AND INTENTIONS

The full impact of the COVID-19 pandemic continues to evolve as of the date the financial statements were available to be issued. This pandemic has adversely affected the global economic activity which contributed to significant business disruption in the United States. Additionally, given the uncertainty of any future disruption relating to another surge of COVID-19, such disruption could have a material adverse effect on the revenues and operations of the Township. Notwithstanding, the Township continues to monitor state and local developments and proceeds with proactive strategies to minimize any impact to its current and future operation.

18. 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 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, 2021 and 2020, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

19. 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

TOWNSHIP OF READINGTON

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

19. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) – UNAUDITED (continued)

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 for 2021 and 2020. The total Township contributions were \$76,000 for 2021 and 2020.

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 volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

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 not presented in this report as part of the Township's Trust Fund.

20. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2021 through the date of August 25, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined no subsequent events have occurred which require disclosure in the financial statements.

**TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY**

PART II

**SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021**

TOWNSHIP OF READINGTON
CURRENT FUND

A-4

STATEMENT OF CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2021

| | | | | |
|--|------------------|------------|----|------------|
| Balance, December 31, 2020 | <u>Ref.</u> A | | \$ | 10,134,053 |
| Increased by Receipts: | | | | |
| Non-Budget Revenue | A-2 | \$ 231,487 | | |
| NJ Senior Citizens' and Veterans' Deductions | A-6 | 105,750 | | |
| Tax Collections | A-7 | 80,340,410 | | |
| Tax Overpayments | A-11 | 127,886 | | |
| Revenue Accounts Receivable | A-12 | 3,495,145 | | |
| Tax Title Liens | A-17 | 425,379 | | |
| Prepaid Taxes | A-20 | 563,117 | | |
| Sale of Assets | A-15 | 8,500 | | |
| Tax Sale Premiums | A-14 | 421,500 | | |
| Miscellaneous Fees Payable | A-9 | 58,921 | | |
| Interfunds | A-16 | 1,003,113 | | |
| | | | | 86,781,208 |
| | | | | 96,915,261 |
| Decreased by Disbursements: | | | | |
| 2021 Budget Appropriations | A-3 | 19,394,688 | | |
| 2020 Appropriation Reserves | A-13 | 1,029,736 | | |
| Regional School Taxes Payable | A-19 | 19,569,278 | | |
| School Taxes Payable | A-21 | 32,588,382 | | |
| County Tax Payable | A-18 | 12,014,992 | | |
| Municipal Open Space Tax | A-22 | 662,529 | | |
| Tax Title Liens | A-17 | 425,379 | | |
| Tax Overpayments | A-11 | 48,889 | | |
| Tax Sale Premiums | A-14 | 220,700 | | |
| Reserve for Revaluation | A-10 | 72,414 | | |
| Miscellaneous Fees Payable | A-9 | 51,712 | | |
| Return of Prior Year Revenue | A-1 | 7,998 | | |
| Interfunds | A-16 | 155,430 | | |
| | | | | 86,242,127 |
| Balance, December 31, 2021 | A | | \$ | 10,673,134 |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2021

A-5

| <u>Office</u> | Balance | Balance |
|-------------------------------|--------------------------|--------------------------|
| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
| Tax Collector | \$ 150 | \$ 150 |
| Municipal Court | 200 | 200 |
| Police Department | 100 | 100 |
| Township Clerk/Animal Control | 100 | 100 |
| Department of Public Works | 100 | 100 |
| | <hr/> | <hr/> |
| | \$ 650 | \$ 650 |
| | <hr/> | <hr/> |
| <u>Ref.</u> | A | A |

STATEMENT OF DUE FROM STATE OF NEW JERSEY-SENIOR
CITIZENS AND VETERANS' DEDUCTIONS
YEAR ENDED DECEMBER 31, 2021

A-6

| | <u>Ref.</u> | |
|--|-------------|-----------------------|
| Balance, December 31, 2020 | A | \$ 51,485 |
| Increased by: | | |
| Senior Citizens' and Veterans' Deductions Per Tax Billings | A-7 | <hr/> 100,500 |
| | | 151,985 |
| Decreased by: | | |
| Collections | A-4 | <hr/> 105,750 |
| Balance, December 31, 2021 | A | <hr/> <hr/> \$ 46,235 |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2021

A-7

| Year | Balance December 31, 2020 | Collections | | Senior Citizens' and Veterans' Deductions Allowed (Net) | Collections | | Tax Overpayment Applied | Transferred To Tax Title Liens | Cancellations | Balance December 31, 2021 |
|-------------|------------------------------|----------------------|-------------------|---|-------------------|----------------------|----------------------------|-----------------------------------|------------------|------------------------------|
| | | Levy | Added Taxes | | 2020 | 2021 | | | | |
| 2020 | \$ 802,224 | | | | | \$ 802,205 | | | | \$ 19 |
| 2021 | | \$ 80,947,802 | \$ 150,334 | \$ 100,500 | \$ 609,453 | 79,538,205 | \$ 108,303 | \$ 4,206 | \$ 94,487 | 642,982 |
| | <u>\$ 802,224</u> | <u>\$ 80,947,802</u> | <u>\$ 150,334</u> | <u>\$ 100,500</u> | <u>\$ 609,453</u> | <u>\$ 80,340,410</u> | <u>\$ 108,303</u> | <u>\$ 4,206</u> | <u>\$ 94,487</u> | <u>\$ 643,001</u> |
| <u>Ref.</u> | A | Below | Below | A-6 | A-20 | A-4 | A-11 | A-8 | Reserve | A |

Analysis of 2021 Property Tax Levy

| | | | | |
|------------------------------------|------|----|----------------|----------------------|
| Tax Yield | | | | |
| General Purpose Tax | | | \$ 80,947,802 | |
| Added Taxes (RS 54:4-36.1 et seq.) | | | 150,334 | |
| | | | <u>150,334</u> | \$ 81,098,136 |
| Tax Levy | | | | |
| Regional School Tax | A-19 | \$ | 19,569,278 | |
| Local District School Tax | A-21 | | 32,588,382 | |
| County Taxes | | | | |
| County Tax - General | A-18 | | 10,021,014 | |
| Open Space Tax | A-18 | | 957,030 | |
| County Library Taxes | A-18 | | 984,012 | |
| Due County for Added Tax | A-18 | | 20,960 | |
| | | | <u>20,960</u> | \$ 64,140,676 |
| Local Tax for Municipal Purposes | A-2 | | 16,155,011 | |
| Municipal Open Space | A-2 | | 662,529 | |
| Add: Additional Tax Levied | A-2 | | 139,920 | |
| | | | <u>139,920</u> | 16,957,460 |
| | | | | <u>\$ 81,098,136</u> |

TOWNSHIP OF READINGTON
CURRENT FUND

A-8

STATEMENT OF TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | |
|--|-------------|------------|
| Balance, December 31, 2020 | A | \$ 121,105 |
| Increased by: | | |
| Transfers from Current Year Taxes Receivable | A-7 | 4,206 |
| Balance, December 31, 2021 | A | \$ 125,311 |

STATEMENT OF MISCELLANEOUS FEES PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-9

| | Balance December 31, 2020 | Cash Receipts | Cash Disbursements | Balance December 31, 2021 |
|--------------------------------------|---------------------------------|------------------|-----------------------|---------------------------------|
| Due to State - Marriage License Fees | \$ 350 | \$ 2,375 | \$ 2,200 | \$ 525 |
| Due to State - DCA Training Fees | 7,700 | 44,221 | 40,412 | 11,509 |
| Due to County - Food Inspections | 2,400 | 12,325 | 9,100 | 5,625 |
| | \$ 10,450 | \$ 58,921 | \$ 51,712 | \$ 17,659 |
| <u>Ref.</u> | A | A-4 | A-4 | A |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF RESERVE FOR REVALUATION
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | <u>A-10</u> |
|----------------------------|-------------|------------------|
| Balance, December 31, 2020 | A | \$ 131,634 |
| Decreased by | | |
| Cash Disbursements | A-4 | <u>72,414</u> |
| Balance, December 31, 2021 | A | <u>\$ 59,220</u> |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | <u>A-11</u> |
|-------------------------------|-------------|--------------------------|
| Balance, December 31, 2020 | A | \$ 132,665 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>127,886</u> |
| | | 260,551 |
| Decreased by | | |
| Applied to Current Year Taxes | A-7 | \$ 108,303 |
| Cash Disbursements | A-4 | <u>48,889</u> |
| | | <u>157,192</u> |
| Balance, December 31, 2021 | A | <u><u>\$ 103,359</u></u> |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

