

OFFICIAL STATEMENT DATED NOVEMBER 15, 2023

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: “MIG 1”

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**TOWNSHIP OF EDISON, IN THE
COUNTY OF MIDDLESEX, NEW JERSEY**

\$37,000,000 BOND ANTICIPATION NOTES, SERIES 2023

CONSISTING OF:

**\$30,000,000 GENERAL IMPROVEMENT BOND ANTICIPATION NOTE AND
\$7,000,000 WATER UTILITY BOND ANTICIPATION NOTE**

DATED DATE: NOVEMBER 28, 2023

MATURITY DATE: NOVEMBER 7, 2024

INTEREST RATE: 4.50%

REOFFERING YIELD: 3.65%

CUSIP NO. 281047 M56

The \$37,000,000 Bond Anticipation Notes, Series 2023, consisting of a \$30,000,000 General Improvement Bond Anticipation Note, (the "*General Improvement Note*"), and a \$7,000,000 Water Utility Bond Anticipation Note (the "*Water Utility Note*", and together with the General Improvement Note, the "*Notes*"), of the Township of Edison, in the County of Middlesex, New Jersey (the "*Township*"), will be issued in the form of one certificate for the principal amount of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("*DTC*"), which will act as securities depository. The principal of and interest due on the Notes shall be paid on the maturity date thereof to DTC by the Township, as paying agent. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of the close of business one business day prior to the maturity date (the "*Record Date*"). See "DESCRIPTION OF THE NOTES – Book-Entry-Only System" herein.

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

The Notes are not subject to redemption prior to their stated maturity date. See "DESCRIPTION OF THE NOTES – Redemption" herein.

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

The Notes are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Township in connection with the Notes. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about November 28, 2023.

JEFFERIES LLC

**TOWNSHIP OF EDISON, IN THE
COUNTY OF MIDDLESEX, NEW JERSEY**

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

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

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

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

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

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

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

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OFFICIAL STATEMENT
RELATING TO
TOWNSHIP OF EDISON, IN THE
COUNTY OF MIDDLESEX, NEW JERSEY

\$37,000,000 BOND ANTICIPATION NOTES, SERIES 2023
CONSISTING OF:
\$30,000,000 GENERAL IMPROVEMENT BOND ANTICIPATION NOTES AND
\$7,000,000 WATER UTILITY BOND ANTICIPATION NOTES

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Edison (the "*Township*"), in the County of Middlesex (the "*County*"), State of New Jersey (the "*State*"), in connection with the sale and issuance of its \$37,000,000 Bond Anticipation Notes, Series 2023, consisting of a \$30,000,000 General Improvement Bond Anticipation Note, (the "*General Improvement Note*"), and a \$7,000,000 Water Utility Bond Anticipation Note (the "*Water Utility Note*"), and together with the General Improvement Note, the "*Notes*"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

DESCRIPTION OF THE NOTES

General Description

The Notes are dated, will mature on the date and in the amount and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year consisting of twelve 30-day months. The Notes will be issued in the form of one certificate for the principal amount of the Notes.

The principal of and interest due on the Notes will be paid to the registered owners by the Township, as paying agent (the "*Paying Agent*"). Principal of and interest due on the Notes will be credited to the registered owners as of the business day immediately preceding the maturity date of the Notes (the "*Record Date*") for the payment of principal of and interest on the Notes.

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

Redemption

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

Book-Entry-Only System

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal of and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Notes certificate will be issued for the principal amount of the Notes and will be deposited with DTC.

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

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

To facilitate subsequent transfers, the Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and its registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the

Direct Participants to whose accounts the Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Discontinuation of Book-Entry-Only System

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

SECURITY AND SOURCE OF PAYMENT

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

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized by and is being issued pursuant to (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.* (the "*Local Bond Law*"), and (ii) the bond ordinances of the Township set forth below.

General Improvement Note		
Bond Ordinance Number	Description of Improvement and Date of Adoption of Ordinance	Aggregate Amount of Notes to be Issued
1959-2017	Various capital improvements, finally adopted on February 8, 2017.	\$1,150,000
2028-2018	Various capital improvements, finally adopted on October 24, 2018.	\$6,650,000
2128-2021	Various capital improvements, finally adopted on December 8, 2021.	\$14,250,000
2163-2022	Various capital improvements, finally adopted on November 30, 2022.	\$3,500,000
2147-2022	Various capital improvements, finally adopted on July 27, 2022.	\$4,450,000
Total:		\$30,000,000

Water Utility Note		
Bond Ordinance Number	Description of Improvement and Date of Adoption of Ordinance	Aggregate Amount of Notes to be Issued
2055-2019	Various improvements to and preliminary costs in connection with the acquisition and commencement of operations of a water utility system, finally adopted November 13, 2019.	\$7,000,000
Total:		\$7,000,000

The General Improvement Note will be issued by the Township to (i) issue new money in the amount of \$30,000,000 to finance various capital improvements, and (ii) pay the costs associated with the authorization, sale and issuance of the General Improvement Note.

The Water Utility Note will be issued by the Township to (i) issue new money in the amount of \$7,000,000 to finance various improvements to the water system, and (ii) pay the costs associated with the authorization, sale and issuance of the Water Utility Note.

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township has received \$15,593,864 from the Plan. The deadline to spend the funds is December 31, 2024 and such funds can only be spent on certain allowable uses as set forth in the Plan.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The Township has not exceeded its statutory debt limit.

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

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt

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

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

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

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

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

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

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

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

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues, except that categorical grants-in-aid contracts may be included

for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

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

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

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

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

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "*Index Rate*" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the

Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

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

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for

one year or more are annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2021 for the Township is on file with the Township Clerk and is available for review during business hours.

TAX MATTERS

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

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

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Township ("*Bond Counsel*"), is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an

item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

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

Original Issue Premium

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds such Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the disposition of the Notes, even though the Notes are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Notes. Bond premium amortizes over the term of the Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult their own tax advisors with respect to the calculation of the amount of premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

Bank-Qualification

The Notes **will not** be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

Additional Federal Income Tax Consequences of Holding the Notes

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

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

Changes in Federal Tax Law Regarding the Notes

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

State Taxation

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

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

LITIGATION

To the knowledge of the Township Attorney, Louis N. Rainone, Esq., Iselin, New Jersey, there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or delivery of

the Notes, or the levy or collection of any taxes to pay the principal of or interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or collection of taxes, or contesting the corporate existence or boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

The Township has covenanted for the benefit of the holders and beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "*Rule*"). Specifically, for so long as the Notes remains outstanding (unless the Notes have been wholly defeased), the Township will provide electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Notes:

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

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes

being specifically limited in the undertaking to specific performance of the covenants.

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

In 2018 and 2019, the Township filed certain operating data on EMMA beyond the deadline for filing such data as established by undertakings in connection with Township bonds issued in 2011 and 2013. Such operating data was posted without an accompanying Notice of Failure to Timely File such operating data, which Notice has since been posted. Such operating data was timely filed based on the deadlines established by undertakings in connection with all subsequent Township bond issues. On March 15, 2022, the Township failed to timely pay a mandatory sinking fund redemption of and interest due on the Township's Pension Refunding Bonds, Series 2003. The Township made such payments on March 21, 2022, but did not file a Notice of Failure to Timely File Material Events. The Township filed such Notice on EMMA on September 1, 2022. On February 28, 2023, the Township incurred a financial obligation by virtue of their service contract with the Middlesex County Utilities Authority (the "MCUA") when the MCUA closed a construction loan with the New Jersey Infrastructure Bank. The Township failed to timely file a Notice of Incurrence of a Financial Obligation. The Township has since filed such notice, with an accompanying Notice of Failure to Timely File Material Events. The Township annually engages the services of a Digital Assurance Certification, LLC ("DAC") in connection with all of the Townships ongoing continuing disclosure obligations.

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix C. Certain legal matters will be passed upon for the Township by its Township Attorney, Louis N. Rainone, Esq., Iselin, New Jersey.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by Jefferies LLC (the "*Underwriter*") at a price of \$37,261,590.00, which represent the principal amount of the Notes, *plus* original issue premium in the amount of \$286,010.00, *less* Underwriter's discount in the amount of \$24,420.00. The Underwriter has purchased the Notes in accordance with the Notice of Sale. The Notes are being offered for sale at the reoffering yield set forth on front cover of this Official Statement.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "MIG 1" to the Notes based upon the creditworthiness of the Township.

The rating reflects only the view of the Rating Agency, and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township provided the Rating Agency with certain information and materials concerning the Notes and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Notes.

FINANCIAL OPERATIONS MANAGEMENT

Government Strategy Group, Wall Township, New Jersey, is under contract to provide financial operations management services to the Township. Government Strategy Group has not audited or participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Township with respect to the issuance of the Notes (the "*Municipal Advisor*"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter, by a

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

The Auditor takes responsibility for the audited financial statements presented in Appendix “B” to the extent specified in their Independent Auditor’s Report and has not participated in the preparation of this Official Statement.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Lina Vallejo, the Township's Chief Financial Officer, at 100 Municipal Boulevard, Edison, New Jersey 08817, telephone (732) 248-7230, or by e-mail at lvallejo@edisonnj.gov.

MISCELLANEOUS

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

TOWNSHIP OF EDISON

By: /s/ Lina Vallejo

Lina Vallejo
Chief Financial Officer

Dated: November 15, 2023

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF EDISON

THE TOWNSHIP OF EDISON

Location

The Township of Edison is located in northern Middlesex County on the navigable Raritan River, adjacent to the City of New Brunswick and the Boroughs of Highland Park and Sayreville on the South, the Township of Piscataway and Borough of South Plainfield on the West, the Townships of Scotch Plains and Clark on the North, and the Township of Woodbridge on the East. The Township's 31 square miles are, in fact, at the "Crossroads of New Jersey".

Government Structure

The Township is managed under the Mayor-Council form of government authorized under Plan E of the "Faulkner Act of 1950". This form of government, authorized by the voters in 1956 and implemented on January 1, 1958, provides for the direct election of the Mayor and seven Council Members to staggered terms of four years. Partisan elections are held bi-annually for the purpose of filling, four council seats or, alternatively, electing a mayor and three council members. The executive power of Township government is exercised by the Mayor, supported by a Business Administrator and various department heads. The legislative power of Township government, including the authorization of all non-emergent spending appropriations, vests with the Municipal Council.

Transportation

Edison Township's accessibility to major transportation arteries has made it a desirable destination for a residence and as a business location. Interchange #10 on the twelve lane New Jersey Turnpike is situated in Edison Township. From this interchange, Newark Airport and Port Newark are 18 miles to the North, New York City is 30 miles to the Northeast, and Philadelphia is 60 miles to the Southwest. The Township is also traversed by 5 miles of I-287, 6 miles of U.S. Route 1, and 6 miles of N.J. Route 27, with accompanying interchanges. Highway access to the New Jersey shore area's recreational centers is provided by the Garden State Parkway, which is accessible from each of the major roadways listed above and from local roads via an interchange located just over the Township's border in neighboring Woodbridge Township.

The main lines of the Northeast Corridor rail system pass through Edison Township. A commuter rail station is situated in Edison Township and rail service between New York and Philadelphia is provided by New Jersey Transit. An additional commuter rail station is located in nearby Metuchen, and AMTRAK service is available from the New Brunswick and Metropark rail stations. Freight service is available at all major industrial centers within the Township. Bus service is available to most of Central New Jersey through New Jersey Transit.

Municipal Services

The Township provides a variety of services including police and fire protection, maintenance of Township streets, recycling and leaf removal, sanitary sewer systems, health services, recreation services and maintenance of the Township's parks and open spaces. The Township operates a separate Division of Senior Citizen Services which provides cultural, recreational and transportation services, as well providing a modern facility for meeting purposes. The imposition of statutory restraints on the growth of municipal purpose tax levies has resulted in a streamlining of the Township's work force.

Police protection is provided by a full-time police department that currently numbers 183 sworn officers, down from 175 sworn officers in 2022. Fire protection is provided by a paid, full-time department which includes 143 sworn officers. In addition to fire suppression, the Fire Department is responsible for investigations and fire prevention. The Department of Public Works consists of 137 employees, including administrative and support staff, and is responsible for streets and roads, sewer system operations, recycling, buildings and grounds maintenance and leaf collection.

On January 1, 2020, the Township resumed the administration and operation of the Edison Township Water Utility from the Edison Water Company, a private company which had operated the system pursuant to a lease with the Township for the previous twenty-two years with 30 full-time employees. The Edison Water Utility provides potable water to roughly one-third of the Township's residents. The water supply needs for the remaining two-thirds of the Township are provided by two private water suppliers. New Jersey American Water and the Middlesex Water Company. In 2023, the Township's workforce includes a total of 737 full-time employees and an additional 224 part-time employees.

The Township's Free Public Library includes its main branch which is located on Plainfield Avenue, and two satellite branches, located on Grove Avenue in North Edison and on Hoover Avenue in the Clara Barton section of the Township. Computers and Internet connections are available at each of the three library buildings, and a Bookmobile is in operation to bring library services to those who have difficulty traveling to one of the branch buildings.

School Facilities

The Edison Township school system began operation in 1870. Today, the Edison School District is comprised of nineteen (19) schools, including thirteen (13) elementary schools, four (4) middle schools, and two (2) high schools. For the year ended June 30, 2021, the District employed 1,941 employees, including 1,427 instructional staff members holding teacher certifications.

Trends in Average Daily Enrollment (ADE) and Average Daily Attendance (ADA) for the last nine school years is as follows:

School Year Ended <u>June 30</u>	<u>ADE</u>	<u>ADA</u>
2022		
2021	16,893	16,107
2020	16,490	16,022
2019	16,344	15,695
2018	16,081	15,415
2017	15,532	14,941
2016	15,096	14,553
2015	14,697	14,162
2014	14,497	13,984
2013	14,367	13,844

POPULATION TRENDS

<u>Year</u>	<u>Edison</u>	<u>Middlesex County</u>
2022 (est.)	107,361	861,418
2021	107,626	860,807
2020	100,661	822,842
2019	99,758	825,062
2018	100,287	826,172
2017	100,605	827,363
2016	100,631	825,457
2015	100,948	825,546
2014	101,054	824,160
2013	100,921	821,743
2012	100,900	819,344

Source: U.S. Bureau of the Census, Population Division
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TREND OF EMPLOYMENT AND UNEMPLOYMENT

2023 (est)	Township	56,563	57,588	4.00	%
	County	475,200	457,088	4.00	
	State	4,867,158	4,664,965	4.10	
2022	Township	56,037	54,612	2.60	%
	County	454,064	439,576	3.20	
	State	4,739,804	4,565,443	3.70	

2021	Township	55,634	53,075	4.60	%
	County	453,162	427,674	5.70	
	State	4,666,108	4,357,040	6.60	
2020	Township	53,162	49,992	6.00	%
	County	430,098	399,990	7.00	
	State	4,495,200	4,055,300	9.80	
2019	Township	54,790	53,450	2.40	%
	County	439,073	425,471	3.10	
	State	4,493,127	4,333,334	3.60	

Source: New Jersey Department of Labor

LARGEST TAXPAYERS **2023**

	Taxpayer	Service/Product	Assessed Valuation
1	Federal Business Ctrs	Indust/Office Park	\$164,851,500
2	Isaac Heller	Indust/Office Park	\$159,509,300
3	Shopping Ctr. Assoc. (Menlo Pk.)	Retail	\$144,309,800
4	Summit Assoc.	Indust/Office Park	\$82,246,300
5	Prologis/Security Capital Trust	Warehousing	\$62,796,600
6	Durham Woods Assoc	Residential Complex	\$55,000,000
7	Cooper Associates	Office Complex	\$53,144,300
8	Seagis Edison	Warehousing	\$46,389,700
9	E W Land Holdings	Residential Complex/Retail	\$45,718,500
10	Morris Associates	Warehousing	\$43,844,300
11	Blueberry Village/Edison Village	Residential Complex	\$43,640,600
12	Hartz Mountain	Retail Center	\$40,688,800
13	Rivendell	Residential Complex	\$38,436,500
14	Wick Company	Office Park	\$37,006,300
15	I/O New Jersey	Data Center	\$35,353,600
16	Segme Cedar Lane Properrty	Warehousing	\$31,990,500
17	P S E G	Public Utility	\$30,127,600
18	Millbrook Gardens	Residential Complex	\$28,549,000
19	NJIND, LLC	Warehousing	\$27,919,400
20	Torsiello Assoc	Office Park	\$26,468,100

Source: Township of Edison, Office of Tax Assessor

EMPLOYMENT

Within Edison's boundaries are several areas zoned for industrial and commercial use which aggregate to approximately 4,500 acres. The largest area, the Raritan Center, is located on the former Raritan Arsenal site along the Raritan River. This site has been developed into a major distribution and manufacturing center, and, as the volume of economic activity within Raritan Center has grown, numerous service sector companies, including several hotels and the New Jersey Convention and Exposition Center, retail banking operations and various equipment sales and service companies have chosen to locate within Raritan Center.

The Raritan Center complex is the single largest center of employment in the Township. The Edison Chamber of Commerce estimates that in excess of 15,000 people are employed at the various company installations within this industrial/office park. Raritan Center contains approximately 13,000,000 square feet in over 100 separate buildings which house office, research, warehouse, distribution and industrial space. Many of the Fortune 500 companies are included in the roughly 3,000 tenants of Raritan Center, including Aramark; Automatic Data Processing; Avery Dennison; Bank of New York; Cardinal Health; Costco; Electronic Data Systems; Federated Department Stores; Federal Express; Ingersoll-Rand; Marriott International; Nabisco/Kraft Foods; Prudential; United Parcel Service; Public Service Electric & Gas; Verizon Communication; Whirlpool, and York International. The list of occupants of Raritan center also includes a broad range of foreign companies.

Major employers situated outside of the Raritan Center complex include the Menlo Park Mall; JFK Medical Center; Wakefern Food Corp.; Middlesex County College, New Brunswick Scientific, Target Stores, Costco; Walmart; ITC-International Technidyne Corp.; Metex Corp.; Ray Catena's Open Roads Companies; New Jersey Veterans Memorial Home, Clarion Hotel & Towers and Sheraton Hotels-Edison.

APPORTIONMENT OF TAX RATE **(Per \$100 of Assessed Valuation)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Municipal	1.441	1.402	1.388	1.344	1.280
Municipal Open Space	0.01	0.010	-	-	-
Local School	3.191	3.197	3.228	3.166	3.108
County	0.894	0.930	0.910	0.952	0.867
County Open Space	0.08	0.079	0.075	0.080	0.073
Municipal Library	<u>0.088</u>	<u>0.087</u>	<u>0.082</u>	<u>0.087</u>	<u>0.080</u>
Tax Rate	5.704	5.705	5.683	5.629	5.408

Source: The Township of Edison, Office of the Tax Assessor

COMPARISON OF TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage</u>
2022*	\$ 430,790,182	\$ 430,666,056	99.97%
2021	426,119,519	425,199,610	99.78%
2020	420,155,613	418,787,179	99.67%
2019	400,693,429	400,120,367	99.86%
2018	389,605,271	388,561,713	99.73%
2017	378,012,203	377,518,802	99.87%
2016	368,263,159	367,148,373	99.70%
2015	354,112,576	352,506,039	99.55%

TAX TITLE LIENS AND DELINQUENT TAXES

<u>Year</u> <u>End</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage of</u> <u>Tax Levy</u>
2022*	1,759,001	124,126	1,883,127	0.44%
2021	1,575,940	426,278	2,002,218	0.47%
2020	1,376,019	33,951	1,409,970	0.34%
2019	1,252,888	21,163	1,274,051	0.32%
2018	1,213,554	23,140	1,236,694	0.32%
2017	1,185,666	46,885	1,232,551	0.33%
2016	1,108,498	17,370	1,125,868	0.31%
2015	840,174	36,411	876,585	0.25%

Source: The Township of Edison, *Unaudited Financial Statements, 2022, Reports of Audit 201-2015

COMPARATIVE SCHEDULE OF CURRENT FUND BALANCES

<u>YEAR</u>	<u>Ending Fund Balance</u>	<u>Utilized in Succeeding Year's Budget</u>
2022*	14,760,087	7,457,763
2021	11,609,874	8,830,245
2020	6,598,617	6,521,305
2019	8,287,778	7,289,246
2018	9,162,782	8,222,182
2017	11,971,509	9,250,359
2016	10,844,461	7,987,461
2015	7,989,856	3,736,456

Source: The Township of Edison *Unaudited Financial Statements 2022, 2023 Budget

COMPARATIVE SCHEDULE OF UTILITY OPERATING FUND BALANCE

	<u>Water Utility Ending Fund Balance</u>	<u>Water Utility Utilized in Succeeding Year's Budget</u>	<u>Sewer Utility Ending Fund Balance'</u>	<u>Sewer Utility Utilized Succeeding Year's Budget</u>
2022	6,606,027	1,494,973	17,767,523	4,541,303
2021	4,796,934		16,153,253	4,082,028
2020	481,898	205,501	11,465,023	3,128,806
2019			11,904,920	3,547,820
2018			9,607,956	
2017			6,282,410	
2016			2,094,152	262,439
2015			784,961	

Source: The Township of Edison, 2023 Budget
The Township of Edison, Unaudited Financial Statements 2022, Reports of Audit 2021-2015
From 2014-2019 the water utility was operated by a third party

ASSESSED VALUATIONS OF PROPERTY BY CLASS

<u>Property Classification</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Vacant Land	108,113,800	108,113,800	104,283,500	119,748,350	117,169,300
Residential	4,644,174,900	4,644,174,900	4,623,239,800	4,600,896,200	4,576,640,200
Farm	296,200	296,200	13,600	9,700	14,600
Commercial	1,083,170,400	1,083,197,900	1,084,712,800	1,054,359,700	1,055,954,300
Industrial	1,063,212,100	1,065,814,800	1,070,595,000	1,021,513,000	1,015,239,200
Apartments	<u>475,417,700</u>	<u>475,417,700</u>	<u>469,283,900</u>	<u>461,956,800</u>	<u>423,752,100</u>
	<u>7,374,385,100</u>	<u>7,377,015,300</u>	<u>7,352,128,600</u>	<u>7,258,483,750</u>	<u>7,188,769,700</u>

Source: Township of Edison and Abstract of Ratables

PROPERTY VALUATIONS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assessed Valuation						
Land	3,120,708,600	3,119,403,200	3,116,637,500	3,108,421,250	3,104,816,900	3,105,633,600
Improvements	4,256,306,700	4,229,396,400	4,161,749,800	4,150,062,500	4,086,555,500	4,034,915,200
Taxable Value of Land and Improvements	7,377,015,300	7,348,799,600	7,278,387,300	7,258,483,750	7,191,372,400	7,140,548,800
Partial Exemptions	(2,630,200)	(2,602,700)	(2,602,700)	(2,602,700)	(2,602,700)	(2,602,700)
Communication Equipment	5,939,800	5,762,100	6,195,391	5,624,016	6,056,065	6,286,427
Net Value Taxable	7,380,324,900	7,351,959,000	7,281,979,991	7,261,505,066	7,194,825,765	7,144,232,527
County Equalized Value	19,335,042,213	19,299,746,709	18,144,970,866	19,220,280,364	17,551,031,338	16,583,245,741
County Equalized Value Ratio	38.14%	38.19%	40.13%	37.78%	40.99%	43.08%

Source: Township of Edison and Abstract of Ratables

SUMMARY OF CONSTRUCTION PERMITS ISSUED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Number of Permits Issued:					
New	5,167	5,215	4,321	4,771	4,877
Updates	553	482	508	622	565
Fees Updated	65	41	-	-	-
Municipal Fees Waived	<u>318</u>	<u>384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total permits issued	6,103	5,697	4,829	5,393	5,442
Estimated Costs:					
New Construction	59,952,145	76,257,553	66,914,261	135,424,748	66,950,673
Alternations	98,916,694	90,776,163	111,901,670	110,789,708	85,878,392
Demolition	<u>1,412,347</u>	<u>653,585</u>	<u>706,267</u>	<u>800,190</u>	<u>1,183,155</u>
Total Estimated Costs	160,281,186	167,687,301	179,522,198	247,014,646	154,012,220

Source: Township of Edison

STATUTORY DEBT
AS OF DECEMBER 31, 2022

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>Local District School Debt</u>			
Serial Bonds	\$0	\$0	\$ -
<u>Water Utility</u>			
Serial Bonds Issued and Outstandin	7,895,032	7,895,032	-
Bond Anticipation Notes Issued	7,000,000	7,000,000	-
Authorized But Not Issued	-	-	-
<u>Sewer Utility</u>			
Serial Bonds Issued and Outstandin	10,285,836	10,285,836	-
Bond Anticipation Notes Issued	1,064,134	1,064,134	-
Authorized But Not Issued	-	-	-
<u>General Debt</u>			
Serial Bonds Issued and Outstandin	78,189,132	2,014,556	76,174,576
Bond Anticipation Notes Issued	46,533,843		46,533,843
NJ Environmental Infrastructure Lc	222,825		222,825
Authorized But Not Issued	-		-
Total Gross Debt	<u>\$151,190,802</u>		
Total Deductions from Gross Debt		<u>\$28,259,558</u>	
Total Statutory Net Debt			<u>\$122,931,244</u>

Source: Township of Edison, Records and Debt Statement

EQUALIZED VALUATION BASIS
AS OF DECEMBER 31, 2022

2020 Equalized Valuation Basis of Real Property	\$18,027,033,665
2021 Equalized Valuation Basis of Real Property	19,051,543,860
2022 Equalized Valuation Basis of Real Property	<u>19,261,135,029</u>
 Average Equalized Valuation Basis	 <u>\$18,779,904,185</u>

MUNICIPAL BORROWING POWER
AS OF DECEMBER 31, 2022

3 1/2% of Average Equalized valuation Basis – Municipal	\$657,296,646
 Less: Statutory Net Debt	 <u>122,931,244</u>
 Remaining Borrowing Capacity at December 31, 2022	 <u>\$534,365,403</u>

Source: The Township of Edison, Annual Debt Statement
As of December 31, 2022

OVERLAPPING DEBT

County of Middlesex, New Jersey (As of December 31, 2022):

Amount of such debt allocated to Township		
of Edison based upon percentage of	Total Net Debt	<u>\$423,106,469</u>
Township share of equalized valuations		
of the County, (15.349%)	Allocated Net Debt	<u>\$64,944,061</u>

Middlesex County Utilities Authority – Waste Water Division:	
Amount of December 31, 2021 bonded debt of \$124,646,905	
allocated to Township of Edison based upon Edison percentage	
of total wastewater inflows to treatment plant, (15.349%)	<u>\$19,132,480</u>

Sources: County of Middlesex 2022 Annual Debt Statement
Middlesex County Utilities Authority Wastewater Division 2022 Audit

GROSS DEBT AS PERCENTAGE OF TRUE VALUE

	Municipal Gross Debt <u>Only</u>	Total Gross Debt Including <u>Overlapping Debt</u>
Gross Debt:		
Municipal (As of December 31, 2022)	\$ 151,190,802	\$ 151,190,802
County of Middlesex (as of December 31, 2022)		64,944,062
Middlesex Couty Utilities Authority (As of December 31, 2021)		<u>17,754,747</u>
Totals	\$ 151,190,802	\$ 233,889,611
2022 County Equalized Valuation	<u>\$ 19,299,749,709</u>	<u>\$ 19,299,746,709</u>
Gross Debt as a Percentage of Estimated True Value	0.78%	1.21%

Source: Township of Edison 2022 Annual Debt Statement
County of Middlesex 2022 Annual Debt Statement

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF EDISON



**TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

**WITH
REPORT OF INDEPENDENT AUDITORS'**

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

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Independent Auditors' Report

**Honorable Mayor and Members
of the Township Committee
Township of Edison
County of Middlesex, 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 Edison, County of Middlesex, New Jersey, (the "Township") which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and changes in fund balance for the years 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.

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 2020, and the regulatory basis revenues, expenditures, and changes in fund balances for the years then ended, the statement 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, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government Services, State of New Jersey ("Division") described in Note 2 to the financial statements.

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 and 2020, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the requirements prescribed by the Division. Our responsibilities under those standards 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 opinions.

PKF O'CONNOR DAVIES, LLP
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 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 or events considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and the requirements prescribed by the Division, we:

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 19, 2022



David J. Gannon, CPA
Registered Municipal Accountant, No. 520

FINANCIAL STATEMENTS – REGULATORY BASIS

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND AND FEDERAL AND STATE GRANT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2021</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2021</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>
Cash and Investments - Treasurer	A-4	\$ 54,459,576.81	\$ 55,593,318.51	Liabilities:			
Cash - Change Fund	A-5	675.00	675.00	Appropriation Reserves	A-3.A-15	\$ 6,335,755.71	\$ 10,479,457.89
Due from State of N.J. per Ch. 129, P.L. 1976	A-6	11,737.22	12,257.96	Prepaid Taxes	A-11	3,093,402.04	3,988,112.12
		<u>54,471,989.03</u>	<u>55,606,251.47</u>	Various Payables	A-14	1,817,642.46	1,698,403.09
				Various Reserves	A-14	1,782,352.47	5,861,313.26
Receivables With Offsetting Reserves:				Tax Overpayments	A-16	918,759.12	1,089,133.46
Real Estate Taxes Receivable	A-7	426,277.52	33,950.75	Reserve for Tax Appeals	A-17	7,578,066.60	6,365,481.39
Tax Title Liens	A-8	1,575,939.87	1,376,018.65	Reserve for Encumbrances	A-18	2,225,636.92	2,656,372.47
Property Acquired for Taxes (At				Reserve for Special Garbage District	A-19	4,820,156.09	5,519,986.76
Assessed Valuation)	A-9	3,991,567.99	3,991,567.99	Special Emergency Note	A-20	1,536,400.00	2,413,600.00
Revenue Accounts Receivable	A-10	171,788.67	176,423.64	Local District School Taxes Payable	A-21	9,441,654.00	9,441,654.00
Interfunds Receivable	A-12	207,116.74	29,907.83	County Taxes Payable	A-21	389,318.68	
		<u>6,372,690.79</u>	<u>5,607,868.86</u>	Interfunds Payable	A-13	5,858,371.31	1,712,719.76
						45,797,515.40	51,226,234.20
Deferred Charges:				Reserve for Receivables	Reserve	6,372,690.79	5,607,868.86
Special Emergency Appropriation	A-22	2,935,400.00	2,218,600.00	Fund Balance	A-1	11,609,873.63	6,598,617.27
		<u>2,935,400.00</u>	<u>2,218,600.00</u>				
Total Current Fund		<u>63,780,079.82</u>	<u>63,432,720.33</u>	Total Current Fund		<u>63,780,079.82</u>	<u>63,432,720.33</u>
Federal and State Grant Fund:				Federal and State Grant Fund:			
Grants Receivable	A-24	3,458,459.35	3,881,917.49	Reserve for State and Federal Grants:			
Due from Current Fund	A-23	1,133,918.61	1,712,719.76	Appropriated	A-25	3,785,480.98	3,714,396.83
Due from Trust-Other Fund	A-23	2,901,704.75		Unappropriated	A-26	2,904,444.75	57,370.00
				Reserve for Encumbrances	A-18	802,256.98	1,820,970.42
				Unallocated Receipts	A-27	1,900.00	1,900.00
Total Federal and State Grant Fund		<u>7,494,082.71</u>	<u>5,594,637.25</u>	Total Federal and State Grant Fund		<u>7,494,082.71</u>	<u>5,594,637.25</u>
		<u>\$ 71,274,162.53</u>	<u>\$ 69,027,357.58</u>			<u>\$ 71,274,162.53</u>	<u>\$ 69,027,357.58</u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>REVENUES AND OTHER INCOME</u>	<u>REF.</u>	<u>2021</u>	<u>2020</u>
Fund Balance Utilized	A-2	\$ 6,521,305.00	\$ 7,289,246.26
Miscellaneous Revenue Anticipated	A-2	36,730,141.43	38,984,699.16
Receipts from Delinquent Taxes	A-2	23,448.21	94,448.48
Receipts from Current Taxes	A-2	425,199,609.95	418,787,176.21
Non-Budget Revenue	A-2	820,781.36	242,668.79
Other Credits to Income:			
Interfund Loans Returned (Net)			56,335.06
Unexpended Balance of Approp. Reserves	A-15	8,048,024.55	4,661,898.65
Accounts Payable Canceled			77,385.52
Other	A-1	40,334.21	
Tax Overpayments Canceled	A-16	83,415.03	4,809.45
Total Revenues and Other Income		477,467,059.74	470,198,667.58
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	70,173,960.00	66,450,441.00
Other Expenses	A-3	42,036,394.72	53,657,474.64
Capital Improvements	A-3	750,000.00	750,000.00
Municipal Debt Service	A-3	10,333,906.12	11,030,096.06
Def. Charges and Regulatory Expend.	A-3	19,067,010.91	17,672,728.27
Other Appropriations excluded from "CAP"	A-3	7,810,818.78	
Special District Taxes	A-19	10,081,985.53	10,070,067.74
Local District School Tax	A-21	235,013,168.00	229,856,954.00
County Tax	A-21	71,694,727.52	74,852,195.94
County Share of Added and Omitted Taxes	A-21	389,317.89	244,580.38
Refund of Prior Year Revenues			14,030.72
Cancelled Grants (Net)			13.75
Interfunds Advanced (Net)	A-12	177,208.91	
Total Expenditures		467,528,498.38	464,598,582.50
Excess in Revenues		9,938,561.36	5,600,085.08

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>REF.</u>	<u>2021</u>	<u>2020</u>
Excess in Revenues (brought forward)		\$ 9,938,561.36	\$ 5,600,085.08
Add: Expenditures Included Above Which are by Statute Deferred Charges to Succeeding Years	A-3	<u>1,594,000.00</u>	<u> </u>
Statutory Excess to Fund Balance		11,532,561.36	5,600,085.08
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>6,598,617.27</u>	<u>8,287,778.45</u>
		18,131,178.63	13,887,863.53
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>6,521,305.00</u>	<u>7,289,246.26</u>
Balance - December 31	A	<u>\$ 11,609,873.63</u>	<u>\$ 6,598,617.27</u>