A-12

| | Balance Dec. 31, 2020 | Accrued | Cash Receipts | Balance Dec. 31, 2021 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| Licenses: | | | | |
| Alcoholic Beverages | | \$ 22,950 | \$ 22,950 | |
| Fees and Permits | | 223,256 | 223,256 | |
| Municipal Court - Fines and Costs | \$ 3,310 | 67,118 | 66,719 | \$ 3,709 |
| Interest and Costs on Taxes | | 171,596 | 171,596 | |
| Interest on Investments and Deposits | | 21,392 | 21,392 | |
| Garden State Trust Fund | | 6,101 | 6,101 | |
| Energy Receipts Tax | | 1,421,711 | 1,421,711 | |
| Uniform Construction Code Fees | | 952,020 | 952,020 | |
| Uniform Safety Act | | 39,051 | 39,051 | |
| General Capital Fund Balance Anticipated | | 175,000 | 175,000 | |
| Reserve for Payment of Debt Service | | 270,463 | 270,463 | |
| Operating Surplus of Prior Year - Sewer | | 125,000 | 125,000 | |
| | <u>\$ 3,310</u> | <u>\$ 3,495,658</u> | <u>\$ 3,495,259</u> | <u>\$ 3,709</u> |
| Ref. | A | A-2 | Below | A |
| Cash Received | | A-4 | \$ 3,495,145 | |
| Due from Other Trust Fund | | A-16 | 17 | |
| | | | <u>\$ 3,495,259</u> | |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

A-13
Sheet # 1

| <u>Appropriation</u> | <u>Committed</u> | <u>Uncommitted</u> | <u>Balance After Modification</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|------------------|--------------------|---------------------------------------|------------------------|-----------------------|
| GENERAL GOVERNMENT: | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | | \$ 212 | \$ 212 | | \$ 212 |
| Other Expenses | \$ 8,283 | 4,885 | 13,168 | \$ 13,024 | 144 |
| Mayor and Council: | | | | | |
| Salaries and Wages | | 1 | 1 | | 1 |
| Financial Administration: | | | | | |
| Salaries and Wages | | 1,141 | 1,141 | 1 | 1,140 |
| Other Expenses | 52 | 5,464 | 5,516 | 4,587 | 929 |
| Revenue Administration (Tax Collection): | | | | | |
| Salaries and Wages | | 257 | 257 | | 257 |
| Other Expenses | | 2,801 | 2,801 | | 2,801 |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | | 4 | 4 | | 4 |
| Other Expenses | | 5,595 | 5,595 | 1,919 | 3,676 |
| Legal Services and Costs: | | | | | |
| Other Expenses | 4,745 | 170,751 | 175,496 | 75,691 | 99,805 |
| Engineering Services and Costs: | | | | | |
| Salaries and Wages | 6,060 | 16,635 | 22,695 | 17,178 | 5,517 |
| Museum Committee: | | | | | |
| Salaries and Wages | | 10,749 | 10,749 | | 10,749 |
| Other Expenses | 6,618 | 159 | 6,777 | 6,618 | 159 |
| Historic Preservation Commission: | | | | | |
| Other Expenses | | 800 | 800 | | 800 |
| Planning Board: | | | | | |
| Salaries and Wages | | 186 | 186 | | 186 |
| Other Expenses | 4,169 | 73 | 4,242 | 4,241 | 1 |
| Board of Adjustment: | | | | | |
| Other Expenses | 38 | 6,561 | 6,599 | 4,981 | 1,618 |
| Environmental Health Commission: | | | | | |
| Other Expenses | 28 | 13,728 | 13,756 | 2,296 | 11,460 |
| Administration of Public Assistance: | | | | | |
| Salaries and Wages | | 115 | 115 | | 115 |
| Other Expenses | | 2,329 | 2,329 | | 2,329 |
| Insurance: | | | | | |
| General Liability | | 2,634 | 2,634 | | 2,634 |
| Employee Group Health | | 413,229 | 413,229 | 185,000 | 228,229 |
| Fire: | | | | | |
| Other Expenses | 26,439 | 15,211 | 41,650 | 40,218 | 1,432 |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

A-13
Sheet # 2

| <u>Appropriation</u> | <u>Committed</u> | <u>Uncommitted</u> | <u>Balance After Modification</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|---|------------------|--------------------|---------------------------------------|------------------------|-----------------------|
| GENERAL GOVERNMENT (Cont'd): | | | | | |
| Police: | | | | | |
| Salaries and Wages | | \$ 58,857 | \$ 58,857 | | \$ 58,857 |
| Other Expenses | \$ 121,421 | 22,839 | 144,260 | \$ 122,570 | 21,690 |
| Emergency Management Services: | | | | | |
| Salaries and Wages | | 145 | 145 | | 145 |
| Other Expenses | 1,003 | 3,475 | 4,478 | 2,113 | 2,365 |
| First Aid: | | | | | |
| Other Expenses | 2,747 | 12,133 | 14,880 | | 14,880 |
| Uniform Fire Safety: | | | | | |
| Salaries and Wages | | 82 | 82 | | 82 |
| Other Expenses | | 25,032 | 25,032 | | 25,032 |
| PUBLIC WORKS: | | | | | |
| Road Repair and Maintenance: | | | | | |
| Salaries and Wages | | 66,881 | 66,881 | | 66,881 |
| Other Expenses | 54,733 | 18,992 | 73,725 | 65,146 | 8,579 |
| Tree Care: | | | | | |
| Other Expenses | | 20,418 | 20,418 | | 20,418 |
| Snow Removal: | | | | | |
| Other Expenses | 37,401 | 33,211 | 70,612 | 35,604 | 35,008 |
| Waste Collection/Recycling: | | | | | |
| Salaries and Wages | | 18,231 | 18,231 | | 18,231 |
| Other Expenses | 122,518 | 51,167 | 173,685 | 137,583 | 36,102 |
| Buildings and Grounds: | | | | | |
| Salaries and Wages | | 4,527 | 4,527 | | 4,527 |
| Other Expenses | 19,099 | 11,802 | 30,901 | 17,099 | 13,802 |
| Public Defender: | | | | | |
| Other Expenses | | 2,703 | 2,703 | 2,699 | 4 |
| Municipal Prosecutor's Office: | | | | | |
| Other Expenses | 2,805 | 11,570 | 14,375 | 5,797 | 8,578 |
| Municipal Court: | | | | | |
| Salaries and Wages | | 1,422 | 1,422 | | 1,422 |
| Other Expenses | 348 | 3,390 | 3,738 | 581 | 3,157 |
| HEALTH AND HUMAN SERVICES: | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | | 580 | 580 | | 580 |
| Other Expenses | 196 | 18 | 214 | 116 | 98 |
| Celebration of Public Events: | | | | | |
| Other Expenses | 125 | 2,349 | 2,474 | 339 | 2,135 |
| Animal Control: | | | | | |
| Other Expenses | | 5,000 | 5,000 | | 5,000 |
| RECREATION AND EDUCATION: | | | | | |
| Recreations: | | | | | |
| Salaries and Wages | | 565 | 565 | | 565 |
| Other Expenses | | 6,221 | 6,221 | 5,001 | 1,220 |
| Senior Citizens Transportation: | | | | | |
| Other Expenses | | 6,000 | 6,000 | | 6,000 |
| Expense in Participation of Free County Library | | | | | |
| Salaries and Wages | | 2,659 | 2,659 | | 2,659 |
| Other Expenses | 13 | 6,012 | 6,025 | 343 | 5,682 |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

A-13
Sheet # 3

| <u>Appropriation</u> | <u>Committed</u> | <u>Uncommitted</u> | <u>Balance After Modification</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|------------------|--------------------|---------------------------------------|------------------------|-----------------------|
| UTILITIES: | | | | | |
| Fire Hydrant Services | | \$ 5,936 | \$ 5,936 | \$ 5,936 | |
| Electricity | \$ 214,937 | 15,146 | 230,083 | 215,704 | \$ 14,379 |
| Street Lighting | | 2,569 | 2,569 | 329 | 2,240 |
| Telephone | 629 | 980 | 1,609 | 1,518 | 91 |
| Fuel Oil | | 8,500 | 8,500 | | 8,500 |
| Gasoline | | 56,710 | 56,710 | 5,242 | 51,468 |
| UNIFORM CONSTRUCTION CODE: | | | | | |
| Construction Official: | | | | | |
| Salaries and Wages | | 1,304 | 1,304 | | 1,304 |
| Other Expenses | 33,394 | 29,639 | 63,033 | 50,262 | 12,771 |
| Total Operations Within "CAPS" | 667,801 | 1,190,585 | 1,858,386 | 1,029,736 | 828,650 |
| Deferred Charges & Statutory Expenditures | | | | | |
| - Municipal Within "CAPS": | | | | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Social Security System (O.A.S.I.) | | 65,258 | 65,258 | | 65,258 |
| LOSAP | | 13,000 | 13,000 | | 13,000 |
| Defined Contribution Retirement Contribution | | 887 | 887 | | 887 |
| Unemployment | | 2,179 | 2,179 | | 2,179 |
| Contingent | | 1,180 | 1,180 | | 1,180 |
| Total General Appropriations | \$ 667,801 | \$ 1,273,089 | \$ 1,940,890 | \$ 1,029,736 | \$ 911,154 |
| Ref. | A | A | A-4 | A-4 | A-1 |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF RESERVE FOR TAX SALE PREMIUMS
YEAR ENDED DECEMBER 31, 2021