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

		ANTICIPATED		REALIZED	(DEFICIT) OR EXCESS
		2021 BUDGET	N.J.S.A. 40A:4-87		
Surplus Anticipated	A-1	\$ 6,521,305.00		\$ 6,521,305.00	
Total Surplus Anticipated		6,521,305.00		6,521,305.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	156,850.00		127,050.00	\$ (29,800.00)
Other	A-10	353,413.00		472,864.00	119,451.00
Fees and Permits:					
Other	A-10	1,371,199.00		1,684,702.49	313,503.49
Fines and Costs:					
Municipal Court	A-10	350,403.00		479,861.12	129,458.12
Interest and Costs on Taxes	A-10	542,421.81		399,431.81	(142,990.00)
Interest on Investments and Deposits	A-10	590,782.00		623,970.26	33,188.26
Latchkey Program Fees	A-10	383,836.00		792,019.49	408,183.49
Cable TV Franchise Fee	A-10	250,231.00		250,231.00	
Trailer Court Fees	A-10	3,802.00		15,504.00	11,702.00
False Alarm Fees	A-10	83,235.00		57,744.25	(25,490.75)
Host Community Benefits	A-10	464,697.77		464,697.77	
Railroad Station Rent	A-10	125,241.00		81,467.37	(43,773.63)
JFK Reimbursement for Dispatch Services	A-10	236,640.00		236,640.00	
JFK Building Lease Payment	A-10	64,464.00		64,464.00	
Energy Receipts Tax	A-10	16,042,726.00		16,042,726.00	
Garden State Trust Fund	A-10	15,371.00		23,671.00	8,300.00
Construction Code Fees	A-10	5,948,087.00		4,621,011.97	(1,327,075.03)
Uniform Fire Safety Act -Life Hazard Use Fees	A-10	481,321.00		576,541.76	95,220.76
Municipal Hotel Tax	A-10	606,125.00		732,455.17	126,330.17
Clean Communities Program	A-24	178,108.48		178,108.48	
Drive Sober or Get Pulled Over/Year End	A-24	6,420.00		6,420.00	
H Mart Grant	A-24	5,479.00		5,479.00	
Edison Landfill Closure Project Grant	A-24	300,000.00		300,000.00	
Municipal Alliance on Alcohol and Drug Abuse	A-24	62,394.00		62,394.00	
Middlesex County Recycling Enhancement Grant	A-24	7,500.00		7,500.00	
Middlesex County Recycling Subsidy	A-24	15,345.00		15,345.00	
Middlesex County Nutrition Program	A-24	6,000.00		6,000.00	
Middlesex County Teen Art Program	A-24	5,250.00		5,250.00	
DCA Lead Abatement Grant	A-24	91,859.00		91,859.00	
Pedestrian Safety Grant	A-24	16,500.00		16,500.00	
FEMA AFG COVID 19 Supplemental Grant	A-24	38,597.18		38,597.18	
Body Armor Fund	A-24	10,444.01		10,444.01	
Federal Highway Safety Fund (S.T.E.P)	A-24	33,000.00		33,000.00	
Attorney General Bodyworn Camera Grant	A-24	370,916.00		370,916.00	
US DOJ Coronavirus Emergency Response Grant	A-24	36,995.00		36,995.00	
NJDH CAHP CLEP Program 2018-2020	A-24	42,025.00		42,025.00	
Strengthening Local Public Health Capacity Program	A-24	142,236.00		142,236.00	
Recycling Tonnage Grant	A-24	265,870.11		265,870.11	
Dudash Park Porous Parking Lot Project	A-24		\$ 65,000.00	65,000.00	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

		ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		2021 BUDGET	N.J.S.A. 40A:4-87		
Miscellaneous Revenues: (Cont'd.)					
Payment in lieu of Taxes - Tax Exempt Property	A-10	\$ 1,104,610.50		\$ 1,159,986.59	\$ 55,376.09
Cell Tower Rents - Verizon	A-10	100,021.00		95,258.34	(4,762.66)
Community Contribution	A-10	500,000.00		500,000.00	
Reserve for Payment of Debt Service	A-10	80,304.01		80,304.01	
General Capital Fund Balance/Note Sale Premium	A-10	52,373.00		52,373.00	
Police Off-Duty Administration Fees - Due from Trust	A-10	500,000.00		500,000.00	
American Rescue Plan Act of 2021	A-10	4,895,227.25		4,895,227.25	
Total Miscellaneous Revenues	A-1	36,938,320.12	\$ 65,000.00	36,730,141.43	(273,178.69)
Receipts from Delinquent Taxes	A-1, A-2			23,448.21	23,448.21
Subtotal General Revenues		43,459,625.12	65,000.00	43,274,894.64	(249,730.48)
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Mun. Purposes	A-7	101,074,039.66		103,661,176.58	2,587,136.92
Minimum Library Tax	A-7	6,010,880.00		6,010,880.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	107,084,919.66	-	109,672,056.58	2,587,136.92
Total Budget Revenues		150,544,544.78	65,000.00	152,946,951.22	2,337,406.44
Non-Budget Revenues	A-1, A-4			820,781.36	820,781.36
GRAND TOTALS		\$ 150,544,544.78	\$ 65,000.00	\$ 153,767,732.58	\$ 3,158,187.80
	Ref.	A-3	A-3		

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>	
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-7	\$ 23,448.21
	A-2	<u>\$ 23,448.21</u>
Allocation of Current Tax Collections:		
2021 Cash Collections	A-7	\$ 420,864,755.42
Prepaid Taxes Applied	A-7	3,988,112.12
State Share for Sr. Citizen and Veteran Deductions	A-7	<u>346,742.41</u>
	A-1	425,199,609.95
Allocated to:		
School, County, and Special District Taxes	A-19, A-21	<u>317,179,198.94</u>
		108,020,411.01
Add: Res. for Uncollected Taxes	A-3	<u>1,651,645.57</u>
	A-2	<u>\$ 109,672,056.58</u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT</u>						
Office of the Mayor						
Salaries and Wages	\$ 39,984.00	\$ 39,984.00	\$ 39,984.00	\$ -	\$ -	\$ -
Other Expenses	2,400.00	2,400.00	(973.19)	967.98	2,405.21	
Municipal Council						
Salaries and Wages	77,180.00	77,180.00	77,180.00			
Other Expenses	39,880.00	39,880.00	7,396.40	13,335.32	19,148.28	
Office of the Township Clerk						
Salaries and Wages	201,399.00	201,399.00	197,261.34		4,137.66	
Other Expenses	177,350.00	177,350.00	82,805.55	17,255.84	77,288.61	
<u>DEPARTMENT OF ADMINISTRATION</u>						
Office of the Business Administrator						
Salaries and Wages						
Administration	629,646.00	629,646.00	620,316.78		9,329.22	
Communications	133,712.00	133,712.00	133,710.22		1.78	
Other Expenses						
Administration	83,945.00	83,945.00	71,853.33	8,908.18	3,183.49	
Communications	54,500.00	54,500.00	2,249.98		52,250.02	
Division of Central Purchases						
Salaries and Wages	251,763.00	251,763.00	251,763.00			
Other Expenses:						
Postage	92,193.00	92,193.00	61,878.45	16,848.40	13,466.15	
Centralized Stores	51,844.00	51,844.00	27,130.41	17,015.03	7,698.56	
Division of Personnel						
Salaries and Wages	229,717.00	229,717.00	228,983.56		733.44	
Other Expenses	108,000.00	108,000.00	79,144.06	7,206.86	21,649.08	
<u>DEPARTMENT OF LAW</u>						
Office of the Director						
Salaries and Wages	103,021.00	103,021.00	71,020.88		32,000.12	
Other Expenses	740,000.00	740,000.00	530,956.57		209,043.43	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	PAID OR <u>CHARGED</u>	<u>EXPENDED</u>		UNEXPENDED BALANCE <u>CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operations Within "CAPS"						
<u>DEPARTMENT OF FINANCE</u>						
Office of the Director						
Salaries and Wages	\$ 7,800.00	\$ 7,800.00	\$ 7,800.00	\$ -	\$ -	\$ -
Other Expenses	106,055.00	106,055.00	49,752.76		56,302.24	
Other Expenses -Audit Services	75,088.00	75,088.00	(49,912.00)		125,000.00	
Division of Accounts and Controls						
Salaries and Wages	61,373.00	61,373.00	54,390.28		6,982.72	
Other Expenses	32,179.00	32,179.00	(41,510.00)		73,689.00	
Other Expenses - Data Processing	35,372.00	35,372.00	31,200.56		4,171.44	
Division of Custody and Disbursements						
Salaries and Wages	234,699.00	234,699.00	208,379.46		26,319.54	
Other Expenses	7,882.00	7,882.00	(582.20)		8,464.20	
Division of Tax Collections						
Salaries and Wages	216,622.00	216,622.00	199,489.74		17,132.26	
Other Expenses	36,815.00	36,815.00	8,651.28	2,175.73	25,987.99	
Division of Assessment						
Salaries and Wages	332,740.00	332,740.00	319,609.52		13,130.48	
Other Expenses	151,571.00	151,571.00	59,476.93	41,038.12	51,055.95	
<u>DEPARTMENT OF RECREATION & PARKS</u>						
Division of Recreation						
Salaries and Wages	1,729,113.00	1,729,113.00	1,230,378.58		498,734.42	
Other Expenses	620,722.00	620,722.00	234,398.48	246,790.67	139,532.85	
Division of Public Buildings						
Other Expenses:						
Telephones	220,000.00	220,000.00	181,411.64		38,588.36	
Heat, Light and Power	625,000.00	625,000.00	358,371.77	6,251.25	260,376.98	
Division of Parks						
Salaries and Wages	1,281,143.00	1,281,143.00	1,206,761.09		74,381.91	
Other Expenses	280,100.00	280,100.00	200,503.66	45,785.71	33,810.63	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operations Within "CAPS"						
DEPARTMENT OF HEALTH AND HUMAN RESOURCES						
Division of Health						
Salaries and Wages	\$ 1,581,277.00	\$ 1,581,277.00	\$ 1,491,834.43	\$ -	\$ 89,442.57	\$ -
Other Expenses	150,950.00	150,950.00	102,861.43	14,466.75	33,621.82	
Division of Senior Citizen Services						
Salaries and Wages	387,590.00	387,590.00	325,149.44		62,440.56	
Other Expenses	39,750.00	39,750.00	14,529.35	14,130.94	11,089.71	
Division of Police						
Salaries and Wages:						
Police	27,924,709.00	27,924,709.00	27,924,709.00			
Emergency Dispatch - 911	2,359,821.00	2,354,768.30	2,292,612.77		62,155.53	
Police Vehicle Maintenance	247,789.00	252,841.70	252,841.70			
Other Expenses:						
Police	1,157,750.00	1,157,750.00	707,666.86	431,499.94	18,583.20	
Emergency Dispatch - 911	544,500.00	544,500.00	248,429.96	274,509.18	21,560.86	
Police Vehicle Maintenance	230,500.00	230,500.00	187,639.62	42,781.84	78.54	
Uniform Fire Safety Act						
Salaries and Expenses	368,548.00	368,548.00	339,462.27		29,085.73	
Other Expenses	111,600.00	111,600.00	47,520.21	51,054.47	13,025.32	
Division of Fire						
Salaries and Wages						
Fire	21,515,499.00	21,515,499.00	20,894,060.38		621,438.62	
Other Expenses:						
Fire	1,007,695.00	1,007,695.00	359,219.17	494,094.17	154,381.66	
Fire Hydrant Service	1,833,033.00	1,833,033.00	1,296,423.61		536,609.39	
Aid to Volunteer Fire Companies	110,000.00	110,000.00	109,989.88		10.12	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS"						
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Office of the Director						
Salaries and Wages:						
Municipal Garage	\$ 934,353.00	\$ 934,353.00	\$ 901,165.58	\$ -	\$ 33,187.42	\$ -
Other Expenses:						
Municipal Garage	95,900.00	95,900.00	25,317.18	35,335.32	35,247.50	
Fuels & Lubricants for Municipally	615,245.00	615,245.00	571,700.09	27,995.45	15,549.46	
Street Lighting	1,150,000.00	1,150,000.00	1,090,502.80	613.41	58,883.79	
Division of Streets						
Salaries and Wages	1,548,687.00	1,548,687.00	1,175,740.58		372,946.42	
Other Expenses	324,800.00	324,800.00	192,003.29	112,666.17	20,130.54	
Division of Public Buildings						
Salaries and Wages	1,637,162.00	1,637,162.00	1,481,079.80		156,082.20	
Other Expenses	290,500.00	290,500.00	223,704.39	63,843.97	2,951.64	
Division of Sanitation						
Salaries and Wages:						
Street Cleaning and Refuse and Garbage Collection	1,124,537.00	1,124,537.00	1,082,991.53		41,545.47	
Other Expenses:						
Street Cleaning and Refuse and Garbage Collection	61,500.00	61,500.00	1,673.00	52,543.22	7,283.78	
Public Defender (P.L. 1997,c.256)						
Salaries and Wages	35,000.00	35,000.00	25,961.50		9,038.50	
Other Expenses	2,000.00	2,000.00			2,000.00	
<u>DEPARTMENT OF COMMUNITY DEVELOPMENT</u>						
Salaries and Wages:						
Division of Planning and Zoning	333,830.00	333,830.00	333,830.00		-	
Rent Control Board	15,000.00	15,000.00	7,499.96		7,500.04	
Division of Engineering	503,434.00	503,434.00	330,680.76		172,753.24	
Other Expenses:						
Division of Planning and Zoning	117,000.00	117,000.00	3,031.25	13,853.75	100,115.00	
Planning Board	27,200.00	27,200.00	10,735.86		16,464.14	
Zoning Board Adjustment	32,450.00	32,450.00	19,157.44	457.70	12,834.86	
Rent Control Board	1,400.00	1,400.00			1,400.00	
Environmental Commission	1,300.00	1,300.00			1,300.00	
Division of Engineering	224,750.00	224,750.00	153,551.06	4,560.57	66,638.37	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS"						
<u>UNCLASSIFIED</u>						
Insurance:						
Group Insurance Plan for Employees	\$ 24,066,013.72	\$ 24,066,013.72	\$ 23,825,733.24	\$ -	\$ 240,280.48	\$ -
Other Insurance and Surety bonds	3,429,682.00	3,429,682.00	2,966,985.09	20,734.04	441,962.87	
First Aid Organizations-Aid and Maintenance						
Other Expenses	105,000.00	105,000.00	105,000.00			
Emergency Management Services						
Other Expenses	15,000.00	15,000.00	1,761.84	13,237.88	0.28	
Ethics Commission	10,000.00	10,000.00			10,000.00	
Reserve for Tax Appeals	1,790,000.00	1,790,000.00	1,790,000.00			
Condominium Services	160,000.00	160,000.00	160,000.00			
Employees Unemployment Insurance	200,000.00	200,000.00	200,000.00			
Celebration of Public Events	62,400.00	62,400.00	57,425.97	2,669.00	2,305.03	
Municipal Court						
Salaries and Wages	646,486.00	646,486.00	512,639.12		133,846.88	
Other Expenses	57,080.00	57,080.00	24,341.83	1,870.57	30,867.60	
Uniform Construction Code						
Edison Constr. Enforcing Agency:						
Salaries and Wages	1,587,293.00	1,587,293.00	1,266,676.90		320,616.10	
Other Expenses	420,500.00	420,500.00	86,078.84	3,425.15	330,996.01	
Sick and Vacation Payouts		1,594,000.00	1,594,000.00			
Employee Health Benefit Waivers						
Salaries and Wages	299,033.00	299,033.00	299,033.00			
Total Operations Within "CAPS"	110,566,354.72	112,160,354.72	103,856,184.87	2,099,922.58	6,204,247.27	
Contingent	50,000.00	50,000.00	14,131.78	6,090.00	29,778.22	
Total Operations Including Contingent Within "CAPS"	110,616,354.72	112,210,354.72	103,870,316.65	2,106,012.58	6,234,025.49	
DETAIL:						
Salaries and Wages	68,579,960.00	70,173,960.00	65,784,997.17	-	2,794,962.83	
Other Expenses	42,036,394.72	42,036,394.72	38,085,319.48	2,106,012.58	3,439,062.66	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	PAID OR <u>CHARGED</u>	<u>EXPENDED</u>		UNEXPENDED BALANCE <u>CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES <u>MUNICIPAL WITHIN "CAPS"</u>						
Deferred Charges						
Prior Year Bills	\$ 13,031.10	\$ 13,031.10	\$ -	\$ -	\$ -	\$ 13,031.10
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	2,125,206.91	2,125,206.91	2,116,744.04		8,462.87	
Social Security System (O.A.S.I.)	1,866,913.00	1,866,913.00	1,864,583.85		2,329.15	
Police and Firemen's Retirement System of N.J.	12,137,691.00	12,137,691.00	12,137,691.00			
DCRP Employer Contributions	35,000.00	35,000.00	17,458.62		17,541.38	
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	<u>16,177,842.01</u>	<u>16,177,842.01</u>	<u>16,136,477.51</u>	<u>-</u>	<u>28,333.40</u>	<u>13,031.10</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>126,794,196.73</u>	<u>128,388,196.73</u>	<u>120,006,794.16</u>	<u>2,106,012.58</u>	<u>6,262,358.89</u>	<u>13,031.10</u>
Operations Excluded from "CAPS"						
<u>OTHER OPERATIONS EXCLUDED FROM "CAPS"</u>						
Maintenance of Free Public Library	6,010,880.00	6,010,880.00	5,817,858.84	119,624.34	73,396.82	
Length of Service Award Program (LOSAP)						
Other Expenses	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>			
Total Other Operations Excluded from "CAPS"	<u>6,110,880.00</u>	<u>6,110,880.00</u>	<u>5,917,858.84</u>	<u>119,624.34</u>	<u>73,396.82</u>	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Excluded from "CAPS"						
<u>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES</u>						
Attorney General Bodyworn Camera Grant	\$ 370,916.00	\$ 370,916.00	\$ 370,916.00	\$ -	\$ -	\$ -
Body Armor Grant	10,444.01	10,444.01	10,444.01			
Clean Communities Act	178,108.48	178,108.48	178,108.48			
DCA Lead Abatement Grant	91,859.00	91,859.00	91,859.00			
Drive Sober or Get Pulled Over/Year End	6,420.00	6,420.00	6,420.00			
Dudash Park Middlesex Greenway Access Enhancement Grant - 2021		65,000.00	65,000.00			
Edison Landfill Closure Project Grant	300,000.00	300,000.00	300,000.00			
Edison Teen Arts Community & Theater Program	5,250.00	5,250.00	5,250.00			
Federal Highway Safety Fund (S.T.E.P.)	33,000.00	33,000.00	33,000.00			
H Mart Grant - 2020	5,479.00	5,479.00	5,479.00			
Middlesex County Nutritional Program	6,000.00	6,000.00	6,000.00			
Middlesex County Recycling Enhancement Grant	7,500.00	7,500.00	7,500.00			
Middlesex County Recycling Subsidy	15,345.00	15,345.00	15,345.00			
Municipal Alliance on Alcoholism and Drug Abuse	62,394.00	62,394.00	62,394.00			
FEMA AFG COVID-19 Supplemental Grant	38,597.18	38,597.18	38,597.18			
NJDH CAHP CLEP Program	42,025.00	42,025.00	42,025.00			
Pedestrian Safety Enforcement and Education Grant	16,500.00	16,500.00	16,500.00			
Strengthening Local Public Health Capacity Program	142,236.00	142,236.00	142,236.00			
Solid Waste - Recycling Tonnage Grant	265,870.11	265,870.11	265,870.11			
US DOJ Coronavirus Emergency Response Grant	36,995.00	36,995.00	36,995.00			
Total Public and Private Revenues Offset by Revenues	<u>1,634,938.78</u>	<u>1,699,938.78</u>	<u>1,699,938.78</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>7,745,818.78</u>	<u>7,810,818.78</u>	<u>7,617,797.62</u>	<u>119,624.34</u>	<u>73,396.82</u>	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 750,000.00	\$ 750,000.00	\$ 750,000.00	\$ -	\$ -	\$ -
Total Capital Improv. - Excl. from "CAPS"	750,000.00	750,000.00	750,000.00			
Operations Excluded from "CAPS"						
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	5,766,347.30	5,766,347.30	5,729,594.33			36,752.97
Payment of Bond Anticipation Notes and Capital Notes	2,659,374.00	2,659,374.00	2,444,279.00			215,095.00
Interest on Bonds	731,758.15	731,758.15	621,835.14			109,923.01
Interest on Notes	1,325,960.94	1,325,960.94	1,325,960.92			0.02
NJEIT Loan - Principal & Interest	217,243.31	217,243.31	212,236.73			5,006.58
Total Mun. Debt Service - Excl. from "CAPS"	10,700,683.70	10,700,683.70	10,333,906.12			366,777.58
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>						
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	877,200.00	877,200.00	877,200.00			
Deferred Charges to Future Taxation - Unfunded	2,025,000.00	2,025,000.00	2,025,000.00			
Total Deferred Charges - Municipal Excluded from "CAPS"	2,902,200.00	2,902,200.00	2,902,200.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	22,098,702.48	22,163,702.48	21,603,903.74	119,624.34	73,396.82	366,777.58
Total General Appropriations excluded from "CAPS"	22,098,702.48	22,163,702.48	21,603,903.74	119,624.34	73,396.82	366,777.58
Subtotal General Appropriations	148,892,899.21	150,551,899.21	141,610,697.90	2,225,636.92	6,335,755.71	379,808.68
Reserve for Uncollected Taxes	1,651,645.57	1,651,645.57	1,651,645.57			-
Total General Appropriations	150,544,544.78	152,203,544.78	143,262,343.47	2,225,636.92	6,335,755.71	379,808.68

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

		2021 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
				PAID OR CHARGED	ENCUMBERED	RESERVED	
Total General Appropriations (brought forward)		<u>\$ 150,544,544.78</u>	<u>\$ 152,203,544.78</u>	<u>\$ 143,262,343.47</u>	<u>\$ 2,225,636.92</u>	<u>\$ 6,335,755.71</u>	<u>\$ 379,808.68</u>
	<u>Ref.</u>	A-2			A, A-18	A	A-1
Adopted Budget	A-2		\$ 150,544,544.78				
Approp. by N.J.S.A. 40A:4-87	A-2		65,000.00				
Special Emergency Appropriation	A-1,A-22		<u>1,594,000.00</u>				
			<u>\$ 152,203,544.78</u>				
Reserve for Uncollected Taxes	A-2			\$ 1,651,645.57			
Disbursed	A-4			62,571,465.32			
Due to/from General Capital Fund	A-12			1,058,725.44			
Reserve for State and Federal Grants Appropriated	A-13			1,699,938.78			
Due to/from Trust Other	A-12			1,809,000.00			
Due to/from Payroll Trust	A-12			69,756,600.35			
Due to/from Municipal Open Space Trust	A-13			487,403.89			
Accounts Payable	A-14			260,000.00			
Reserve for Group Term Life Insurance	A-14			200,000.00			
Reserve for Advanced Medical Claims	A-14			1,100,364.12			
Reserve for Tax Appeals	A-17			1,790,000.00			
Deferred Charges	A-22			877,200.00			
				<u>\$ 143,262,343.47</u>			

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit B
Page 1 of 2

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2021</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2021</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>
Assessment Fund:				Assessment Fund:			
Assessment Liens	B-6	\$ 97.00	\$ 97.00	Due to Current Fund	B-18	\$ 18,760.00	\$ 18,760.00
Assessment Lien Interest and Costs	B-5	74.00	74.00	Res. for Assessments, Liens and			
Due from Trust Other	B-17	20,063.00	20,063.00	Interest and Costs	B-10	171.00	171.00
				Fund Balance	B-1	1,303.00	1,303.00
Total Assessment Fund		20,234.00	20,234.00	Total Assessment Fund		20,234.00	20,234.00
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B-2	95,722.95	110,674.00	Due to State of New Jersey	B-11	774.60	472.20
				Due to Current Fund		-	67.17
				Reserves For Encumbrances	B-12	60,318.50	60,318.50
				Reserve for Animal Control	B-13	34,629.85	49,816.13
Total Animal Control Fund		95,722.95	110,674.00	Total Animal Control Fund		95,722.95	110,674.00
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B-2	36,709,319.99	28,554,767.72	Due to Assessment Trust Fund	B-18	20,063.00	20,063.00
Due from Middlesex County - CARES Act			1,538,087.91	Due to Current Fund	B-18	188,356.74	6,271.26
Due from Current Fund	B-17	4,724,452.70		Due to Grant Fund	B-18	2,901,704.75	
				Due to Water Utility Operating Fund	B-18	2,382.95	
				Due to Sewer Utility Operating Fund	B-18	19,852.89	
				Other Escrow Funds	B-14	959,499.92	926,894.92
				Tax Sale Redemption Funds	B-16	7,306,897.04	6,236,750.81
				Reserve for:			
				Open Space	B-9	597,259.58	1,071,030.06
				Off Duty Public Safety	B-16	876,831.34	782,459.04
				Other Reserves	B-15	28,505,970.15	19,511,298.63
				Payroll	B-16	54,954.33	
				Encumbrances			1,538,087.91
Total Trust-Other Fund		41,433,772.69	30,092,855.63	Total Trust-Other Fund		41,433,772.69	30,092,855.63
Housing and Community Development				Housing and Community Development			
Act of 1974:				Act of 1974:			
Cash and Investments - Treasurer	B-2	209,789.84	202,668.06	Reserve for Expenditures - HUD	B-16	2,911,832.39	2,902,752.81
Accts. Receivable - U.S. Dept. of				Reserve for Expenditures - HOPWA	B-16	183,288.65	183,288.65
Housing and Urban Develop.	B-8	2,702,042.55	2,721,986.96	Reserve for Encumbrances		-	21,902.21
Accts. Receivable - HOPWA	B-8	183,288.65	183,288.65				
Total Housing and Community				Total Housing and Community			
Development Act of 1974		3,095,121.04	3,107,943.67	Development Act of 1974		3,095,121.04	3,107,943.67

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit B
Page 2 of 2

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

ASSETS	REF.	BALANCE DEC. 31, 2021	BALANCE DEC. 31, 2020	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2021	BALANCE DEC. 31, 2020
D.E.P. Landfill Closure Escrow Fund: Cash and Investments - Treasurer	B-2	\$ 4,749,898.81	\$ 4,705,065.65	D.E.P. Landfill Closure Escrow Fund: Reserve for Landfill Closure Costs	B-16	\$ 4,749,898.81	\$ 4,705,065.65
Total D.E.P. Landfill Closure Escrow Fund		<u>4,749,898.81</u>	<u>4,705,065.65</u>	Total D.E.P. Landfill Closure Escrow Fund		<u>4,749,898.81</u>	<u>4,705,065.65</u>
Edison Landfill Closure Trust - Local Cash and Investments - Treasurer	B-2	3,152,896.33	2,855,544.04	Edison Landfill Closure Trust - Local Reserve for Landfill Closure Costs	B-16	3,152,896.33	2,855,544.04
Total Edison Landfill Closure Trust - Local Trust - Local		<u>3,152,896.33</u>	<u>2,855,544.04</u>	Total Edison Landfill Closure Trust - Local Trust - Local		<u>3,152,896.33</u>	<u>2,855,544.04</u>
B.P.U. Landfill Closure Escrow Fund: Cash and Investments - Treasurer	B-2	13,209,673.23	13,034,216.98	B.P.U. Landfill Closure Escrow Fund: Reserve for Landfill Closure Costs	B-16	13,209,673.23	13,034,216.98
Total B.P.U. Landfill Closure Escrow Fund		<u>13,209,673.23</u>	<u>13,034,216.98</u>	Total B.P.U. Landfill Closure Escrow Fund		<u>13,209,673.23</u>	<u>13,034,216.98</u>
Self Insurance Trust Fund: Cash and Investments - Treasurer	B-2	319,151.52	230,713.59	Self Insurance Trust Fund: Reserve for Payment of Insur. Claims	B-16	319,151.52	230,713.59
Total Self Insurance Trust Fund		<u>319,151.52</u>	<u>230,713.59</u>	Total Self Insurance Trust Fund		<u>319,151.52</u>	<u>230,713.59</u>
Developer's Escrow Trust Fund: Cash and Investments - Treasurer	B-2	2,138,867.62	2,341,731.15	Developer's Escrow Trust Fund: Developer's Escrow Funds	B-16	2,138,867.62	2,341,731.15
Total Developer's Escrow Trust Fund		<u>2,138,867.62</u>	<u>2,341,731.15</u>	Total Developer's Escrow Trust Fund		<u>2,138,867.62</u>	<u>2,341,731.15</u>
		<u>\$ 68,215,338.19</u>	<u>\$ 56,498,978.71</u>			<u>\$ 68,215,338.19</u>	<u>\$ 56,498,978.71</u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

ASSESSMENT TRUST FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>REF.</u>	
Balance - December 31, 2021 and 2020	B	<u>\$ 1,303.00</u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2021</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>
Cash and Investments - Treasurer	C-2	\$ 122,719,001.11	\$ 16,464,955.48
Accounts Receivable:			
Edison Free Public Library	C-4	64,178.00	64,178.00
Grants Receivable	C-15	228,687.48	228,687.48
Insurance Proceeds Receivable	C-16	66,850.00	66,850.00
Deferred Charges to Future Taxation:			
Funded	C-6	87,506,019.44	21,400,967.08
Unfunded	C 7	32,141,342.61	85,663,121.61
		<u>\$ 242,726,078.64</u>	<u>\$ 123,888,759.65</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-12	\$ 87,042,827.71	\$ 20,694,773.30
Green Trust Loans Payable	C-13	43,649.38	86,439.38
NJ Environmental Infrastructure Loan Payable	C-11	419,542.35	619,754.40
Bond Anticipation Notes	C-9	77,980,000.00	61,904,279.00
Due to Current Fund		-	4,809.40
Due to Sewer Utility Capital Fund	C-5	7,183,649.63	
Due to Water Utility Capital Fund	C-5	8,001,745.59	
Improvement Authorizations:			
Funded	C-8	29,249,068.94	75,062.32
Unfunded	C-8	23,160,000.93	33,546,177.28
Reserve for Encumbrances	C-8	8,507,935.96	5,400,410.95
Reserve for:			
Capital Improv. Fund	C-10	14,510.51	764,510.51
Grants Receivable	C-14	51,173.53	51,173.53
Acquisition of Property for and			
Construction of Parking Facilities	C-17	302,000.00	302,000.00
Payment of Future Debt Service Costs	C-17	414,555.47	80,304.01
Woodland Estates	C-17	337,343.21	337,343.21
Fund Balance	C-1	18,075.43	21,722.36
		<u>\$ 242,726,078.64</u>	<u>\$ 123,888,759.65</u>
 Bonds And Notes Authorized but not Issued	 C-18	 <u>\$ 32,141,342.61</u>	 <u>\$ 24,111,342.61</u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF CHANGE IN FUND BALANCE
 REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>REF.</u>		
Balance - December 31, 2020	C	\$	21,722.36
Increased by:			
Cash Receipts - Premium on BAN Sale	C-2	\$	43,785.20
Cash Receipts - Premium on Bond Sale	C-2		<u>4,940.87</u>
			<u>48,726.07</u>
			70,448.43
Decreased by:			
Appropriated to 2021 Budget Revenue			
Capital Surplus	C-2		<u>52,373.00</u>
Balance - December 31, 2021	C	\$	<u><u>18,075.43</u></u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

ASSETS	REF.	BALANCE DEC. 31, 2021	BALANCE DEC. 31, 2020	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2021	BALANCE DEC. 31, 2020
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-5	\$ 11,399,928.83	\$ 7,648,096.36	Appropriation Reserves	D-4	\$ 2,629,407.47	\$ 2,246,337.84
Due from Trust-Other Fund	D-9	2,382.95		Encumbrances Payable	D-4	476,401.12	358,304.18
		<u>11,402,311.78</u>	<u>7,648,096.36</u>	Water Rent Overpayments	D-18	174,805.94	175,446.61
				Reserve for Hydrant Meter Deposits	D-19	25,000.00	15,000.00
				Due to Water Utility Capital Fund	D-9	3,179,548.05	4,181,378.92
Receivables with Offsetting Reserves:				Accounts Payable	D-20	117,706.68	
Water Rents Receivable	D-17	1,779,349.55	2,488,378.00	Accrued Interest Payable	D-13	41,454.00	189,730.66
		<u>1,779,349.55</u>	<u>2,488,378.00</u>			6,644,323.26	7,166,198.21
Deferred Charges:							
Overexpenditure of Appropriations	D-4	38,945.53		Reserve for Receivables	Reserve	1,779,349.55	2,488,378.00
		<u>38,945.53</u>	<u>-</u>	Fund Balance	D-1	4,796,934.05	481,898.15
Total Operating Fund		<u>13,220,606.86</u>	<u>10,136,474.36</u>	Total Operating Fund		<u>13,220,606.86</u>	<u>10,136,474.36</u>
Capital Fund:				Capital Fund:			
Fixed Capital	D-10	13,250,144.64	11,548,455.99	Serial Bonds Payable	D-14	8,217,965.38	554,433.21
Fixed Capital Authorized & Uncompleted	D-11	9,646,915.78	11,166,967.60	Bond Anticipation Notes	D-16	8,000,000.00	8,000,000.00
Due from Water Utility Operating Fund	D-8	3,179,548.05	4,181,378.92	Improvement Authorizations			
Due from General Capital Fund	D-8	8,001,745.59		Funded	D-15	2,646,915.78	
				Unfunded	D-15	7,000,000.00	10,641,937.10
				Encumbrances Payable			525,030.50
				Reserve for:			
				Amortization	D-7	7,374,095.04	7,144,822.43
				Deferred Res. for Amortization			16,167.95
				Capital Improvement Projects	D-22	518,220.95	
				Debt Service	D-23	305,000.00	
				Fund Balance	D-2	16,156.91	14,411.32
Total Capital Fund		<u>34,078,354.06</u>	<u>26,896,802.51</u>	Total Capital Fund		<u>34,078,354.06</u>	<u>26,896,802.51</u>
		<u>\$ 47,298,960.92</u>	<u>\$ 37,033,276.87</u>			<u>\$ 47,298,960.92</u>	<u>\$ 37,033,276.87</u>

There were Water Utility Bonds and Notes Authorized but not Issued at December 31, 2021 and 2020 in the amount of \$7,000,000.00. (See Exhibit D-24)

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>2021</u>	<u>2020</u>
Fund Balance Utilized	D-3	\$ 205,500.85	
Water Rents	D-3	14,149,661.21	\$ 11,432,506.56
Miscellaneous	D-3	72,367.52	49,125.05
Unexpended Balance of Approp. Reserves	D-21	1,731,014.58	
Total Revenue		16,158,544.16	11,481,631.61
<u>EXPENDITURES</u>			
Operating	D-4	10,241,973.00	9,703,011.00
Capital Improvements	D-4	1,000,000.00	750,000.00
Debt Service	D-4	156,014.94	267,757.78
Deferred Charges and Statutory Expenditures	D-4	278,965.00	278,965.00
Total Expenditures		11,676,952.94	10,999,733.78
Excess in Revenues		4,481,591.22	481,897.83
Add: Expenditures Included Above Which are by Statute Deferred Charges to Future Budgets	D-4	38,945.53	
Statutory Excess to Fund Balance		4,520,536.75	481,897.83
<u>FUND BALANCE</u>			
Balance - Beginning of Year	D	481,898.15	0.32
		5,002,434.90	481,898.15
Decreased by:			
Utilized as Anticipated Revenue	D-1	205,500.85	-
Fund Balance - End of Year	D	\$ 4,796,934.05	\$ 481,898.15

Exhibit D-2

WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>REF.</u>	
Balance - December 31, 2020	D	\$ 14,411.32
Increased by:		
Premium on Sale of Bonds	D-8	1,745.59
Balance - December 31, 2021	D	\$ 16,156.91

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>REF.</u>	2021 ADOPTED <u>BUDGET</u>	REALIZED <u>IN 2021</u>	<u>EXCESS</u>
Surplus Anticipated	D-1	\$ 205,500.85	\$ 205,500.85	
Water Rents	D-1	11,432,506.56	14,149,661.21	\$ 2,717,154.65
Miscellaneous	D-1,D-5		72,367.52	72,367.52
		<u>\$ 11,638,007.41</u>	<u>\$ 14,427,529.58</u>	<u>\$ 2,789,522.17</u>

<u>REF.</u>	D-4	D-1,D-5
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ANALYSIS OF REALIZED REVENUESREF.