A-14

| | <u>Ref.</u> | |
|----------------------------|-------------|------------|
| Balance, December 31, 2020 | A | \$ 308,300 |
| Increased by: | | |
| Cash Receipts | A-4 | 421,500 |
| | | 729,800 |
| Decreased by: | | |
| Cash Disbursements | A-4 | 220,700 |
| | | 220,700 |
| Balance, December 31, 2021 | A | \$ 509,100 |

STATEMENT OF RESERVE FOR SALE OF ASSETS
YEAR ENDED DECEMBER 31, 2021

A-15

| | <u>Ref.</u> | |
|--------------------------------------|-------------|-----------|
| Balance, December 31, 2020 | A | \$ 18,845 |
| Increased by: | | |
| Cash Receipts | A-4 | 8,500 |
| | | 8,500 |
| Decreased by: | | |
| Appropriated as Current Year Revenue | A-2 | 18,845 |
| | | 18,845 |
| Balance, December 31, 2021 | A | \$ 8,500 |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF INTERFUNDS RECEIVABLE (PAYABLE)
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | <u>Total</u> | <u>Grant Fund</u> | <u>Animal Control</u> | <u>Other Trust Funds</u> | <u>General Capital</u> |
|---------------------------|-------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|
| Balance December 31, 2020 | | | | | | |
| From (To) | A | \$ (26,725) | \$ (31,725) | \$ 5,000 | | |
| Increased by: | | | | | | |
| Cash Disbursements | A-4 | 155,430 | 155,430 | | | |
| Interest Earned | A-12 | 114 | | | \$ 17 | \$ 97 |
| | | <u>128,819</u> | <u>123,705</u> | <u>5,000</u> | <u>17</u> | <u>97</u> |
| Decreased by: | | | | | | |
| Cash Receipts | A-4 | <u>1,003,113</u> | <u>998,113</u> | <u>5,000</u> | | |
| | | <u>1,003,113</u> | <u>998,113</u> | <u>5,000</u> | - | - |
| Balance December 31, 2021 | | | | | | |
| From (To) | A | <u>\$ (874,294)</u> | <u>\$ (874,408)</u> | <u>\$ -</u> | <u>\$ 17</u> | <u>\$ 97</u> |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF RESERVE FOR OUTSIDE TAX LIENS
YEAR ENDED DECEMBER 31, 2021

A-17

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------|
| Balance, December 31, 2020 | A | \$ - |
| Increased by: | | |
| Cash Receipts | A-4 | 425,379 |
| | | <u>425,379</u> |
| Decreased by: | | |
| Cash Disbursements | A-4 | 425,379 |
| | | <u>425,379</u> |
| Balance, December 31, 2021 | A | <u>\$ -</u> |

STATEMENT OF COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-18

| | <u>Ref.</u> | |
|----------------------------|---------------|-------------------|
| Balance, December 31, 2020 | A | \$ 52,936 |
| Increased by: | | |
| Levy-Calendar Year 2021 | | \$ 10,021,014 |
| Library Taxes | | 984,012 |
| 2021 Open Space Tax Levy | | 957,030 |
| Due County for Added Taxes | | <u>20,960</u> |
| | A-1, A-2, A-7 | <u>11,983,016</u> |
| | | 12,035,952 |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>12,014,992</u> |
| Balance, December 31, 2021 | A | <u>\$ 20,960</u> |

STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-19

| | <u>Ref.</u> | |
|----------------------------|---------------|---------------------|
| Balance, December 31, 2020 | A | \$ 2,000,000 |
| Increased by: | | |
| Levy - Calendar Year 2021 | A-1, A-2, A-7 | 19,569,278 |
| | | <u>21,569,278</u> |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>19,569,278</u> |
| Balance, December 31, 2021 | A | <u>\$ 2,000,000</u> |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF PREPAID TAXES
YEAR ENDED DECEMBER 31, 2021

A-20

| | <u>Ref.</u> | |
|--------------------------------|-------------|-----------------------|
| Balance, December 31, 2020 | A | \$ 609,453 |
| Increased by: | | |
| Collection of 2022 Taxes | A-4 | 563,117 |
| | | 1,172,570 |
| Decreased by: | | |
| Applied to 2021 Taxes | A-7 | 609,453 |
| | | 609,453 |
| Balance, December 31, 2021 | A | \$ <u>563,117</u> |

STATEMENT OF SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-21

| | <u>Ref.</u> | |
|--------------------------------|---------------|-----------------|
| Balance, December 31, 2020 | A | \$ - |
| Increased by: | | |
| Levy - Calendar Year 2021 | A-1, A-2, A-7 | 32,588,382 |
| | | 32,588,382 |
| Decreased by: | | |
| Cash Disbursements | A-4 | 32,588,382 |
| | | 32,588,382 |
| Balance, December 31, 2021 | A | \$ <u>-</u> |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-22

| | <u>Ref.</u> | | | |
|--------------------------------------|-------------|----|---------|---------|
| Balance, December 31, 2020 | A | | \$ | - |
| Increased by: | | | | |
| 2021 Tax Levy | A-7 | \$ | 661,488 | |
| 2021 Added Taxes (54:4-63.1 et seq.) | A-7 | | 1,041 | |
| | | | | 662,529 |
| | | | | 662,529 |
| Decreased by: | | | | |
| Cash Disbursements | A-4 | | | 662,529 |
| Balance, December 31, 2021 | A | | \$ | - |

TOWNSHIP OF READINGTON
CURRENT FUND

STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY AUTHORIZATION
YEAR ENDED DECEMBER 31, 2021

A-23

| <u>Date Authorized</u> | <u>Purpose</u> | <u>Net Amount Authorized</u> | <u>Balance December 31, 2020</u> | <u>Raised in 2021 Budget</u> | <u>Balance December 31, 2021</u> |
|------------------------|---|------------------------------|----------------------------------|------------------------------|----------------------------------|
| 2/4/2019 | Revaluation of Real Property <u>Ref.</u> | \$ 500,000 | \$ 400,000 | \$ 100,000 | \$ 300,000 |
| | | | A | A-3 | A |

STATEMENT OF RESERVE FOR TAX APPEALS
YEAR ENDED DECEMBER 31, 2021

A-24

| | | |
|-------------------------------------|-------------|---------------------|
| | <u>Ref.</u> | |
| Balance, December 31, 2021 and 2020 | A | <u>\$ 1,808,002</u> |

TOWNSHIP OF READINGTON
GRANT FUND

STATEMENT OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

A-25

| | Balance, December 31, 2020 | 2021 Anticipated Revenue | Received | Balance, December 31, 2021 |
|--|----------------------------------|-----------------------------|-------------------|----------------------------------|
| Municipal Planning Incentive | \$ 20,000 | | | \$ 20,000 |
| Sustainable New Jersey - Roots to Rivers | 3,607 | | \$ 3,406 | 201 |
| Sustainable New Jersey - Holland Brook | 1,897 | | 1,897 | |
| Somerset County Pass Thru DWI | | \$ 880 | 880 | |
| PSE&G Foundation | 5,000 | 2,000 | 2,000 | 5,000 |
| Somerset County Pass Thru Distracted Driver | | 2,880 | 2,880 | |
| Somerset County Pass Thru Drive Sober or Get Pulled Over | | 1,800 | 1,800 | |
| Clean Fleet Electric Vehicle | 5,500 | | 5,500 | |
| Drunk Driving Enforcement Fund | | 4,751 | 4,751 | |
| Clean Communities Program | | 55,065 | 55,065 | |
| Alcohol Education & Rehabilitation | | 1,136 | 1,136 | |
| NJ Environmental Commission - ANJEC | 500 | | 370 | 130 |
| NJ Historical Commission - Museum | 5,698 | | | 5,698 |
| 391-H Grant Watershed | 199,915 | | 74,784 | 125,131 |
| Recycling Tonnage Grant | | 12,600 | 12,600 | |
| American Rescue Plan | | 829,132 | 829,132 | |
| Body Armor Grant | | 1,912 | 1,912 | |
| | <u>\$ 242,117</u> | <u>\$ 912,156</u> | <u>\$ 998,113</u> | <u>\$ 156,160</u> |
| <u>Ref.</u> | A | A-2, A-28 | A-26 | A |

TOWNSHIP OF READINGTON
GRANT FUND

A-26

STATEMENT OF DUE FROM CURRENT FUND
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | | |
|------------------------------|-------------|------------|------------|
| Balance, December 31, 2020 | A | | \$ 31,725 |
| Increased by: | | | |
| Due from Current Fund | A-25 | | 998,113 |
| | | | 1,029,838 |
| Decreased by: | | | |
| Appropriated Grant Reserves | A-28 | \$ 110,474 | |
| Expenditures Paid by Current | A-28 | - | |
| Grant Encumbrances | A-27 | 7,855 | |
| | | | 118,329 |
| Balance, December 31, 2021 | A | | \$ 911,509 |

GRANT FUND

STATEMENT OF ENCUMBRANCES PAYABLE
YEAR ENDED DECEMBER 31, 2021

A-27

| | <u>Ref.</u> | | |
|----------------------------|-------------|--|----------|
| Balance, December 31, 2020 | A | | \$ 7,855 |
| Increased by: | | | |
| Budget Appropriations | A-28 | | 7,923 |
| | | | 15,778 |
| Decreased by: | | | |
| Cash Disbursements | A-26 | | 7,855 |
| Balance, December 31, 2021 | A | | \$ 7,923 |

TOWNSHIP OF READINGTON
GRANT FUND

STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
YEAR ENDED DECEMBER 31, 2021

A-28

| | Balance, December 31 2020 | Transferred from Budget Appropriations | Paid or Charged | Balance, December 31, 2021 |
|--|---------------------------------|--|-------------------|----------------------------------|
| Clean Communities Program | | \$ 55,065 | \$ 1,000 | \$ 54,065 |
| Drunk Driving Enforcement Fund | \$ 24,177 | 4,751 | 1,651 | 27,277 |
| Body Armor Grant | 2,433 | 1,912 | 2,434 | 1,911 |
| Alcohol Education & Rehabilitation | 23,445 | 1,136 | 1,264 | 23,317 |
| Municipal Planning Incentive | 8,949 | | 8,949 | |
| Sustainable New Jersey - Roots to Rivers | 201 | | | 201 |
| Somerset County Pass Thru DWI | | 880 | 880 | |
| PSEG& Foundation | | 2,000 | 1,000 | 1,000 |
| Somerset County Pass Thru Distracted Driver | | 2,880 | 2,880 | |
| Somerset County Pass Thru Drive Sober or Get Pulled Over | | 1,800 | 1,800 | |
| Clean Fleet Electric Vehicle | 5,500 | | 5,500 | |
| Recycling Tonnage Grant | | 12,600 | | 12,600 |
| American Rescue Plan | | 829,132 | | 829,132 |
| 391-H Grant Watershed | | | | 73,142 |
| | <u>201,282</u> | <u>912,156</u> | <u>128,140</u> | <u>73,142</u> |
| | <u>\$ 265,987</u> | <u>\$ 912,156</u> | <u>\$ 155,498</u> | <u>\$ 1,022,645</u> |

| | | | | |
|----------------------|------|-----------|-------------------|---|
| Ref. | A | A-3, A-25 | Below | A |
| Cash Disbursed | A-26 | | \$ 147,575 | |
| Encumbrances Payable | A-27 | | <u>7,923</u> | |
| Above | | | <u>\$ 155,498</u> | |

TOWNSHIP OF READINGTON
TRUST FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2021

B-3

| | <u>Ref.</u> | <u>Animal Control Trust Fund</u> | <u>Trust Other Fund</u> |
|-------------------------------------|-------------|----------------------------------|----------------------------|
| Balance, December 31, 2020 | B | \$ 6,742 | \$ 2,276,395 |
| Increased by Receipts: | | | |
| Special Deposits | B-9 | | \$ 6,867,563 |
| State Fees Collected | B-6 | \$ 4,532 | |
| Interfunds | B-8 | | 194 |
| Dog and Cat License Fees | B-4, B-5 | <u>46,530</u> | |
| | | 51,062 | <u>6,867,757</u> |
| | | <u>57,804</u> | <u>9,144,152</u> |
| Decreased by Disbursements: | | | |
| Paid to State of New Jersey | B-6 | 3,548 | |
| Special Deposits | B-9 | | 6,469,623 |
| Expenditures Under R.S. 41:19-15.11 | B-4 | 34,250 | |
| Interfunds | B-7, B-8 | <u>5,000</u> | |
| | | 42,798 | <u>177</u> |
| | | <u>15,006</u> | <u>6,469,800</u> |
| Balance, December 31, 2021 | B | <u><u>\$ 15,006</u></u> | <u><u>\$ 2,674,352</u></u> |

TOWNSHIP OF READINGTON
ANIMAL CONTROL TRUST FUND

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
YEAR ENDED DECEMBER 31, 2021

B-4

| | <u>Ref.</u> | | |
|------------------------------------|-------------|------------|------------------------|
| Balance, December 31, 2020 | B | | \$ 1,391 |
| Increased by: | | | |
| License Fees: | | | |
| 2021 Collections | | | |
| Dog | B-3 | \$ 36,001 | |
| Prepaid Licenses Applied | B-5 | <u>221</u> | |
| | | | <u>36,222</u> |
| | | | 37,613 |
| Decreased by: | | | |
| Expenditures Under R.S. 4:19-15.11 | B-3 | | <u>34,250</u> |
| Balance, December 31, 2021 | B | | <u><u>\$ 3,363</u></u> |

License Fees Collected

| <u>Year</u> | Amount |
|-------------|-------------------------|
| 2019 | \$ 23,557 |
| 2020 | <u>30,940</u> |
| | <u><u>\$ 54,497</u></u> |

Note: R.S. 4:19-15.11
 "...there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding".

TOWNSHIP OF READINGTON
ANIMAL CONTROL TRUST FUND

STATEMENT OF PREPAID LICENSES
YEAR ENDED DECEMBER 31, 2021

B-5

| | <u>Ref.</u> | | |
|-----------------------------|-------------|----|----------------------|
| Balance, December 31, 2020 | B | \$ | 221 |
| Increased by: | | | |
| 2022 License Fees Collected | B-3 | | 10,529 |
| | | | <u>10,750</u> |
| Decreased by: | | | |
| Applied in 2021 | B-4 | | 221 |
| | | | <u>221</u> |
| Balance, December 31, 2021 | B | \$ | <u><u>10,529</u></u> |

TOWNSHIP OF READINGTON
ANIMAL CONTROL TRUST FUND

B-6

STATEMENT OF DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | |
|-------------------------------------|-------------|------------------------|
| Balance, December 31, 2020 | B | \$ 130 |
| Increased by: | | |
| State Fees Collected in 2021 | B-3 | <u>4,532</u> |
| | | 4,662 |
| Decreased by: | | |
| Payments to the State of New Jersey | B-3 | <u>3,548</u> |
| Balance, December 31, 2021 | B | <u><u>\$ 1,114</u></u> |

TOWNSHIP OF READINGTON
ANIMAL CONTROL TRUST FUND

STATEMENT OF DUE TO CURRENT FUND
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | <u>B-7</u> |
|----------------------------|-------------|--------------|
| Balance, December 31, 2020 | B | \$ 5,000 |
| Decreased by: | | |
| Payments to Current Fund | B-3 | <u>5,000</u> |
| Balance, December 31, 2021 | B | <u>\$ -</u> |

TOWNSHIP OF READINGTON
OTHER TRUST FUND

STATEMENT OF DUE TO CURRENT FUND
YEAR ENDED DECEMBER 31, 2021

B-8

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|------------|
| Balance, December 31, 2020 | B | \$ | - |
| Increased by: | | | |
| Interest Earned | B-3 | | 194 |
| | | | <u>194</u> |
| Decreased by: | | | |
| Payments to Current Fund | B-3 | | 177 |
| | | | <u>177</u> |
| Balance, December 31, 2021 | B | \$ | <u>17</u> |

TOWNSHIP OF READINGTON
OTHER TRUST FUND

STATEMENT OF SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2021

B-9

| | Balance December 31, <u>2020</u> | <u>Increase</u> | <u>Decrease</u> | Balance December 31, <u>2021</u> |
|-----------------------------------|--|---------------------|---------------------|--|
| Open Space | \$ 50,384 | \$ 662,761 | \$ 501,819 | \$ 211,326 |
| Unemployment | 66,771 | 9,369 | 920 | 75,220 |
| General: | | | | |
| Police Escrow | 57,209 | 131,787 | 149,752 | 39,244 |
| Public Defender | 5,200 | 2,100 | 1,800 | 5,500 |
| Parking Offenses Adjudication Act | 74 | 8 | | 82 |
| Library | 17,143 | 1,850 | 1,365 | 17,628 |
| Museum | 56,185 | 160 | | 56,345 |
| Board of Health Escrow | 265,944 | 34,245 | 13,098 | 287,091 |
| Housing: | | | | |
| Deposits | 287,317 | 265,675 | 48,892 | 504,100 |
| Developers Escrow | 1,208,986 | 653,803 | 718,852 | 1,143,937 |
| Recreation | 38,473 | 391,628 | 340,040 | 90,061 |
| Driveway Apron/Maintenance | 158,463 | 4,611 | 1,911 | 161,163 |
| Payroll Deduction | 48,460 | 4,675,658 | 4,678,576 | 45,542 |
| Flexible Spending | 565 | 12,508 | 12,598 | 475 |
| Fire Penalties | 15,200 | 21,400 | | 36,600 |
| Forfeited Funds | 21 | - | - | 21 |
| | <u>\$ 2,276,395</u> | <u>\$ 6,867,563</u> | <u>\$ 6,469,623</u> | <u>\$ 2,674,335</u> |
| <u>Ref.</u> | <u>B</u> | B-3 | B-3 | <u>B</u> |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2021