Water Rents:

Water Rents Receivable:

2021 Cash Collections:

Collector

D-5, D-17 \$ 13,695,203.18

Overpayments Applied

D-17, D-18 454,458.03\$ 14,149,661.21

Miscellaneous Revenues:

Interest & Costs on Rents

D-5

\$ 72,367.52

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 ADOPTED BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		OVER- EXPENDITURE
				ENCUMBERED	RESERVED	
Operating:						
Salaries & Wages	\$ 1,323,863.00	\$ 1,323,863.00	\$ 917,739.46		\$ 406,123.54	
Other Expenses	8,908,110.00	8,918,110.00	6,518,590.26	\$ 176,258.90	2,223,260.84	
Capital Improvements:						
Capital Outlay	1,000,000.00	1,000,000.00	699,857.78	300,142.22		
Debt Service:						
Payment of Bond Principal	64,434.13	64,434.13	64,434.13			
Interest on Bonds	22,279.72	22,279.72	22,279.72			
Interest on Notes	30,355.56	30,355.56	69,301.09			\$ 38,945.53
Deferred Charges and Statutory Expenditures:						
Unemployment Compensation Insurance	10,000.00					
Public Employees' Retirement System	171,586.00	171,586.00	171,586.00			
Social Security System (O.A.S.I.)	107,379.00	107,379.00	107,355.91		23.09	
	<u>\$ 11,638,007.41</u>	<u>\$ 11,638,007.41</u>	<u>\$ 8,571,144.35</u>	<u>\$ 476,401.12</u>	<u>\$ 2,629,407.47</u>	<u>\$ 38,945.53</u>
Ref.	D-3	D-3		D	D	D
Disbursed	D-5		\$ 7,961,342.59			
Accrued Interest on Bonds	D-13		91,580.81			
Reserve for Capital Improvements	D-22		518,220.95			
			<u>\$ 8,571,144.35</u>			

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

Exhibit E

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

ASSETS	REF.	BALANCE DEC. 31, 2021	BALANCE DEC. 31, 2020	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2021	BALANCE DEC. 31, 2020
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	E-5	\$ 27,103,006.86	\$ 26,388,316.85	Liabilities:			
Due from Trust-Other Fund	E-9	19,852.89		Appropriation Reserves	E-4,E-15	\$ 1,394,635.64	\$ 7,469,144.98
				Reserve for Encumbrances	E-4,E-15	2,711,520.64	740,458.47
		<u>27,122,859.75</u>	<u>26,388,316.85</u>	Due to Sewer Capital Fund	E-9	6,512,802.74	6,177,845.98
Receivables with Offsetting Reserves:				Sewer Rent Overpayments	E-16	261,509.63	317,384.18
Sewer Rents Receivable	E-7	1,581,796.12	803,088.94	Reserve for Sewer Lien Foreclosure	E-17	5,020.64	5,020.64
				Accounts Payable	E-18	48,047.33	6,880.02
		<u>1,581,796.12</u>	<u>803,088.94</u>	Accrued Interest Payable	E-19	53,867.69	206,559.56
Deferred Charges:						10,987,404.31	14,923,293.83
Overexpenditure of Appropriations	E-4	17,797.33		Reserve for Receivables	Reserve	1,581,796.12	803,088.94
		<u>17,797.33</u>	<u>-</u>	Fund Balance	E-1	16,153,252.77	11,465,023.02
Total Operating Fund		<u>28,722,453.20</u>	<u>27,191,405.79</u>	Total Operating Fund		<u>28,722,453.20</u>	<u>27,191,405.79</u>
Capital Fund:				Capital Fund:			
Cash and Investments - Treasurer	E-5	1,056,422.39	1,048,974.35	Serial Bonds	E-10	10,824,206.91	4,049,793.49
Fixed Capital	E-11	19,744,976.67	17,264,430.61	Bond Anticipation Notes	E-14	7,180,000.00	7,285,000.00
Fixed Capital Authorized & Uncompleted	E-13	1,410,302.96	1,410,302.96	Encumbrances Payable	E-20	653,192.73	940,428.87
Due from Vendor	E-5	287,236.14		Improvement Authorizations			
Due from Sewer Utility Operating Fund	E-12	6,512,802.74	6,177,845.98	Funded	E-20	447,869.92	25,668.49
Due from General Capital Fund	E-12	7,183,649.63		Unfunded	E-20	21,434.17	444,205.60
				Capital Improvement Fund	E-21	509,500.00	509,500.00
				Reserve for Downpayment on Improvements	E-24	400,000.00	400,000.00
				Reserve for Capital Improvement Projects	E-25	6,253,759.14	5,336,312.06
				Reserve for Amortization	E-22	8,996,938.56	5,528,055.92
				Deferred Reserve for Amortization		-	747,750.00
				Reserve for Debt Service	E-26	270,000.00	
				Fund Balance	E-2	638,489.10	634,839.47
Total Capital Fund		<u>36,195,390.53</u>	<u>25,901,553.90</u>	Total Capital Fund		<u>36,195,390.53</u>	<u>25,901,553.90</u>
		<u>\$ 64,917,843.73</u>	<u>\$ 53,092,959.69</u>			<u>\$ 64,917,843.73</u>	<u>\$ 53,092,959.69</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2021 and 2020 in the amount of \$1,064,134.16 (See Exhibit E-27)

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>2021</u>	<u>2020</u>
Fund Balance Anticipated	E-3	\$ 3,128,806.43	\$ 3,547,820.35
Sewer Rents	E-3	19,702,101.59	20,302,207.43
Miscellaneous Revenues	E-3	964,461.32	791,946.83
Accounts Payable Cancelled		-	21,120.54
Unexpended Balance of Approp. Reserves	E-15	7,452,680.29	2,379,968.37
		<u>31,248,049.63</u>	<u>27,043,063.52</u>
Total Revenue and Other Income			
<u>EXPENDITURES</u>			
Operating:			
Salaries and Wages	E-4	2,143,683.00	1,919,478.00
Other Expenses	E-4	15,327,400.00	15,855,900.00
Capital Improvements	E-4	5,000,000.00	5,000,000.00
Debt Service	E-4	576,725.76	728,809.78
Deferred Charges and Statutory Expenditures	E-4	401,002.00	426,002.00
Refunds of Prior Year Revenues		-	4,950.00
Miscellaneous	E-5	0.02	
		<u>23,448,810.78</u>	<u>23,935,139.78</u>
Total Expenditures			
Excess in Revenues		7,799,238.85	3,107,923.74
Add: Expenditures Included Above Which are by Statute Deferred Charges to Future Budgets	E-4	17,797.33	
		<u>7,817,036.18</u>	<u>3,107,923.74</u>
Statutory Excess to Fund Balance			
<u>FUND BALANCE</u>			
Balance - Beginning of Year	E	11,465,023.02	11,904,919.63
		19,282,059.20	15,012,843.37
Decreased by:			
Fund Balance Utilized	E-3	3,128,806.43	3,547,820.35
Fund Balance - End of Year	E	<u>\$ 16,153,252.77</u>	<u>\$ 11,465,023.02</u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 STATEMENT OF CHANGE IN FUND BALANCE
 REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>REF.</u>	
Balance - December 31, 2020	E	\$ 634,839.47
Increased by:		
Premium on Sale of Bonds	E-12	<u>3,649.63</u>
Balance - December 31, 2021	E	<u><u>\$ 638,489.10</u></u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021.

	<u>REF.</u>	<u>2021 BUDGET</u>	<u>REALIZED IN 2021</u>	<u>(DEFICIT) OR EXCESS</u>
Fund Balance Anticipated	E-1	\$ 3,128,806.43	\$ 3,128,806.43	
Sewer Rents	E-1	20,302,207.00	19,702,101.59	\$ (600,105.41)
Miscellaneous	E-1,E-5		964,461.32	964,461.32
		<u>\$ 23,431,013.43</u>	<u>\$ 23,795,369.34</u>	<u>\$ 364,355.91</u>

REF. E-4

ANALYSIS OF REALIZED REVENUES

REF.

Sewer Rents:

Sewer Rents Receivable:

2021 Cash Collections:

Collector

E-7 \$ 19,589,149.32

Overpayments Applied

E-7 112,952.27

E-1, E-3

\$ 19,702,101.59

Miscellaneous Revenues:

Interest & Costs on Rents

E-5 \$ 102,900.84

Sewer Connection Fees

E-5 650,672.91

Misc. Revenues

E-5 203,439.53

Interest - Sewer Capital Fund

E-9 7,448.04

E-1, E-3

\$ 964,461.32

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021.

	2021 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		OVER- EXPENDITURE
				ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 2,143,683.00	\$ 2,143,683.00	\$ 2,045,900.63		\$ 97,782.37	
Other Expenses	4,802,400.00	4,827,400.00	3,861,880.78	\$ 889,805.62	75,713.60	
Middlesex County Utilities Authority Charges	10,500,000.00	10,500,000.00	9,279,780.20		1,220,219.80	
Capital Improvements:						
Capital Improvement Projects	5,000,000.00	5,000,000.00	3,178,284.98	1,821,715.02		
Debt Service:						
Payment of Bond Principal	278,909.82	278,909.82	278,909.82			
Payment of Bond Anticipation Notes and Capital Notes	105,000.00	105,000.00	105,000.00			
Interest on Bonds	147,679.71	147,679.71	147,679.71			
Interest on Notes	27,338.90	27,338.90	45,136.23			\$ 17,797.33
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	251,002.00	251,002.00	251,002.00			
Social Security System (O.A.S.I.)	150,000.00	150,000.00	149,080.13		919.87	
Unemployment Compensation Insurance	25,000.00	-				
	<u>\$ 23,431,013.43</u>	<u>\$ 23,431,013.43</u>	<u>\$ 19,342,654.48</u>	<u>\$ 2,711,520.64</u>	<u>\$ 1,394,635.64</u>	<u>\$ 17,797.33</u>
REF.	E-3	E-3		E	E	E, E-8
Disbursed	E-5		\$ 19,149,838.54			
Accrued Interest on Bonds and Notes	E-19		192,815.94			
			<u>\$ 19,342,654.48</u>			

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

PUBLIC ASSISTANCE FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>REF.</u>	BALANCE DEC. 31, <u>2021</u>	BALANCE DEC. 31, <u>2020</u>
Cash and Investment - Treasurer	F-1	<u>\$ 46,236.49</u>	<u>\$ 45,910.50</u>
		<u><u>\$ 46,236.49</u></u>	<u><u>\$ 45,910.50</u></u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance	F-4	<u>\$ 46,236.49</u>	<u>\$ 45,910.50</u>
		<u><u>\$ 46,236.49</u></u>	<u><u>\$ 45,910.50</u></u>

See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS
 REGULATORY BASIS
DECEMBER 31, 2021 AND 2020

	BALANCE DECEMBER 31, 2021	BALANCE DECEMBER 31, 2020
Governmental Fixed Assets:		
Land	\$ 116,480,200.00	\$ 116,480,200.00
Buildings and Improvements	20,811,200.00	20,811,200.00
Vehicles, Machinery and Equipment	45,273,191.00	43,939,307.00
Total Governmental Fixed Assets	<u>\$ 182,564,591.00</u>	<u>\$ 181,230,707.00</u>
Investment in Governmental Fixed Assets	<u>\$ 182,564,591.00</u>	<u>\$ 181,230,707.00</u>

See Notes to Financial Statements

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 1: FORM OF GOVERNMENT

The Township of Edison (the "Township") is managed under the Mayor - Council form of government authorized under Plan E of the "Faulkner Act of 1950". This form of government, adopted in 1957 by Township voters, provides for the direct election of the Mayor and seven council members for staggered four-year terms. This form of government provides for the administrative function of government under the Mayor, supported by a Business Administrator and various department heads, and for the legislative function under the Municipal Council.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the basic financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A:5-5. Accordingly, the basic financial statements the Township do not include the operations of the municipal library, first aid organizations or volunteer fire companies.

B. Description of Funds

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

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the Housing and Community Development Act of 1974 funds are reported within the Trust Fund. In addition, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Animal Control Trust Fund
- Assessment Trust Fund
- Landfill Closure Escrow Funds
- Unemployment Compensation Trust Fund
- Dedicated Law Enforcement Trust Fund
- Self-Insurance Trust Fund
- Developer Escrow Trust Funds
- Dedicated Open Space Fund

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes. Debt obligations authorized in conjunction with the Township's conversion to the state's fiscal year are also accounted for in the General Capital Fund.

Water Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles (GAAP) to provide detailed information about the governmental unit. This structure of funds differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the general purpose financial statements required by GAAP.

The regulatory basis of accounting utilized by the Township for financial reporting is inconsistent with the provisions and standards established by Statement 34 of the GASB. Accordingly, the Township has not implemented the provisions of GASB Statement 34.

C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services (regulatory-basis) for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded as received in cash except for regulatory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes, water utility consumer charges and sewer utility consumer charges are recorded with offsetting reserves within the Current Fund, Water Utility Fund and Sewer Utility Fund, respectively. Other amounts that are due to the Township, which are susceptible to accrual are recorded as receivables with offsetting reserves.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd.)

These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for compensated absences, i.e. accumulations of earned but unused vacations and sick leave, are recorded in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water Utility and Sewer Utility) fund on a full accrual basis.

For the purposes of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based upon the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or the revaluation of assessable real property, would represent the designation of fund balance.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain operating transfers between funds, such as transfers from the Current Fund and Utility Operating Funds to a Self-Insurance Trust Fund, transfers of anticipated operating surpluses among the Current Fund, Water Utility Fund and Sewer Utility Fund, transfers from utility operating funds to capital funds (to finance capital projects) and transfers from the Current Fund to the Trust Funds or General Capital Fund are required to be included in the Township's annual budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for any legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Under GAAP, operating transfers are not recognized as expenditures.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd.)

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in governmental fixed assets at the lower of cost or fair market value.

Self Insurance Reserves - Charges to self insurance reserves are recorded when payments of claims and related expenses are made. Increases to self insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self insurance funds not exceed the amount determined.

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Any year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. At December 31, 2020 and 2019, the Township had no reserved proceeds. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Defeasance of Utility Debt - The funding by a third party of an irrevocable trust fund established for the purpose of debt defeasance pursuant to an agreement under the provisions of the New Jersey Water Supply Public-Private Contracting Act (NJSA 58:26-19 et seq.) is recorded as an increase to the Reserve for Amortization account. GAAP requires recognition of this funding arrangement as a deferred item, which would be amortized following the maturity schedule of the bonds.

Governmental Fixed Assets - Property and equipment acquired by the Current, Community Development Block Grant and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment acquired by the Water Utility Fund and Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water Utility Capital Fund and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements plus any costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

Grants Received – Federal and state grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd.)

Length of Service Awards Program (LOSAP) - Financial reporting standards established by the DLGS 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 members of the volunteer fire company and volunteer first aid and rescue squad, 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 14 regarding the availability of LOSAP Plan financial information.

Disclosures About Pension Liabilities - The Township has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 9 and the accompanying required supplementary information. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to pension liabilities 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 State of New Jersey Department of Community Affairs, Division of Local Government Services (DLGS) 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 DLGS discretion to permit the most recent available audited GASB 68 financial information to be incorporated into the audited financial statements. Refer to Note 9 for these disclosures.

Disclosures About OPEB Liabilities - With the implementation of GASB 75 for disclosure purposes, the Township has included information for OPEB (Postemployment Benefits Other Than Pensions) liabilities relating to healthcare benefits provided to its retirees within the Notes to the Financial Statements and the accompanying required supplementary information, if applicable. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the OPEB liability of the defined benefit healthcare plans in which its retirees are enrolled. GAAP requires the recognition of the OPEB liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to OPEB 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 State of New Jersey Department of Community Affairs, Division of Local Government Services (DLGS) 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 DLGS discretion to permit the most recent available audited GASB 75 financial information to be incorporated into the audited financial statements. As a result, the latest available audited information is presented in Note 16.