C-2

| | <u>Ref.</u> | | |
|--|-------------|------------|--------------|
| Balance, December 31, 2020 | C | | \$ 6,108,487 |
| Increased by: | | | |
| Premium on Note Sales | C-1 | \$ 112,647 | |
| Bond Anticipation Notes | C-16 | 1,990,978 | |
| Grant Funds - Reserve for Debt Service | C-12 | 1,139,383 | |
| Capital Improvement Fund | C-8 | 367,000 | |
| Receipts from Open Space Trust Fund | C-7 | 90,000 | |
| Reserve for Debt Service | C-12 | 946 | |
| Due from Current Fund | C-14 | 97 | |
| Interfund Current - Interest | C-14 | 2,867 | |
| | | 3,703,918 | |
| | | | 9,812,405 |
| Decreased by: | | | |
| Improvement Authorizations | C-7 | 2,283,605 | |
| Bond Anticipation Notes | C-16 | 350,075 | |
| Contracts Payable | C-9 | 1,388,491 | |
| Due to Housing Trust | C-15 | 9,486 | |
| Paid to Current Fund | C-14 | 448,330 | |
| | | 4,479,987 | |
| Balance, December 31, 2021 | C | | \$ 5,332,418 |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF ANALYSIS OF GENERAL CAPITAL CASH
DECEMBER 31, 2021 AND 2020

C-3

| | <u>Balance,</u> December 31, 2021 | <u>Balance,</u> December 31, 2020 |
|--|---|---|
| Fund Balance | \$ 12,033 | \$ 294,884 |
| Grants Receivable | (140,250) | |
| Capital Improvement Fund | 80 | 194,930 |
| Reserve for Debt Service | 1,282,558 | 270,463 |
| Contracts Payable | 941,974 | 1,388,806 |
| Reserve for Emergency Vehicles | 4,240 | 4,240 |
| Reserve for Road Improvements | 187,250 | 187,250 |
| Due to Current Fund | 97 | |
| Excess Note Proceeds - Ordinance 17-07 | | 330,000 |
| Excess Note Proceeds - Ordinance 19-09 | | 20,075 |
| Improvement Authorizations: | | |
| <u>Ordinance Number</u> | <u>General Improvements</u> | |
| 03-24/04-27 | Acquisition of Property - O'Urso | (805,224) (805,224) |
| 05-21/06-33 | Various Capital Improvements | 3,161 25,859 |
| 05-22/14-19 | Various Capital Improvements | 83,342 130,756 |
| 06-41 | Various Capital Improvements | 554 5,767 |
| 14-11 | Various Capital Improvements | 306,615 367,510 |
| 15-10 | Acquisition of Affordable Housing Unit | 135,000 135,000 |
| 16-4 | Various Capital Improvements | 64,904 71,698 |
| 17-09 | Acquisition of Sewer Capacity | 1,782,235 1,784,420 |
| 17-10 | Acquisition of Property | 153,000 153,000 |
| 17-12 | Acquisition of Property - Affordable Housing | 910 7,815 |
| 18-1 | Acquisition of Property - Affordable Housing | 14,041 |
| 18-5 | Various Improvements | 176,555 183,995 |
| 18-10 | Market to Affordable Program | 249,797 682,086 |
| 18-18 | Acquisition of Affordable Housing Unit | 5,000 |
| 19-06 | Deed Restrictions | 4,486 |
| 19-09 | Various Capital Improvements | 399,487 459,180 |
| 19-14 | Acquisition of Property | 2,186 |
| 19-23 | Saums Property | 70,597 72,710 |
| 20-20 | Various Capital Improvements | 253,172 46,059 |
| 20-27 | Acquisition of Property - Gerison | (2,755) |
| 20-31 | Market Affordable Housing | 371,085 74,250 |
| 21-07 | Various Improvements | (146,083) |
| 21-08 | Acquisition of Various Equipment and Improvements | 83,900 |
| 21-09 | Acquisition of Ambulance | 3,335 |
| 21-29 | Acquisition of Property | 2,268 |
| 21-37 | Various Improvements | (144,174) |
| | <u>\$ 5,332,418</u> | <u>\$ 6,108,487</u> |
| <u>Ref.</u> | <u>C</u> | <u>C</u> |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

C-4

| Agency | Balance December 31, 2020 | Increase | Balance December 31, 2021 |
|---|---------------------------------|------------|---------------------------------|
| New Jersey Department of Transportation | \$ - | \$ 140,250 | \$ 140,250 |
| | \$ - | \$ 140,250 | \$ 140,250 |
| <u>Ref.</u> | C | C-7 | C |

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2021

C-5

| | | |
|---|------------------|---------------|
| Balance, December 31, 2020 | <u>Ref.</u> C | \$ 28,491,703 |
| Decreased by: | | |
| 2021 Budget Appropriation to Pay Serial Bonds | C-10 | \$ 2,641,000 |
| 2021 Budget Appropriation to Pay Loans | C-17 | 161,770 |
| | | 2,802,770 |
| Balance, December 31, 2021 | C | \$ 25,688,933 |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2021

C-6

| | | Analysis of Balance December 31, 2021 | | | | | | |
|--------------------|--|---------------------------------------|------------------------|--|---------------------------------|-------------------------------|---------------------|--|
| <u>Ord. Number</u> | <u>Improvement Description</u> | Balance December 31, 2020 | 2021 Authorizations | Notes Paid by Budget Appropriation | Balance December 31, 2021 | Bond Anticipation Notes | 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 |
| 16-04 | Various Capital Improvements | 7,679 | | \$ 695 | 6,984 | \$ 6,983 | | 1 |
| 17-07 | Various Capital Improvements | 1,336,300 | | 83,231 | 1,253,069 | 1,253,069 | | |
| 17-08 | Acquisition of Sewer Capacity | 410,923 | | 17,721 | 393,202 | 393,202 | | |
| 17-09 | Acquisition of Sewer Capacity | 3,420,000 | | 43,291 | 3,376,709 | 3,376,709 | | |
| 17-12 | Acquisition of Property - Affordable Housing | 840,000 | | 10,632 | 829,368 | 829,368 | | |
| 18-1 | Acquisition of Property - Affordable Housing | 74,750 | | 946 | 73,804 | 73,804 | | |
| 18-5 | Various Improvements | 1,725,200 | | 92,454 | 1,632,746 | 1,632,746 | | |
| 18-10 | Market to Affordable Program | 760,000 | | 25,933 | 734,067 | 734,067 | | |
| 19-09 | Various Capital Improvements | 1,404,925 | | | 1,404,925 | 1,404,925 | | |
| 19-20 | Acquisition of Fire Truck | 665,000 | | | 665,000 | 665,000 | | |
| 19-23 | Saums Property | 2,004,500 | | | 2,004,500 | 2,004,500 | | |
| 20-20 | Various Capital Improvements | 267,377 | | | 267,377 | 267,377 | | |
| 20-27 | Acquisition of Property - Gerison | 304,000 | | | 304,000 | 304,000 | | |
| 20-31 | Market Affordable Housing | 1,410,750 | | | 1,410,750 | 1,404,250 | | 6,500 |
| 21-07 | Various Capital Improvements | | \$ 1,300,800 | | 1,300,800 | | 146,083 | 1,154,717 |
| 21-37 | Improvements to Summer Road/Pickell Park | | 833,330 | | 833,330 | | 144,174 | 689,156 |
| | | <u>\$ 15,437,186</u> | <u>\$ 2,134,130</u> | <u>\$ 274,903</u> | <u>\$ 17,296,413</u> | <u>\$ 14,350,000</u> | <u>\$ 1,095,481</u> | <u>\$ 1,850,932</u> |
| <u>Ref.</u> | C | | C-7, C-18 | C-16 | C | C-16 | C-3 | Below |
| | | | | | | | C-7 | \$ 5,162,448 |
| | | | | | | | | Less: Unexpended Proceeds of Bond Anticipation Notes |
| | | | | | | | Ord. 16-04 | \$ 7,678 |
| | | | | | | | Ord. 17-09 | 1,782,235 |
| | | | | | | | Ord. 17-12 | 910 |
| | | | | | | | Ord. 18-5 | 176,555 |
| | | | | | | | Ord. 18-10 | 249,797 |
| | | | | | | | Ord. 19-9 | 399,487 |
| | | | | | | | Ord. 19-23 | 70,597 |
| | | | | | | | Ord. 20-20 | 253,172 |
| | | | | | | | Ord. 20-31 | 371,085 |
| | | | | | | | | <u>3,311,516</u> |
| | | | | | | | Above | <u>\$ 1,850,932</u> |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2021