Recent Accounting Standards - The Township does not prepare its financial statements in accordance with generally accepted accounting principles. Unless these new standards are incorporated into the other comprehensive basis of accounting that is utilized by the Township through legislation or rulemaking they will not become part of the standards followed by the Township for financial reporting.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd.) Recent Accounting Standards (Cont'd)

GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data and Supplemental Schedules – Comparative data for the prior year has been presented in order to provide an understanding of changes on the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to fiscal year to the year 2020 financial statements to conform to classifications used in year 2021. Supplemental schedules are included within this report that provide additional information related to the Township's financial reporting.

Note 3: DEFERRED COMPENSATION PLAN

The Edison Township Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; and P.L. 1980, C. 78 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Township has engaged a private contractor to administer the plan.

The Township passed a resolution on October 8, 1997 amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation, which was deferred under the plan to remain the assets of the employer. The Plan amendment specifies that Plan assets are to be held "for the exclusive benefit of Plan participants and their beneficiaries". Accordingly, the financial statements of the Plan are not included in the Township's financial statements for the year ending December 31, 2021 and 2020.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>CY 2021</u>	<u>CY 2020</u>
<u>Issued:</u>		
General:		
Bonds & Notes	\$ 165,022,827.71	\$ 82,599,052.30
NJ Environmental		
Infrastructure Loans	419,542.35	619,754.40
N.J.D.E.P. Green		
Trust Loans	43,649.38	86,439.38
Water Utility:		
Bonds & Notes	16,217,965.38	8,554,433.21
Sewer Utility:		
Bonds & Notes	<u>18,004,206.91</u>	<u>11,334,793.49</u>
 Total Debt Issued	 <u>199,708,191.73</u>	 <u>103,194,472.78</u>
<u>Authorized but not Issued:</u>		
General:		
Bonds & Notes	32,141,342.61	24,111,342.61
Water Utility:		
Bonds & Notes	7,000,000.00	7,000,000.00
Sewer Utility:		
Bonds & Notes	<u>1,064,134.16</u>	<u>1,064,134.16</u>
 Total Authorized but not Issued	 <u>40,205,476.77</u>	 <u>32,175,476.77</u>
 Net Bonds & Notes Issued and Authorized but not Issued	 <u>\$ 239,913,668.50</u>	 <u>\$ 135,369,949.55</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2021:

	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity</u>
<u>General Improvement Debt</u>				
Pension Refunding Bonds - 2003	\$ 10,000,000.00	\$ 3,110,000.00	5.36%	2023
Genl. Obligation Refunding Bonds - 2011	16,540,000.00	1,395,000.00	5.00%	2022
Tax-Exempt General Obligation Bonds - 2013	10,564,000.00	1,510,979.91	3.00%	2023
Taxable General Obligation Bonds - 2013	1,051,485.00	145,539.90	4.00%	2023
Genl. Improvement Refunding Bonds - 2016	7,860,000.00	2,955,000.00	4.00%	2022
Taxable Refunding Obligation Bonds - 2021	5,866,307.90	5,866,307.90	Various	2028
Tax-Exempt General Obligation Bonds - 2021	72,060,000.00	72,060,000.00	Various	2037
Green Trust Program Loans	1,796,250.00	43,649.38	2.00%	2022
NJ Environmental Infrastructure	1,180,000.00	95,000.00	4.75%	2022
NJ Environmental Infrastructure	1,227,475.00	47,988.21	None	2022
NJ Environmental Infrastructure	450,000.00	160,000.00	Various	2026
NJ Environmental Infrastructure	441,780.10	116,554.14	None	2026
Bond Anticipation Notes	77,980,000.00	77,980,000.00	0.30%	2022
<u>Water Utility Debt</u>				
Taxable Water Utility Bonds - 2013	963,515.00	133,363.67	4.00%	2023
Taxable Water Utility Refunding Bonds - 2021	356,635.41	389,601.71	Various	2028
Tax-Exempt Water Utility Bonds - 2021	7,695,000.00	7,695,000.00	Various	2046
Bond Anticipation Notes	8,000,000.00	8,000,000.00	0.30%	2022
<u>Sewer Utility Debt</u>				
Tax-Exempt Sewer Obligation Bonds - 2013	2,580,000.00	369,020.09	3.00%	2023
Taxable Sewer Obligation Bonds - 2013	1,200,000.00	166,096.43	4.00%	2023
Sewer Utility Refunding Bonds - 2016	1,710,000.00	1,565,000.00	Various	2037
Taxable Sewer Utility Refunding Bonds - 2021	1,814,090.39	1,814,090.39	Various	2028
Tax-Exempt Sewer Utility Bonds - 2021	6,910,000.00	6,910,000.00	Various	2046
Bond Anticipation Notes	7,180,000.00	7,180,000.00	0.30%	2022
Total Debt for Capital Project Outstanding December 31, 2021		<u>\$ 199,708,191.73</u>		

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2020:

	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity</u>
<u>General Improvement Debt</u>				
Pension Refunding Bonds - 2003	\$ 10,000,000.00	\$ 4,530,000.00	5.36%	2023
Genl. Obligation Refunding Bonds - 2011	16,540,000.00	3,040,000.00	Various	2022
Tax-Exempt General Obligation Bonds - 2013	10,564,000.00	7,039,719.73	Various	2028
Taxable General Obligation Bonds - 2013	1,051,485.00	605,053.57	Various	2028
Genl. Improvement Refunding Bonds - 2016	7,860,000.00	5,480,000.00	4.00%	2022
Green Trust Program Loans	1,796,250.00	86,439.38	2.00%	2022
NJ Environmental Infrastructure	1,180,000.00	185,000.00	Various	2022
NJ Environmental Infrastructure	1,227,475.00	112,017.02	None	2022
NJ Environmental Infrastructure	450,000.00	185,000.00	Various	2027
NJ Environmental Infrastructure	441,780.10	137,737.38	None	2027
Bond Anticipation Notes	51,849,279.00	51,849,279.00	2.50%	2021
Bond Anticipation Notes	2,025,000.00	2,025,000.00	2.00%	2021
Bond Anticipation Notes	8,030,000.00	8,030,000.00	1.00%	2021
<u>Water Utility Debt</u>				
Taxable Water Utility Bonds - 2013	963,515.00	554,433.21	Various	2028
Bond Anticipation Notes	8,000,000.00	8,000,000.00	2.50%	2021
<u>Sewer Utility Debt</u>				
Tax-Exempt Sewer Obligation Bonds - 2013	2,580,000.00	1,719,280.27	Various	2028
Taxable Sewer Obligation Bonds - 2013	1,200,000.00	690,513.22	Various	2028
Sewer Utility Refunding Bonds - 2016	1,710,000.00	1,640,000.00	Various	2037
Bond Anticipation Notes	7,285,000.00	<u>7,285,000.00</u>	2.50%	2021
Total Debt for Capital Project				
Outstanding December 31, 2020		<u>\$ 103,194,472.78</u>		

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition – Annual Debt Statements - CY 2021

The summarized statement of debt condition which follows is reported in accordance with the required method for preparation of the Annual Debt Statement and indicates a statutory net debt of:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 500,000.00	\$ 500,000.00	
Water Utility Debt	23,217,965.38	23,217,965.38	
Sewer Utility Debt	19,068,341.07	19,068,341.07	
General Debt	<u>197,627,362.05</u>	<u>81,150,443.00</u>	<u>\$ 116,476,919.05</u>
	<u>\$ 240,413,668.50</u>	<u>\$ 123,936,749.45</u>	<u>\$ 116,476,919.05</u>

Net Debt \$116,476,919.05 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as
amended \$18,685,440,748.33 = 0.623%

EQUALIZED VALUATION BASIS

2019 Equalized Valuation Basis of Real Property	\$ 18,977,744,720.00
2020 Equalized Valuation Basis of Real Property	18,027,033,665.00
2021 Equalized Valuation Basis of Real Property	<u>19,051,543,860.00</u>

Average Equalized Valuation	<u>\$ 18,685,440,748.33</u>
-----------------------------	-----------------------------

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

3 1/2% of Equalized Valuation Basis Municipal	\$ 653,990,426.19
Net Debt	<u>116,476,919.05</u>
Remaining Borrowing Power	<u>\$ 537,513,507.14</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition – Annual Debt Statements - CY 2020

The summarized statement of debt condition which follows is reported in accordance with the required method for preparation of the Annual Debt Statement and indicates a statutory net debt of:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,000,000.00	\$ 1,000,000.00	
Water Utility Debt	15,554,433.21	15,554,433.21	
Sewer Utility Debt	12,398,927.65	12,398,927.65	
General Debt	<u>107,416,588.69</u>		\$ 107,416,588.69
	<u>\$ 136,369,949.55</u>	<u>\$ 28,953,360.86</u>	<u>\$ 107,416,588.69</u>

Net Debt \$107,416,588.69 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$ 18,122,606,417.00 = 0.593%

EQUALIZED VALUATION BASIS

2018 Equalized Valuation Basis of Real Property	\$ 17,363,040,866.00
2019 Equalized Valuation Basis of Real Property	18,977,744,720.00
2020 Equalized Valuation Basis of Real Property	<u>18,027,033,665.00</u>
Average Equalized Valuation	<u>\$ 18,122,606,417.00</u>

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

3 1/2% of Equalized Valuation Basis Municipal Net Debt	\$ 634,291,224.60
	<u>107,416,588.69</u>
Remaining Borrowing Power	<u>\$ 526,874,635.91</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition – Annual Debt Statements (Cont'd.)

Green Trust Program Loans

Woodland Ave Park II

Date of Loan Agreement	July 11, 2003
Loan Amount	\$712,500.00
Interest Rate	2.00%
Semi-Annual Payment (Principal & Interest) to Amortize Loan Principal	\$44,305.52
Due Dates	Jul. 11 & Jan. 11
Number of Payments	39
Final Payment	July 11, 2022

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of the loan, in the amount of \$43,649.38 has been included in the calculation of the Township's statutory debt condition.

Deductions of Self-Liquidating Water Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Water Utility, per N.J.S.A. 40A:2-45 as follows:

	<u>2021</u>	<u>2020</u>
Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 14,427,529.58	\$ 11,481,631.95
Deductions:		
Operating and Maintenance Costs	10,520,938.00	9,981,976.00
Debt Service	<u>156,014.94</u>	<u>267,758.12</u>
Excess in Revenues	<u>\$ 3,750,576.64</u>	<u>\$ 1,231,897.83</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition – Annual Debt Statements (Cont'd.)

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Water Utility Fund is as follows:

	<u>2021</u>	<u>2020</u>
Excess in Revenues - Cash Basis (D-1)	\$ 4,481,591.22	\$ 481,897.83
Add:		
Capital Improvements	<u>1,000,000.00</u>	<u>750,000.00</u>
	5,481,591.22	1,231,897.83
Deduct:		
Reserves Cancelled	<u>1,731,014.58</u>	<u> </u>
Excess in Revenues per Debt Statement	<u>\$ 3,750,576.64</u>	<u>\$ 1,231,897.83</u>

Deductions of Self-Liquidating Sewer Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 as follows:

	<u>2021</u>	<u>2020</u>
Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 23,795,369.34	\$ 24,641,974.61
Deductions:		
Operating and Maintenance Costs	17,872,085.02	18,201,380.00
Debt Service	<u>576,725.76</u>	<u>728,809.78</u>
Excess in Revenues	<u>\$ 5,346,558.56</u>	<u>\$ 5,711,784.83</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition – Annual Debt Statements (Cont'd.)

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Sewer Utility Fund is as follows:

	<u>2021</u>	<u>2020</u>
Excess in Revenues - Cash Basis (E-1)	\$ 7,799,238.85	\$ 3,107,923.74
Add:		
Capital Improvements	5,000,000.00	5,000,000.00
Refund of Prior Year Revenues	<u> </u>	<u>4,950.00</u>
	12,799,238.85	8,112,873.74
Deduct:		
Accounts Payable Cancelled		21,120.54
Reserves Cancelled	<u>7,452,680.29</u>	<u>2,379,968.37</u>
Excess in Revenues per Debt Statement	<u><u>\$ 5,346,558.56</u></u>	<u><u>\$ 5,711,784.83</u></u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding at December 31, 2021

<u>Year</u>	<u>General (1)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 8,853,696	\$ 1,929,650	\$ 10,783,346
2023	5,448,633	2,230,916	7,679,549
2024	4,491,258	2,034,979	6,526,237
2025	4,764,450	1,889,000	6,653,450
2026	<u>4,662,642</u>	<u>1,735,966</u>	<u>6,398,608</u>
Subtotal	<u>28,220,679</u>	<u>9,820,511</u>	<u>38,041,190</u>
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 4,896,296	\$ 1,577,052	\$ 6,473,348
2028	5,140,853	1,405,535	6,546,388
2029	4,335,000	1,222,150	5,557,150
2030	4,605,000	1,043,350	5,648,350
2031	<u>4,875,000</u>	<u>878,125</u>	<u>5,753,125</u>
Subtotal	<u>23,852,149</u>	<u>6,126,212</u>	<u>29,978,361</u>
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2032	\$ 5,145,000	\$ 727,825	\$ 5,872,825
2033	5,415,000	569,425	5,984,425
2034	5,690,000	431,300	6,121,300
2035	5,955,000	314,850	6,269,850
2036	<u>6,255,000</u>	<u>192,750</u>	<u>6,447,750</u>
Subtotal	<u>28,460,000</u>	<u>2,236,150</u>	<u>30,696,150</u>
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2037	<u>\$ 6,510,000</u>	<u>\$ 65,100</u>	<u>\$ 6,575,100</u>
Subtotal	<u>6,510,000</u>	<u>65,100</u>	<u>6,575,100</u>
Total	<u>\$ 87,042,828</u>	<u>\$ 18,247,973</u>	<u>\$ 105,290,801</u>

(1) Prior to the establishment of a separate Sewer Utility, the Township financed sewer infrastructure improvements through the issuance of General Debt. All such debt is included above. However, annual debt service on all sewer improvements is raised in the Annual Budget of the Dedicated Sewer Utility.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding for the Water Utility at December 31, 2021

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 322,933	\$ 160,895	\$ 483,828
2023	324,431	207,898	532,329
2024	328,451	195,169	523,620
2025	332,004	184,559	516,563
2026	330,554	173,666	504,220
Subtotal	1,638,373	922,187	2,560,560

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 328,141	\$ 162,635	\$ 490,776
2028	331,451	151,384	482,835
2029	265,000	139,863	404,863
2030	270,000	129,163	399,163
2031	280,000	119,563	399,563
Subtotal	1,474,592	702,608	2,177,200

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2032	\$ 290,000	\$ 111,013	\$ 401,013
2033	300,000	102,162	402,162
2034	305,000	94,612	399,612
2035	310,000	88,462	398,462
2036	320,000	82,162	402,162
Subtotal	1,525,000	478,411	2,003,411

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2037	\$ 325,000	\$ 75,712	\$ 400,712
2038	330,000	68,956	398,956
2039	340,000	61,838	401,838
2040	345,000	54,559	399,559
2041	355,000	46,900	401,900
Subtotal	1,695,000	307,965	2,002,965

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding for the Water Utility at December 31, 2021 (Cont'd.)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2042	\$ 360,000	\$ 38,856	\$ 398,856
2043	370,000	30,644	400,644
2044	375,000	22,263	397,263
2045	385,000	13,713	398,713
2046	395,000	4,691	399,691
Subtotal	1,885,000	110,167	1,995,167
Total	<u>\$ 8,217,965</u>	<u>\$ 2,521,338</u>	<u>\$ 10,739,303</u>

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding for the Sewer Utility at December 31, 2021

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 538,371	\$ 232,257	\$ 770,628
2023	661,936	265,285	927,221
2024	665,291	243,169	908,460
2025	663,547	229,469	893,016
2026	661,803	214,767	876,570
Subtotal	\$ 3,190,948	\$ 1,184,947	\$ 4,375,895
Year	Principal	Interest	Total
2027	\$ 660,563	\$ 198,722	\$ 859,285
2028	652,696	181,495	834,191
2029	330,000	163,737	493,737
2030	345,000	150,237	495,237
2031	350,000	137,587	487,587
Subtotal	<u>\$ 2,338,259</u>	<u>\$ 831,778</u>	<u>\$ 3,170,037</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding for the Sewer Utility at December 31, 2021 (Cont'd.)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2032	\$ 365,000	\$ 125,837	\$ 490,837
2033	380,000	113,588	493,588
2034	390,000	102,288	492,288
2035	400,000	92,038	492,038
2036	410,000	81,488	491,488
Subtotal	\$ 1,945,000	\$ 515,239	\$ 2,460,239
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2037	\$ 415,000	\$ 70,737	\$ 485,737
2038	300,000	62,150	362,150
2039	305,000	55,722	360,722
2040	310,000	49,188	359,188
2041	320,000	42,294	362,294
Subtotal	1,650,000	280,091	1,930,091
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2042	\$ 325,000	\$ 35,037	\$ 360,037
2043	330,000	27,669	357,669
2044	340,000	20,131	360,131
2045	350,000	12,369	362,369
2046	355,000	4,216	359,216
Subtotal	1,700,000	99,422	1,799,422
Total	\$ 10,824,207	\$ 2,911,477	\$ 13,735,684

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for the
New Jersey Environmental Infrastructure Trust Loan at December 31, 2021

<u>Year</u>	<u>State Principal</u>	<u>Trust Principal</u>	<u>Trust Interest</u>	<u>Total</u>
2022	\$ 71,718	\$ 125,000	\$ 11,500	\$ 208,218
2023	22,935	30,000	5,750	58,685
2024	22,118	30,000	4,475	56,593
2025	24,363	35,000	2,975	62,338
2026	23,409	35,000	1,488	59,896
Total	<u>\$ 164,542</u>	<u>\$ 255,000</u>	<u>\$ 26,188</u>	<u>\$ 445,730</u>

C. Schedule of Annual Debt Service for Principal and Interest for the
Green Acres Trust Loans at December 31, 2021

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$ 43,649</u>	<u>\$ 656</u>	<u>\$ 44,305</u>
Total	<u>\$ 43,649</u>	<u>\$ 656</u>	<u>\$ 44,305</u>

D. Special Emergency Notes

At December 31, 2021 and 2020, the Township had special emergency notes outstanding in the amounts of \$1,536,400.00 at 1.00% interest rate maturing on January 13, 2022 and \$2,413,600.00 at 2.00% interest rate maturing on January 13, 2021, respectively.