C-7

| Ord. No. | Improvement Description | Balance, December 31, 2020 | | 2021 Authorizations | | | | | | | | Balance, December 31, 2021 | | |
|-------------|---|----------------------------|--------------|----------------------------------|--|------------|------------|--------------|--------------------------|------------------|---------------|----------------------------|------------|--------------|
| | | Funded | Unfunded | Prior Year Encumbrance Cancelled | Deferred Charges to Future Taxation Unfunded | Grants | Open Space | Fund Balance | Capital Improvement Fund | Reappropriations | Cancellations | Paid or Charged | Funded | Unfunded |
| 05-21/06-33 | Various Capital Improvements | \$ 25,859 | | | | | | | | | | \$ 22,698 | \$ 3,161 | |
| 05-22/14-19 | Various Capital Improvements | 130,756 | \$ 558 | | | | | | | | | 47,414 | 83,342 | \$ 558 |
| 06-41 | Various Capital Improvements | 5,767 | | | | | | | | | | 5,213 | 554 | |
| 14-11 | Various Capital Improvements | 367,510 | | | | | | | | | | \$ (21,400) | 39,495 | 306,615 |
| 15-10 | Acquisition of Affordable Housing Unit | 135,000 | | | | | | | | | | | 135,000 | |
| 16-04 | Various Capital Improvements | 71,003 | 7,679 | | | | | | | | | 13,777 | 57,226 | 7,679 |
| 17-09 | Acquisition of Sewer Capacity | | 1,784,420 | | | | | | | | | 2,185 | | 1,782,235 |
| 17-10 | Acquisition of Property | 153,000 | | | | | | | | | | | 153,000 | |
| 17-12 | Acquisition of Property - Affordable Housing | | 7,815 | | | | | | | | | 6,905 | | 910 |
| 18-1 | Acquisition of Property - Affordable Housing | | 14,041 | | | | | | | | | \$ 14,041 | | |
| 18-5 | Various Improvements | | 183,995 | | | | | | | | | 7,440 | | 176,555 |
| 18-10/19-11 | Market to Affordable Program | | 690,031 | | | | | | | | | 440,234 | | 249,797 |
| 18-18 | Acquisition of Affordable Housing Unit | 5,000 | | | | | | | | | | 5,000 | | |
| 19-06 | Deed Restrictions | 4,486 | | | | | | | | | | 4,486 | | |
| 19-09 | Various Capital Improvements | | 459,180 | | | | | | | | | 59,693 | | 399,487 |
| 19-14 | Acquisition of Property | 2,186 | | | | | | | | | | 2,186 | | |
| 19-20 | Acquisition of Fire Truck | | | \$ 315 | | | | | | | | 315 | | |
| 19-23 | Saums Property | | 73,133 | | | | | | | | | 2,536 | | 70,597 |
| 20-20 | Various Capital Improvements | 46,059 | 267,377 | | | | | | | | | 39,994 | | 253,172 |
| 20-27 | Acquisition of Property - Gerison | | 301,245 | | | | | | | | | 137,339 | | 163,906 |
| 20-31 | Market Affordable Housing | 74,250 | 1,410,750 | | | | | | | | | 1,107,415 | | 377,585 |
| 21-07 | Various Improvements | | | | \$ 1,300,800 | \$ 140,250 | | \$ 202,150 | | | | 488,483 | | 1,154,717 |
| 21-08 | Acquisition of Various Equipment and Improvements | | | | | | | \$ 329,850 | | | | 245,950 | 83,900 | |
| 21-09 | Acquisition of Ambulance | | | | | | | 30,000 | 232,000 | | | 258,665 | 3,335 | |
| 21-29 | Acquisition of Property | | | | | | \$ 90,000 | | | | | 87,732 | 2,268 | |
| 21-37 | Various Improvements | | | | 833,330 | | | | | 41,670 | | 185,844 | | 689,156 |
| | | \$ 1,020,876 | \$ 5,200,224 | \$ 315 | \$ 2,134,130 | \$ 140,250 | \$ 90,000 | \$ 232,150 | \$ 561,850 | \$ - | \$ 163,367 | \$ 3,225,579 | \$ 828,401 | \$ 5,162,448 |
| Ref. | C | C | C-9 | C-6 | C-4 | C-2 | C-1 | C-8 | | | Below | Below | C | C, C-6 |

| | | |
|--------------------------|------------|--------------|
| Cash Disbursements | | |
| Contracts Payable | | \$ 2,283,605 |
| Capital Fund Balance | | 941,974 |
| Reserve for Debt Service | \$ 11,652 | |
| Housing Trust Fund | 142,229 | |
| | 9,486 | |
| | \$ 163,367 | \$ 3,225,579 |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2021

C-8

| | <u>Ref.</u> | |
|---|-------------|----------------|
| Balance, December 31, 2020 | C | \$ 194,930 |
| Increased by: | | |
| Budget Appropriation - Capital Improvement Fund | C-2 | 367,000 |
| | | <u>561,930</u> |
| Decreased by: | | |
| Appropriated to Finance Authorizations | C-7 | 561,850 |
| | | <u>561,850</u> |
| Balance, December 31, 2021 | C | <u>\$ 80</u> |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF CONTRACTS PAYABLE
YEAR ENDED DECEMBER 31, 2021

C-9

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|--------------|--------------|
| Balance, December 31, 2020 | C | | \$ 1,388,806 |
| Increased by: | | | |
| Charges to Improvement Authorizations | C-7 | | 941,974 |
| | | | 2,330,780 |
| Decreased by: | | | |
| Cash Disbursements | C-2 | \$ 1,388,491 | |
| Cancelled | C-7 | 315 | |
| | | 1,388,806 | 1,388,806 |
| Balance, December 31, 2021 | C | | \$ 941,974 |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF GENERAL SERIAL BONDS
YEAR ENDED DECEMBER 31, 2021

C-10

| Issue | Date of Issue | Original Issue | Maturity of Bonds Outstanding December 31, 2021 | | | Interest Rate | Balance, December 31, 2020 | Decrease | Balance, December 31, 2021 |
|-----------------------------------|---------------|----------------|--|---|---|----------------------|----------------------------------|----------------------|----------------------------------|
| | | | Date | Amount | | | | | |
| General Improvement Bonds of 2011 | 1/18/2011 | \$ 11,000,000 | | | | \$ 265,000 | \$ 265,000 | | |
| Refunding Bonds of 2014 | 6/26/2014 | 7,945,000 | 7/1/2022 7/1/2023 7/1/2024 7/1/2025 | \$ 955,000 950,000 940,000 935,000 | 4.00 % 4.00 4.00 5.00 | 4,740,000 | 960,000 | \$ 3,780,000 | |
| General Obligation Bonds of 2015 | 8/4/2015 | 9,573,000 | 2/1/2022 2/1/2023 2/1/2024 2/1/2025 2/1/26-28 | 700,000 725,000 750,000 798,000 1,000,000 | 3.00 3.00 3.00 3.00 3.00 | 6,648,000 | 675,000 | 5,973,000 | |
| General Obligation Bonds of 2017 | 4/27/2017 | 14,184,000 | 2/15/2022 2/15/2023 2/15/2024 2/15/2025 2/15/2026 | 350,000 350,000 350,000 350,000 450,000 | 4.00 5.00 5.00 5.00 5.00 | 2,200,000 | 350,000 | 1,850,000 | |
| Refunding Bonds of 2017 | 7/6/2017 | 6,750,000 | 1/15/2022 1/15/2023 1/15/2024 1/15/2025 1/15/2026 1/15/2026 1/15/2027 1/15/2028 1/15/2029 1/15/2030 1/15/2031 | 320,000 370,000 425,000 485,000 150,000 720,000 865,000 865,000 865,000 850,000 835,000 | 4.00 4.00 4.00 5.00 4.00 5.00 5.00 5.00 5.00 3.00 3.00 | 6,750,000 | | 6,750,000 | |
| General Improvement Bonds of 2018 | 4/12/2018 | 6,278,000 | 3/1/2022 3/1/2023 3/1/2024 3/1/2025 3/1/2026 | 225,000 235,000 245,000 250,000 300,000 | 5.00 4.00 4.00 4.00 4.00 | 1,470,000 | 215,000 | 1,255,000 | |
| General Improvement Bonds of 2020 | 4/15/2020 | 6,121,000 | 4/1/2022 4/1/2023 4/1/2024 4/1/2025 4/1/2026 4/1/2027 4/1/2028 4/1/2029 4/1/2030 4/1/2031 4/1/2032 4/1/2033 4/1/2034 4/1/2035 4/1/2036 4/1/2037 4/1/2038 4/1/2039 4/1/2040 4/1/2041 | 200,000 215,000 225,000 235,000 250,000 260,000 275,000 350,000 350,000 335,000 325,000 325,000 325,000 325,000 325,000 325,000 325,000 325,000 325,000 325,000 325,000 | 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 3.00 2.00 2.00 2.125 2.250 2.375 2.375 2.500 2.500 2.500 2.625 2.625 | 6,121,000 | 176,000 | 5,945,000 | |
| | | | | | | <u>\$ 28,194,000</u> | <u>\$ 2,641,000</u> | <u>\$ 25,553,000</u> | |

| Ref. | C | C-5 | C |
|------|---|---------------------|---|
| | | \$ 2,241,000 | |
| | | 400,000 | |
| | | <u>\$ 2,641,000</u> | |