Note 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2021 and 2020 were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 as follows:

	<u>Fund Balance December 31, 2021</u>	<u>Utilized in Succeeding Budget</u>	<u>Utilized in Current Fund Budget</u>
Current Fund	\$ 11,609,873.63	\$ 8,830,244.66	N/A
Water Utility Fund	4,796,934.05	-	None
Sewer Utility Fund	16,153,252.77	4,082,027.74	None

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 5: FUND BALANCES APPROPRIATED (CONT'D.)

Fund balances at December 31, 2020 and 2019 were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020 and 2019 as follows:

	<u>Fund Balance</u> <u>December 31, 2020</u>	<u>Utilized in</u> <u>Succeeding Budget</u>	<u>Utilized in</u> <u>Current Fund Budget</u>
Current Fund	\$ 6,598,617.27	\$ 6,521,305.00	N/A
Water Utility Fund	481,898.15	205,500.85	None
Sewer Utility Fund	11,465,023.02	3,128,806.43	None

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance</u> <u>December 31,</u> <u>2021</u>	<u>Amount to</u> <u>be Raised</u> <u>in 2022</u>	<u>Balance to</u> <u>Succeeding</u> <u>Years</u>
Current Fund			
Special Emergency Authorizations	\$ 2,935,400.00	\$ 1,030,000.00	\$ 1,905,400.00
	<u>\$ 2,935,400.00</u>	<u>\$ 1,030,000.00</u>	<u>\$ 1,905,400.00</u>
Water Utility Fund			
Overexpenditure of Appropriations	\$ 38,945.53	\$ 38,945.53	\$ -
	<u>\$ 38,945.53</u>	<u>\$ 38,945.53</u>	<u>\$ -</u>
Sewer Utility Fund			
Overexpenditure of Appropriations	\$ 17,797.33	\$ 17,797.33	\$ -
	<u>\$ 17,797.33</u>	<u>\$ 17,797.33</u>	<u>\$ -</u>

Note 7: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. The Government Unit Deposit Protection Act ("GUDPA") was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities, which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At December 31, 2021 and 2020, the cash and cash equivalents and investments of the Township consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash (Demand Accounts)	\$ 259,271,521.21	\$ 141,347,327.60
Change Funds (On-Hand)	675.00	675.00
State of N.J. Cash Management Fund	138,399.53	138,343.01
US Treasury/Agency Obligations	<u>17,959,572.04</u>	<u>17,739,282.63</u>
	<u>\$ 277,370,167.78</u>	<u>\$ 159,225,628.24</u>

During the period ended December 31, 2021 and 2020, the Township held investments in Certificates of Deposit and the State of New Jersey Cash Management Fund. Under criteria established in Governmental Accounting Standards Board Statement No. 9, the year-end balances in Certificates of Deposit, New Jersey Cash Management Fund and the New Jersey Proceeds Management Fund are considered to be cash equivalents under GAAP.

The Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Risk of its cash and investments.

- (a) Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that the Township has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy.

Investments

- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.
- (e) As of December 31, 2021 and 2020, based upon the insured balances provided by the FDIC and NJGUDPA coverage, \$17,959,572.04 and \$17,739,282.63, respectively, of the Township's bank balances was considered exposed to custodial credit risk. These funds were maintained in US Bank.

New Jersey Statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Township or bonds or other obligations of school districts of which the Township is a part and within which the school district is located.
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

8. Agreements for the repurchase of fully collateralized securities, if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>
Federal National Mortgage Assoc.	Aaa	AA+
Federal Home Loan Mortgage	Aaa	AA+
Federal Home Loan Bank	Aaa	AA+
U.S. Treasury Notes	Aaa	N/A

The Township's investments at December 31, 2021 were as follow:

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Treasury Notes and Bonds	\$ 11,701,620.51	\$ 711,432.60	\$ 6,684,407.43	\$ 4,305,780.48
FFCB	160,211.20	-	160,211.20	-
FNMA	2,005,341.37	513,239.80	1,475,163.15	16,938.42
FHLB	1,989,174.24	-	1,332,562.21	656,612.03
FHLM	1,723,224.35	172,862.43	1,550,361.92	
FAMC	129,837.50		129,837.50	
Fresb	138,294.21		91,406.60	46,887.61
Private Export Funding	74,900.25		74,900.25	
	<u>\$ 17,922,603.63</u>	<u>\$ 1,397,534.83</u>	<u>\$ 11,498,850.26</u>	<u>\$ 5,026,218.54</u>

The Township of Edison had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured--FDIC	\$ 500,000.00
Insured—NJGUDPA (N.J.S.A. 17:941)	262,078,026.24
Uninsured	<u>17,959,572.04</u>
Total	<u>\$ 280,537,598.28</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2021 and 2020, the Township had \$138,399.53 and \$138,343.01, respectively, on deposit with the New Jersey Cash Management Fund.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Local School District, County and Special Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

Note 9: PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. Public Employees' Retirement System (PERS) - 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 local 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>	<u>2020</u>
Inactive plan members or beneficiaries currently receiving benefits	184,775	182,492
Inactive plan members entitled to but not yet receiving benefits	877	942
Active plan members	<u>246,776</u>	<u>249,045</u>
Total	<u>432,428</u>	<u>432,479</u>
Contributing Employers -	1,683	1,691
Contributing Nonemployers -	1	1

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

Payrolls and Covered Wages:

For the year ended December 31, 2021 and 2020 the Township's total payroll for all employees was \$78,264,570 and \$73,860,596, respectively. Total PERS covered payroll was \$20,621,053 and \$19,807,312, respectively. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PERS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, Chapter 78, the member contribution rate was 7.50% in State fiscal year 2021. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount. The Township's cash basis contributions to the Plan for the years ended December 31, 2021 and 2020 were \$2,906,856 and \$2,471,001, respectively. Township Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Township payments to PERS for the years ending December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Normal Cost	\$ 331,858	\$ 227,718
Amortization of Accrued Liability	<u>2,434,496</u>	<u>2,107,252</u>
Total Pension	2,766,354	2,334,970
NCGI Premiums	<u>140,502</u>	<u>125,820</u>
Total Pension & NCGI	2,906,856	2,460,790
LTD Expense	<u>10,211</u>	<u>10,211</u>
Total PERS Payment	<u><u>\$2,906,856</u></u>	<u><u>\$2,471,001</u></u>

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. 43:15A. 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

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

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 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. 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is the basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2021, the PERS reported a net pension liability of \$11,972,782,878 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Township was \$32,828,550 or 0.2771160480%. At June 30, 2020, the PERS reported a net pension liability of \$16,307,384,832 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Township was \$43,332,150 or 0.2657210258%.

Actuarial Assumptions- The collective total 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:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.00-6.00%
Through 2026	Based on years of service
Thereafter	3.00-7.00%
	Based on years of service
Investment rate of return	7.00%

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

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
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%
	<u>100.00%</u>	

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

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount rate (7.00%)*	At 1% Increase (8.00%)
State	\$ 24,824,632,407	\$ 21,629,497,485	\$ 18,926,092,782
Local	<u>16,304,502,364</u>	<u>11,972,782,878</u>	<u>8,296,704,949</u>
PERS Plan Total	<u>\$41,129,134,771</u>	<u>\$33,602,280,363</u>	<u>\$27,222,797,731</u>
Township's share	<u>\$ 44,705,828</u>	<u>\$ 32,828,550</u>	<u>\$ 22,748,996</u>

*- Local Share includes \$126,283,706 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2021 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,950,516,944	\$ 40,359,568,055	\$ 69,310,084,999
Plan Fiduciary Net Position	<u>7,321,019,459</u>	<u>28,386,785,177</u>	<u>35,707,804,636</u>
Net Pension Liability	<u>\$21,629,497,485</u>	<u>\$11,972,782,878</u>	<u>\$33,602,280,363</u>

At December 31, 2021, the Township's deferred outflow of resources and deferred inflow of resources related to PERS were from the following sources, if GASB Statement No. 68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 517,749	\$ 235,014
Change in assumptions	170,971	11,687,177
Net difference between projected and actual earnings on pension plan investments		8,647,903
Changes in proportion and differences between Township Contributions and proportionate share of contributions	4,427,331	593,843
Township contributions subsequent to the measurement date	<u>2,906,856</u>	
	<u>\$ 8,022,907</u>	<u>\$ 21,163,937</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

The \$2,906,856 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 (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows if GASB Statement No. 68 was recognized:

<u>Year Ending</u>	<u>Amount</u>
2022	\$ (6,283,466)
2023	(4,546,221)
2024	(2,930,512)
2025	(2,339,411)
2026	<u>51,724</u>
Total	<u>\$ (16,047,886)</u>

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2021 and 2020 was \$(1,599,674,464) and \$407,705,399, respectively. 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.

Additional Information

Collective balances at June 30, 2021

Collective deferred outflows of resources	\$1,164,738,169
Collective deferred inflows of resources	8,339,123,762
Collective net pension liability – Local group	11,972,782,878

Township' Proportion	0.2771160480%
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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 years ended June 30, 2021 and June 30, 2020 are \$1,207,896,120 and \$1,144,889,253, respectively.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) - 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 or 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 and 2020:

	<u>2021</u>	<u>2020</u>
Inactive plan members or beneficiaries currently receiving benefits	46,571	45,537
Inactive plan members entitled to but not yet receiving benefits	67	65
Active plan members	<u>42,432</u>	<u>42,520</u>
Total	<u>89,070</u>	<u>88,122</u>
Contributing Employers -	581	582
Contributing Nonemployers -	1	1

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

The State Legislature adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed regulations for adoption governing the methods, practices, and procedures for investment or reinvestments of money of PFRS.

For the year ended December 31, 2021 and 2020 the Township's total payroll for all employees was \$78,264,570 and \$73,860,596, respectively. Total PFRS covered payroll was \$39,443,210 and \$38,180,191, respectively. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PFRS.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

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 contribution rate was 10% in State fiscal year 2021. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2021 and 2020 were \$12,137,691 and \$10,800,486, respectively. Township Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Township payments to PFRS for the years ending December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Normal Cost	\$ 3,812,813	\$ 3,477,444
Amortization of Accrued Liability	<u>7,923,330</u>	<u>6,825,370</u>
Total Pension	11,736,143	10,302,814
NCGI Premiums	<u>401,548</u>	<u>497,672</u>
Total PERS Payment	<u>\$ 12,137,691</u>	<u>\$ 10,800,486</u>

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

The following represents the membership tiers for PFRS:

<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 to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

At June 30, 2021, the PFRS reported a net pension liability of \$9,364,849,587 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 \$79,906,598 or 1.0932403375%. At June 30, 2020, the PFRS reported a net pension liability of \$12,921,318,904 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 \$140,385,847 or 1.0864668512%.

Actuarial Assumptions- The collective total 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	2.75%
Salary Increases:	
Through all future years	3.25-15.25%
	Based on years of service
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2020 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 pension 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, 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 rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
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%
	<u>100.00%</u>	

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

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage-point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount rate (7.00%)*	At 1% Increase (8.00%)
State	\$ 4,757,269,091	\$ 4,064,571,765	\$ 3,487,891,690
Local	<u>14,220,231,140</u>	<u>9,364,849,587</u>	<u>5,323,268,782</u>
PFRS Plan Total	<u>\$18,977,500,231</u>	<u>\$13,429,421,352</u>	<u>\$ 8,811,160,472</u>
Township's share	<u>\$ 121,335,669</u>	<u>\$ 79,906,598</u>	<u>\$ 45,421,370</u>

*- Local Share includes \$2,055,697,552 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the collective net pension liability of the participating employers for PFRS, including the State of New Jersey, at June 30, 2021 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 5,783,590,022	\$ 41,189,084,817	\$ 46,972,674,839
Plan Fiduciary Net Position	<u>1,719,018,257</u>	<u>31,824,235,230</u>	<u>33,543,253,487</u>
Net Pension Liability	<u>\$ 4,064,571,765</u>	<u>\$ 9,364,849,587</u>	<u>\$13,429,421,352</u>

At December 31, 2021, the Township's deferred outflow of resources and deferred inflow of resources related to PFRS were from the following sources, if GASB Statement No. 68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 911,638	\$ 9,571,985
Change in assumptions	425,191	23,947,642
Net difference between projected and actual earnings on pension plan investments		34,050,802
Changes in proportion and differences between Township Contributions and proportionate share of contributions	5,150,411	3,581,896
Township contributions subsequent to the measurement date	<u>12,137,691</u>	
	<u>\$ 18,624,931</u>	<u>\$ 71,152,325</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

The \$12,137,691 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows if GASB Statement No. 68 was recognized:

<u>Year</u> <u>Ending</u>	<u>Amount</u>
2022	\$ (20,492,177)
2023	(15,556,418)
2024	(13,822,244)
2025	(12,977,402)
2026	(1,552,858)
Thereafter	<u>(263,986)</u>
Total	<u>\$ (64,665,085)</u>

Collective pension expense for the Local Group for the measurement period ended June 30, 2021 and 2020 is (\$742,955,825) and \$949,220,570, respectively. The average of the expected remaining service lives of all plan members is 6.17, 5.90, 5.92, 5.73, 5.59, 5.58, and 5.53 years for 2021, 2020, 2019, 2018, 2017, 2016, and 2015, respectively.

Additional Information

Collective balances at June 30, 2021

Collective deferred outflows of resources	\$817,271,932
Collective deferred inflows of resources	6,875,738,520
Collective net pension liability – Local group	9,364,849,587

Township's Proportion	1.0932403375%.
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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.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 9. PENSION PLANS (CONT'D.)

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

Special Funding Situation - The Township is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this these relationship as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2021 was \$178,577,000. The portion of that contribution allocated to the Township was \$1,952,276 or 1.0932404509%. The June 30, 2021 State special funding situation pension expense of \$228,944,734 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,055,697,552 at June 30, 2021 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Township's allocated share of the special funding situation pension expense for the year ended June 30, 2021 and its share of the special funding situation NPL at that date were \$2,502,916 and \$22,473,715, respectively.

C. Defined Contribution Retirement System (DCRP)

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 TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF 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 TPAF 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.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' 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 nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable 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.

For the year ended December 31, 2021 and 2020 the Township's total payroll for all employees was \$78,264,570 and \$73,860,596, respectively. Total DCRP covered payroll was \$537,307 and \$613,273, respectively. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Township and employee contributions to the DCRP for the year ended December 31, 2021 were \$16,119 and \$29,537, respectively and for the year ended December 31, 2020 were \$18,399 and \$34,029, respectively.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 10: RISK MANAGEMENT

A. Liability and Workers Compensation

Summary of Risk Management Program

The Township, together with the neighboring Townships of Woodbridge and Piscataway, formed the Central Jersey Joint Insurance Fund (CJJIF), effective July 1, 1998. During the most recent Fund Year, participants in the CJJIF also included the Township of Franklin and Hillsborough, each of Somerset County, the City of South Amboy, the Township of East Brunswick and the Boroughs of Sayreville, Metuchen, Middlesex, and Dunellen each of Middlesex County, and the Borough of Belmar, Monmouth County.

This Fund provides for a pooling of self-retained risks of insurable losses, as well as cost effective excess and reinsurance coverages. As part of Fund's program, reinsurance coverage relating to losses reported by the Township at June 30, 1998 was procured, and the Township will be required to contribute \$227,000 per year towards the ultimate cost of settlement of these claims. The Township had previously operated a risk management program, which included significant self-insured risk retention, and had established a Self-Insurance Trust Fund to account for this activity. Reserves available in the Self-Insurance Trust Fund may be utilized to make contributions towards the settlement of the residual claims or the Township may redirect these funds to any other lawful purpose.

At December 31, 2021 and 2020, the CJJIF reported net position unrestricted of \$9,743,837 and \$12,277,370, respectively.