Paid by Current Fund
Paid by Open Space Trust Fund

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF RESERVE FOR ROAD IMPROVEMENTS
YEAR ENDED DECEMBER 31, 2021

C-11

| | <u>Ref.</u> | |
|-------------------------------------|-------------|-------------------|
| Balance, December 31, 2021 and 2020 | C | <u>\$ 187,250</u> |

STATEMENT OF RESERVE FOR DEBT SERVICE
YEAR ENDED DECEMBER 31, 2021

C-12

| | <u>Ref.</u> | |
|---|-------------|---------------------|
| Balance, December 31, 2020 | C | \$ 270,463 |
| Increased by: | | |
| Cash Receipts | C-2 | \$ 946 |
| Grant Receipts for Funded Authorizations | C-2 | 1,139,383 |
| Improvement Authorizations Cancelled | C-7 | <u>142,229</u> |
| | | <u>1,282,558</u> |
| | | 1,553,021 |
| Decreased by: | | |
| Amount Anticipated in Current Fund Budget | C-14 | <u>270,463</u> |
| Balance, December 31, 2021 | C | <u>\$ 1,282,558</u> |

STATEMENT OF RESERVE FOR EMERGENCY VEHICLES
YEAR ENDED DECEMBER 31, 2021

C-13

| | <u>Ref.</u> | |
|-------------------------------------|-------------|-----------------|
| Balance, December 31, 2021 and 2020 | C | <u>\$ 4,240</u> |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF DUE TO CURRENT FUND
YEAR ENDED DECEMBER 31, 2021

C-14

| | <u>Ref.</u> | | |
|--|-------------|--------------|----------------|
| Balance, December 31, 2020 | C | | \$ - |
| Increased by: | | | |
| Fund Balance Anticipated as Current Fund Revenue | C-1 | \$ 175,000 | |
| Reserve for Debt Service Anticipated as Current Fund Revenue | C-12 | 270,463 | |
| Cash Receipts | C-2 | 97 | |
| Interest Earned | C-2 | <u>2,867</u> | |
| | | | <u>448,427</u> |
| | | | 448,427 |
| Decreased by: | | | |
| Cash Disbursements | C-2 | | <u>448,330</u> |
| Balance, December 31, 2021 | C | | <u>\$ 97</u> |

STATEMENT OF DUE TO HOUSING TRUST FUND
YEAR ENDED DECEMBER 31, 2021

C-15

| | <u>Ref.</u> | | |
|--|-------------|--|--------------|
| Balance, December 31, 2020 | C | | \$ - |
| Increased by: | | | |
| Cancellation of Improvement Authorizations | C-7 | | <u>9,486</u> |
| | | | 9,486 |
| Decreased by: | | | |
| Cash Disbursements | C-2 | | <u>9,486</u> |
| Balance, December 31, 2021 | C | | <u>\$ -</u> |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2021

C-16

| Ordinance Number | Improvement Description | Original Issue | Date of Maturity | Rate of Interest | Balance, December 31, 2020 | Notes Issued | Notes Redeemed | Balance, December 31, 2021 | |
|---|--|----------------|------------------|---------------------|----------------------------------|----------------------|----------------------|----------------------------------|--------|
| 16-4 | Various Improvements | 2/3/2016 | 4/28/2022 | 1.00% | \$ 695.00 | \$ 6,983.00 | \$ 695.00 | \$ 6,983.00 | |
| 17-07 | Various Improvements | 1/30/2018 | 4/28/2022 | 1.00% | 1,666,300 | 1,253,069 | 1,666,300 | 1,253,069 | |
| 17-08 | Reacquire Available Sewer Capacity | 1/30/2018 | 4/28/2022 | 1.00% | 410,923 | 393,202 | 410,923 | 393,202 | |
| 17-09 | Reacquire Available Sewer Capacity | 1/30/2018 | 4/28/2022 | 1.00% | 3,420,000 | 3,376,709 | 3,420,000 | 3,376,709 | |
| 17-12 | Acquisition of Property - Affordable Housing | 1/30/2018 | 4/28/2022 | 1.00% | 840,000 | 829,368 | 840,000 | 829,368 | |
| 18-1 | Acquisition of Property - Affordable Housing | 1/28/2019 | 4/28/2022 | 1.00% | 74,750 | 73,804 | 74,750 | 73,804 | |
| 18-5 | Various Improvements | 1/28/2019 | 4/28/2022 | 1.00% | 1,725,200 | 1,632,746 | 1,725,200 | 1,632,746 | |
| 18-10 | Market to Affordable Housing Program | 1/28/2019 | 4/28/2022 | 1.00% | 752,055 | 734,067 | 752,055 | 734,067 | |
| 19-09 | Various Capital Improvements | 4/29/2020 | 4/28/2022 | 1.00% | 1,425,000 | 1,404,925 | 1,425,000 | 1,404,925 | |
| 19-20 | Acquisition of Fire Truck | 4/29/2020 | 4/28/2022 | 1.00% | 665,000 | 665,000 | 665,000 | 665,000 | |
| 19-23 | Saums Property | 4/28/2021 | 4/28/2022 | 1.00% | 2,004,077 | 2,004,500 | 2,004,077 | 2,004,500 | |
| 20-20 | Various Capital Improvements | 4/28/2021 | 4/28/2022 | 1.00% | | 267,377 | | 267,377 | |
| 20-27 | Acquisition of Property - Gerison | 4/28/2021 | 4/28/2022 | 1.00% | | 304,000 | | 304,000 | |
| 20-31 | Market Affordable Housing | 4/28/2021 | 4/28/2022 | 1.00% | | 1,404,250 | | 1,404,250 | |
| | | | | | <u>\$ 12,984,000</u> | <u>\$ 14,350,000</u> | <u>\$ 12,984,000</u> | <u>\$ 14,350,000</u> | |
| | | | | | <u>Ref.</u> | C | Below | Below | C, C-6 |
| Issued for Cash | | | | | C-2, C-18 | \$ 1,990,978 | | | |
| Renewals | | | | | | 12,359,022 | \$ 12,359,022 | | |
| Paid by Budget Appropriation | | | | | C-6 | | | 274,903 | |
| Paid by Capital Cash - Excess Note Proceeds | | | | | C-2 | | | 350,075 | |
| | | | | | Above | <u>\$ 14,350,000</u> | <u>\$ 12,984,000</u> | | |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2021

C-17

| | <u>Ref.</u> | |
|------------------------------------|-------------|------------|
| Balance, December 31, 2020 | C | \$ 297,703 |
| Decreased by: | | |
| Loans Paid by Budget Appropriation | C-5 | 161,770 |
| Balance, December 31, 2021 | C, Below | \$ 135,933 |

Analysis of Balance

| | | |
|----------------------|-------|------------|
| N.J. Infrastructure: | | |
| Dreahook Road | | \$ 1,213 |
| 2003 | | 27,696 |
| 2004 | | 107,024 |
| | Above | \$ 135,933 |

TOWNSHIP OF READINGTON
GENERAL CAPITAL FUND

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2021

C-18

| <u>Ord No.</u> | <u>Improvement Description</u> | <u>Balance December</u> <u>31, 2020</u> | <u>2021</u> <u>Authorizations</u> | <u>Bonds and</u> <u>Notes Issued</u> | <u>Balance December</u> <u>31, 2021</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 | | \$ 6,983 | 1 |
| 18-10 | Market Affordable Housing | 7,945 | | 7,945 | |
| 19-23 | Saums Property | 423 | | 423 | |
| 20-20 | Various Capital Improvements | 267,377 | | 267,377 | |
| 20-27 | Acquisition of Property - Gerison | 304,000 | | 304,000 | |
| 20-31 | Market Affordable Housing | 1,410,750 | | 1,404,250 | 6,500 |
| 21-07 | Various Improvements | | \$ 1,300,800 | | 1,300,800 |
| 21-37 | Various Improvements | | 833,330 | | 833,330 |
| | | <u>\$ 2,803,261</u> | <u>\$ 2,134,130</u> | <u>\$ 1,990,978</u> | <u>\$ 2,946,413</u> |
| <u>Ref.</u> | | C | C-6, C-7 | C-16 | C |

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF CASH - SEWER TREASURER
YEAR ENDED DECEMBER 31, 2021

D-4

| | <u>Ref.</u> | <u>Operating Fund</u> |
|---|-------------|----------------------------|
| Balance, December 31, 2020 | D | \$ 916,461 |
| Increased by Receipts: | | |
| Consumer Accounts Receivable | D-5 | \$ 1,559,909 |
| User Fees from Other Contracts | D-2 | 576,910 |
| Miscellaneous | D-2 | 12,039 |
| Sewer Overpayments | D-8 | 1,757 |
| Prepaid Rents | D-9 | 4,980 |
| | | <u>2,155,595</u> |
| | | 3,072,056 |
| Decreased by Disbursements: | | |
| 2021 Appropriation Expenditures | D-3 | 1,707,976 |
| 2020 Appropriation Reserve Expenditures | D-6 | 134,455 |
| | | <u>1,842,431</u> |
| Balance, December 31, 2021 | D | <u><u>\$ 1,229,625</u></u> |

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

| | <u>Ref.</u> | | <u>D-5</u> |
|----------------------------|-------------|------------------|-------------------------|
| Balance, December 31, 2020 | D | | \$ 108,137 |
| Increased by: | | | |
| Sewer User Charges Levied | | | <u>1,543,879</u> |
| | | | 1,652,016 |
| Decreased by: | | | |
| Sewer Overpayments Applied | D-8 | \$ 4,179 | |
| Collections | D-4 | <u>1,559,909</u> | |
| | D-2 | | <u>1,564,088</u> |
| Balance, December 31, 2021 | D | | <u><u>\$ 87,928</u></u> |

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF 2020 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-6

| | Balance December 31, 2020 | | Balance After Transfers | Paid or Charged | Balance Lapsed |
|----------------------|------------------------------|-------------------|-------------------------------|--------------------|-------------------|
| | Encumbered | Unencumbered | | | |
| Operating: | | | | | |
| Other Expenses | \$ 122,852 | \$ 59,618 | \$ 182,470 | \$ 134,455 | \$ 48,015 |
| Service Fees - RTMUA | | 41,282 | 41,282 | | 41,282 |
| | <u>\$ 122,852</u> | <u>\$ 100,900</u> | <u>\$ 223,752</u> | <u>\$ 134,455</u> | <u>\$ 89,297</u> |
| <u>Ref.</u> | D, D-7 | D | | D-4 | D-1 |

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF ACCOUNTS PAYABLE
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-7

| | <u>Ref.</u> | |
|---|-------------|-------------------------|
| Balance, December 31, 2020 | D | \$ 122,852 |
| Increased by: | | |
| Charges to 2021 Budget | D-3 | <u>24,749</u> |
| | | 147,601 |
| Decreased by: | | |
| Restored to 2021 Appropriation Reserves | D-6 | <u>122,852</u> |
| Balance, December 31, 2021 | D | <u><u>\$ 24,749</u></u> |

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF SEWER OVERPAYMENTS
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-8

| | <u>Ref.</u> | | |
|---|-------------|-------|----------|
| Balance, December 31, 2020 | D | | \$ 4,399 |
| Increased by: | | | |
| Cash Receipts | D-4 | | 1,757 |
| | | | 6,156 |
| Decreased by: | | | |
| Cancelled | D-1 | \$ 51 | |
| Applied to Consumer Accounts Receivable | D-5 | 4,179 | |
| | | 4,230 | 4,230 |
| Balance, December 31, 2021 | D | | \$ 1,926 |

TOWNSHIP OF READINGTON
SEWER UTILITY FUND

STATEMENT OF PREPAID RENTS
SEWER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2021

D-9

| | <u>Ref.</u> | |
|----------------------------|-------------|------------------------|
| Balance, December 31, 2020 | D | \$ - |
| Increased by: | | |
| Cash Receipts | D-4 | <u>4,980</u> |
| Balance, December 31, 2021 | D | <u><u>\$ 4,980</u></u> |

**TOWNSHIP OF READINGTON
HUNTERDON COUNTY, NEW JERSEY**

PART III

ROSTER OF OFFICIALS

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

TOWNSHIP OF READINGTON
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2021

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> | <u>Name of Corporate or Personal Surety</u> |
|---------------------|--|-----------------------|---|
| John Albanese | Mayor/Committeeman | | |
| Jonathan Heller | Deputy Mayor/Committeeman | | |
| Betty Ann Fort | Committeewoman | | |
| Juergen Huelsebusch | Committeeman | | |
| Benjamin Smith | Committeeman | | |
| Richard J. Sheola | Township Administrator, Purchasing Agent | (B) | Public Alliance Insurance Joint Ins. Fund |
| Karin Parker | Township Clerk | (B) | Public Alliance Insurance Joint Ins. Fund |
| Michael Balogh | Tax Collector; Sewer Utility Collector; Tax Search Officer (1/1/21-6/30/21) | (A) | Public Alliance Insurance Joint Ins. Fund |
| Kristen Boxwell | Tax Collector; Sewer Utility Collector; Tax Search Officer (7/1/21-12/31/21) | (A) | Public Alliance Insurance Joint Ins. Fund |
| Laura Whitaker | Tax Assessor | (B) | Public Alliance Insurance Joint Ins. Fund |
| Thomas Carro | Director of Finance; Chief Financial Officer; Treasurer (1/1/21-6/30/21) | (A) | Public Alliance Insurance Joint Ins. Fund |
| Michael Balogh | Director of Finance; Chief Financial Officer; Treasurer (7/1/21-12/31/21) | (A) | Public Alliance Insurance Joint Ins. Fund |
| Sharon Dragan | Township Attorney | | |
| Stephen Davis, Esq. | Municipal Prosecutor | | |
| Angela DeVoe | Construction Code Official | (B) | Public Alliance Insurance Joint Ins. Fund |
| Robert J. Clerico | Engineer | (B) | Public Alliance Insurance Joint Ins. Fund |

(A) Surety bond coverage is provided as follows:
Public Alliance Insurance Joint Ins. Fund - \$50,000 Basic Coverage
Municipal Excess Liability Joint Insurance Fund - \$1,000,000 Excess coverage

(B) All employees, who are not specifically bonded, are covered under \$50,000 and \$1,000,000 Faithful Performance Bonds provided by Public Alliance Insurance Joint Ins. Fund And the Municipal Excess Liability Joint Insurance Fund, respectively.

TOWNSHIP OF READINGTON GENERAL COMMENTS

Contracts and Agreements Required to be Advertised per (N.J.S.A. 40A:11-4)

N.J.S.A. 40A:11-4, as amended, 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 by the Governing Body of the contracting unit 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 the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement.”

It is pointed out that the Township Committee has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The bidding threshold for the period under audit is \$44,000 in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent. No exceptions were noted in the testing of local public contracts law.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states, “Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds fifteen percent of the bid threshold or \$6,600, at least two quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder.”

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

Collection of Interest on Delinquent Taxes and Other Municipal Charges

N.J.S.A. 54:4-47, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body adopted the following resolution in January 2021 authorizing interest to be charged on delinquent taxes, assessments and utility bills:

“WHEREAS, R.S. 54:4-66 regulates the due dates for the payment of taxes and assessments, and

WHEREAS, Chapter 105, P.L. 1965, amending R.S. 54:4-67 authorizes the municipalities to provide a grace period not exceeding ten (10) days.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Township of Morris that the Collector is hereby authorized to allow a period of ten (10) days grace from the installment due date before charging interest; after ten (10) days, interest reverts back to the due date, and

BE IT FURTHER RESOLVED that the rate of interest to be charged for the payment of taxes or assessments or sewer and water utility bills, when they become delinquent, shall be at the rate of eight percent (8%) per annum on the first \$1,500 of the delinquency, and eighteen percent (18%) per annum in the excess of \$1,500 and an additional penalty of six percent (6%) on any delinquency in excess of \$10,000 for the prior year.

General Comments

Tests of the Tax Collector’s records indicate that interest was collected in accordance with the provisions of the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 8, 2021. Amounts not included in this sale were for amounts in litigation.

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> |
|-------------|------------------------|
| 2021 | 5 |
| 2020 | 5 |
| 2019 | 5 |

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. No exceptions were noted.

Purchase Order System and Encumbrance System

The Township's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed no exceptions during 2021. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

2021-001:

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

We recommend that the Township review and enhance its internal controls over the Township’s Encumbrance accounting system.

2021-002:

The audit indicated that Animal Control license records were nonsequential for issuance of licenses during the year.

We recommend that the Township review and enhance its internal controls over the Animal Control license process to ensure that sequential licensing is completed.

2021-003:

The audit indicated that several trust reserve accounts were denied budget riders by the State of New Jersey.

We recommend that the Township seek approval for these reserve accounts or reclassify the funds to approved reserves.

Status of Prior Years' Audits Recommendations

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A plan was prepared for items found in the CY 2020 Report on Examination of Accounts. A review was performed on all prior years' recommendations and findings.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on the basis of a statistical sampling of claims approved and paid. No attempt was made in this connection to establish proof of prices or receipts of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from employees' individual gross salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittance to authorized agencies of the amounts deducted were ascertained.

A copy of this report was filed with the State of New Jersey, Director of the Division of Local Government Services, Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

RECOMMENDATIONS

It is recommended that:

- | | |
|-----------|---|
| 2021-001* | Internal controls over the Township's Encumbrance accounting system be reviewed and enhanced. |
| 2021-002 | Animal Control licenses be issued sequentially throughout the fiscal year. |
| 2021-003 | Trust reserves requiring Dedication by Rider are properly approved by the State. |

* - Represents a recommendation repeated from the prior year.

We shall be pleased to confer with the Mayor and Township Committee on questions that might arise with respect to any matters in this report.

We would like to express our appreciation for the assistance and effort rendered by the Township officials and employees during the course of the examination.

Respectfully submitted,

PKF O'Connor Davies, LLP

August 25, 2022
Woodcliff Lake, New Jersey

Gary Higgins

Gary Higgins, CPA
Registered Municipal Accountant, No. 405