The CJJIF provides the following coverages to its participants, effective January 1, 2021:

The following coverages are provided to the Fund's members, effective January 1, 2021:

Workers' Compensation

Liability (including optional excess)

Public Officials Liability/Employment Practices Liability (including optional excess)

Optional Volunteer Directors & Officers Liability

Crime

Non-Owned Aircraft Liability

Environmental Impairment Liability

Cyber

Property & Equipment Breakdown (effective December 31, 2020)

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Limits of Coverage:

1. Workers' Compensation
 - Workers' Compensation: \$300,000
 - Employer's Liability: \$300,000
 - USL&H, Harbor Marine/Jones Act, Incidental Foreign Workers' Compensation, Communicable Disease: Covered
 - MEL Excess Limit: Statutory
 - Employer's Liability Excess Limit: \$6,700,000
2. Liability (Includes General, Automobile, Employee Benefits and Law Enforcement Liability)
 - Fund Limit: \$300,000
 - MEL Excess Limit: \$4,700,000
 - The \$3,000,000 layer excess \$2,000,000 is subject to a \$3,000,000 per local member unit annual aggregate (Automobile Liability is not aggregated)
 - Sublimits: The following sublimits are part of, and not in addition to, the limits above:
 - Good Samaritan Liability: Included
 - Quasi Municipal Organization Liability: Included (If approved)
 - Fungus or Spores: \$1,000,000
 - Disinfectants Release Hazard Coverage: \$1,000,000
 - Dam and Reservoir: \$5,000,000
 - a. \$5,000,000 per occurrence for any member entity owned dams defined as Class III or IV in New Jersey Administrative Code, Title 7, Department of Environmental Protection, Chapter 20, 7:220-1.8.
 - b. Included for premises owned, occupied or controlled by the member entity on which a dam or reservoir is located, or from the operations conducted on such premises.
 - c. \$2,000,000 per occurrence for any member entity owned dam defined as Class I or II in New Jersey Administrative Code, Title 7, Department of Environmental Protection, Chapter 20, 7:20-1.8, and
 - d. \$2,000,000 per occurrence for any Class III or IV member entity owned dam involved with a Class I or II member entity owned dam.
 - Sanitary/Storm Water System Sewerage Backup and/or Sanitary System Sewerage Backup, Escape or Release: \$3,000,000 Per Occurrence and \$4,000,000 Annual Aggregate for all member entities.
 - Subsidence: \$3,000,000 Per Occurrence and \$4,000,000 Annual Aggregate for all member entities.
 - Quasi Entities Coverage: \$5,000,000 Per Occurrence (where approved).
 - Skateboard Facilities: \$5,000,000 Per Occurrence (where approved)
 - Riot, Civil Commotion or Mob Action: \$5,000,000 Per Occurrence
 - Failure to Supply Utility: \$5,000,000 Per Occurrence
 - Garagekeepers Liability: \$2,000,000 Per Occurrence
 - New Jersey Personal Injury Protection (NJ PIP): \$250,000
 - New Jersey Uninsured/Underinsured Motorist (NJ UM/UIM): \$15,000/ \$30,000/ \$5,000

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Limits of Coverage (Cont'd.)

3. Optional Excess Liability Limit

The MEL offers Optional Excess Liability Limits excess of the MEL Excess Limit.

- The following limits are the Optional Excess Limits:
 - \$2,000,000 (equals \$7,000,000 total);
 - \$5,000,000 (equals \$10,000,000 total);
 - \$10,000,000 (equals \$15,000,000 total); and
 - \$15,000,000 (equals \$20,000,000 total).

The Fund purchases Optional JIF Shared Aggregate Excess Liability Limits excess of \$20,000,000 from the MEL. This coverage is only available to members of the Fund who purchase all \$20,000,000 available to them from the Optional Excess Liability Limits.

- \$10,000,000 aggregate (equals \$30,000,000 total)

4. Public Officials Liability/Employment Practices Liability

Each local member is 100% commercially insured with QBE Specialty Insurance Company for \$2,000,000 in the aggregate per member on a claims made basis for each Fund year.

- Deductibles and Coinsurance
 - \$20,000 is the standard deductible per claim and 20% of the first \$250,000 of the loss is the standard coinsurance, although other deductibles and coinsurance may apply.
 - Local member units may qualify on certain criteria to have options to purchase a lower deductible and/or coinsurance contribution.
 - Members with adverse loss experience may be subject to higher deductibles and/or coinsurance.

5. Optional Excess Public Officials Liability/Employment Practices Liability

The MEL offers Optional Excess Public Officials Liability/Employment Practices Liability limits excess the local member units' primary \$2,000,000 Public Officials Liability/Employment Practices Liability policies with QBE Specialty Insurance Company as follows:

- \$1,000,000 (equals \$3,000,000 total);
- \$2,000,000 (equals \$4,000,000 total);
- \$3,000,000 (equals \$5,000,000 total);
- \$4,000,000 (equals \$6,000,000 total); and
- \$8,000,000 (equals \$10,000,000 total).

6. Optional Volunteer Directors & Officers Liability

Fire Companies and Emergency Service Units have the option of purchasing optional Volunteer Directors & Officers Liability coverage. The coverage is 100% commercially insured with QBE Specialty Insurance Company and applies to the non-firematic/emergency activities of such entity per the following options:

<u>Option</u>	<u>Limit of Liability</u>	<u>Deductible</u>
1	\$1,000,000	\$1,000
2	\$1,000,000	\$2,000
3	\$1,000,000	\$5,000
4	\$2,000,000	\$1,000
5	\$2,000,000	\$2,000
6	\$2,000,000	\$5,000

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Limits of Coverage (Cont'd.)

7. Crime

- The Fund provides Crime coverage with a limit of \$50,000 for Public Employee Dishonesty, Forgery and Alteration, Theft, Disappearance and Destruction, Robbery and Safe Burglary, and Computer Fraud with Funds Transfer Fraud.
- The member deductible is \$2,500.
- MEL Crime
 - MEL Crime Excess \$950,000 excess of the Fund Crime limit.
 - MEL Crime Statutory Position:
 - a. The MEL provides primary employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have applied and have been approved for coverage at a limit of \$1,000,000 per occurrence per position. The MEL can provide MEL Crime Statutory Position limits, based on underwriting and via endorsement, above \$1,000,000, matching the member's auditor's recommendation, but no more than \$2,000,000. Such additional limit is available upon request and approval by the MEL.
 - b. The deductible is \$1,000.
 - MEL Crime Excess Public Officials:
 - a. The MEL provides excess employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have not applied and have not been approved for coverage under the MELJIF Statutory Position Program at a limit of \$1,000,000.
 - b. The deductible is the greater of the underlying bond/policy in place or the statutory limit required.

8. Non-Owned Aircraft Liability

- \$5,000,000, and
- Medical Expense for each passenger: \$5,000
- The coverage is 100% commercially insured with Endurance.

9. Environmental Impairment Liability

- Environmental Impairment Liability is provided to the Fund's local member units by the New Jersey Environmental Risk Management Fund (EJIF). Please refer to the EJIF's Plan of Risk Management.

10. Cyber

The Fund is 100% commercially insured for Cyber insurance with Indian Harbor Insurance Company (primary insurer) and Beazley (excess insurer) for the following limits:

- Limits:
 - Fund Annual Aggregate: \$16,000,000
 - Third Party, Per Claim: \$10,000,000
 - First Party, Per Claim: \$6,000,000
- Retention, Per Claim: \$25,000

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Limits of Coverage (Cont'd.)

11. Property & Equipment Breakdown

- The Fund provides \$100,000 limit per occurrence (Property & Time Element combined)
- The MEL provides \$400,000 limit excess of the Fund's limit
- The MEL purchases additional excess property limits, as follows: \$125,000,000, including certain sublimits, including but not limited to:
 - Aggregate, Earth Movement: \$100,000,000
 - Aggregate, Flood (includes storm surge): \$100,000,000
 - a. Per Location, Special Flood Hazard Area (SFHA): \$52,500,000
 - Named Storm: Included
 - Vehicles: \$15,000,000
- Unmanned Aircraft Systems: \$100,000
- Member Deductibles:
 - All Other : \$2,500
 - Automobile Physical Damage: \$2,500
 - Equipment Breakdown: \$5,000
 - SFHA Flood
 - a. Building: \$500,000
 - b. Contents: \$500,000
 - c. Time Element: \$500,000
 - Named Storm (Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties east of the Garden State Parkway, and any covered property in Cape May County):
 - a. Property Damage: 1% of TIV at location, per occurrence
 - b. Time Element: 1% of 12 months gross earnings at location, per occurrence
 - c. Minimum, per occurrence: \$500,000
 - d. Maximum, per occurrence: \$1,000,000

Individual Self-Insured Retentions

Optional Individual Self-Insured Retentions.

Amount of Risk to be Retained by the Fund

Unless otherwise stated, all limits shown apply less any local member unit's SIRs/deductibles.

1. Workers' Compensation: \$300,000
2. Liability: \$300,000
 - NJ Uninsured/Underinsured Motorist: \$15,000/\$30,000/\$5,000
 - NJ Personal Injury Protection: \$250,000
3. Optional Excess Liability Limit: \$0
4. Public Officials Liability/Employment Practices Liability: \$0
5. Optional Excess Public Officials Liability/Employment Practices Liability: \$0
6. Optional Volunteers Directors & Officers Liability: \$0
7. Crime:
 - MEL Crime Excess: None
 - MEL Crime Statutory Position: None
 - MEL Crime Excess Public Officials: None
8. Non-Owned Aircraft Liability: \$0
9. Environmental Impairment Liability: \$0

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Limits of Coverage (Cont'd.)

11. Property & Equipment Breakdown (Cont'd.)

10. Cyber: \$0

11. Property: \$100,000

- Equipment Breakdown: \$0
- SFHA Flood: \$0
- Named Storm (Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties east of the Garden State Parkway, and any covered Property in Cape May County): \$0
- Unmanned Aircraft Systems (UAS): \$100,000

Commercial Insurance/Reinsurance Purchased

The insurance/reinsurance listed below may contain sublimits, retentions and deductibles in addition to such already stated.

1. Non-Owned Aircraft Liability: The Fund purchases this coverage through the MEL from Endurance.
2. Excess Property & Equipment Breakdown: The Fund purchases this coverage from the MEL.
3. Excess Liability: The Fund purchases this coverage from the MEL.
4. Excess Workers' Compensation: The Fund purchases this coverage from the MEL.
5. Excess Crime: The Fund purchases this coverage from the MEL.
6. Public Officials Liability/Employment Practices Liability: The Fund purchases this coverage from QBE Specialty Insurance Company.
7. Optional Volunteers Directors & Officers Liability: The Fund purchases this coverage from QBE Specialty Insurance Company
8. Cyber: The Fund purchases this coverage from Indian Harbor Insurance Company and Beazley
9. Environmental Impairment Liability: EJIF

The Central Jersey Joint Insurance Fund, issues publicly available financial reports that include the financial statements and required supplementary information for insurance. The financial reports may be obtained by writing to the PERMA, 9 Campus Drive Suite 16, Parsippany, New Jersey 07054.

B. Employee Health Benefits

The Township has contracted with Horizon Blue Cross/Blue Shield of New Jersey for the provision of health benefits to eligible Township employees and retirees. The financial arrangement with the insurer provides for payments of administrative fees, excess insurance premiums and actual claims costs, subject to the established self-insured limits.

For the year ended December 31, 2021, the stop-loss attachment points were as follows:

\$250,000 per individual

125% of net projected claims of \$1,863.22 per employee, per month aggregate

The Township provides a prescription drug plan and a dental plan to eligible employees and retirees through self-insured programs and has engaged CVS Caremark and Horizon Healthcare Dental to administer each plan, respectively. In addition to the appropriations for these plans contained in the annual budgets of the Township, the Township has established an additional reserve for payments in the event claims during a fiscal year exceed the amounts budgeted. At December 31, 2021 and 2020, the amount in this reserve was \$4,720,786 and \$4,322,193, respectively.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 11: ACCRUED SICK AND VACATION BENEFITS

The Township of Edison has established policies, which set forth the terms under which an employee may accumulate unused benefits. General Policy is as follows:

NON UNION

Existing employees upon retirement with twenty-five (25) years of pensionable service credit or employees who have attained the age of sixty (60) shall be paid lump sum equivalent salary (base and longevity, if applicable) for all:

1. Accumulated unused sick leave
2. Unused vacation and current year personal days
3. Terminal leave (if eligible)

Effective January 1, 2017, Employees hired after December 24, 1992 shall be entitled to payment of sick leave at a rate equal to one half (1/2) of their daily rate of pay for accumulated unused sick time with said lump sum payment for sick leave, vacation, personal days and terminal leave to be capped at a maximum of fifteen thousand dollars (\$15,000.00).

Those employees covered by Ordinance 0.1071-98, and hired after January 1, 1998 are not eligible for payment of the following:

1. Accumulated unused sick leave
2. Unused vacation and current year personal days
3. Terminal leave (if eligible)

CARPENTERS

Upon retirement, employees shall be paid one hundred (100%) percent of all unused sick days, to a maximum of Twelve Thousand Five Hundred Dollars (\$12,500.00).

PBA

Each member shall be granted a total of eight (15) days per year up to the time of termination of employment. Effective on January 1, 2010, each member shall be granted two thirds (2/3) sick days per month for a total of eight (8) days per year up which days shall not accrue from year to year. One day shall equal eight (8) hours, regardless of employee's work schedule. Members will be paid at the time of retirement or termination for one half (1/2) of the total amount of sick days accrued from the date of hire to December 31, 2004, if the termination occurs while in good standing. Calculation for entitlement under this article at retirement shall be based upon total hours accumulated times the rate of pay as of December 31, 2004, regardless of employee's work schedule or date of retirement. Payment made to each employee in accordance with this section shall not exceed Twenty-Thousand (\$20,000) Dollars. In the event an employee utilizes any of this amount for sick time the payment at the time of retirement shall be reduced accordingly.

NURSES

All employees hired prior to May 21, 2010 may sell back one week of sick time annually, at a 1 for 1 rate. The maximum payout at retirement for accumulated sick time is \$15,000.00 payable at the employee's retirement after obtaining 25 years of creditable service in a State of New Jersey Retirement System or if the employee retires on a Disability Retirement. Sick time payout will be based on the employee's rate at the time of retirement. Employees hired after May 21, 2010, sick leave shall accumulate with a maximum of up to \$15,000.00 payable at the employee's retirement after obtaining 25 years of creditable service in a State of New Jersey Retirement System or if the employee retires on a Disability Retirement. Sick time payout will be based on the employee's rate at the time of retirement.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 11: ACCRUED SICK AND VACATION BENEFITS (CONT'D.)

IAFF

1) If termination occurs while in good standing, employees will be paid for one half of the total amount of sick leave accrued, up to 2,184 hours, at the rate equal to the highest salary attained at the time of termination of employment by that employee, excluding overtime. Payments shall be made by lump sum on the day of termination of employment or the next payday thereafter. Employees will be paid the remaining accumulated sick leave as terminal leave.

2) Following a request of the employee, the Township may, in its discretion, subject to available appropriations, pay the total amount due for accumulated sick leave in one lump sum payment.

3) Effective January 1, 2003, no employee shall receive payment for sick leave at the time of retirement or termination in excess of 2,184 hours or the amount of sick leave accumulated by the employee as of December 31, 2002, whichever is greater. For employees hired on or after April 7, 2008, if termination occurs while in good standing, employees will be paid for one half of the total amount of sick leave accrued, up to 1,092 hours, at the rate equal to the highest salary attained at the time of termination of employment by that employee, including overtime. The remaining accumulated sick leave to be used as terminal leave shall be at 50% of the value of those days.

DPW SUPERVISORS

Payment of one hundred percent of all accumulated sick leave to a maximum of Twenty Thousand Dollars (\$20,000.00). Any employee who has accumulated more than \$20,000.00 in accumulated sick leave as of January 1, 2004 shall be capped at the amount as of that date calculated using 2004 rates of pay.

AFSCME

- A. When an employee retires after twenty-five (25) years of service or the age of sixty (60), he/she will receive:
 - 1. 100% pay accumulated sick time not to exceed twenty thousand dollars (\$20,000); and
 - 2. 100% pay for all accrued vacation time and any allowable remaining personal days.
 - 3. Retirement payoff will be made within thirty (30) working days from the last day of employment.
- B. An employee who retires after fifteen (15) years of service, regardless of age will receive:
 - 1. Twenty (20) days of their accumulated sick time at full pay; and
 - 2. 100% pay for all accrued vacation time and any allowable remaining personal days.
 - 3. Retirement payoff will be made within thirty (30) working days from the last day of employment.

UAW

Thirteen (13) days paid sick leave each year shall be granted to all Employees, and the same shall be cumulative from year to year. Employees having not used one or more of their sick days for that year will have the option to be paid their current wage rate for up to six (6) of these unused days in lieu of accumulating same. Any employee who has more than six (6) days unused from a given year and wishes to be paid wages for their remaining days, in lieu of accumulating same, may be paid one (1) day's current rate of pay for every two (2) unused sick days. The purpose of this provision is that, at the end of each calendar year, an employee may elect to be paid for unused sick time. The rate of pay will be 100% for the first six (6) sick days unused, and 50% for next seven days of unused sick time.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 11: ACCRUED SICK AND VACATION BENEFITS (CONT'D.)

UAW (Cont'd.)

The employee must notify the Employer on January 10th of his or her election, payment to be made in the first paycheck after February 15th of the year. Upon retirement, employees shall be paid on hundred (100%) percent of all unused sick days, to a maximum of Ten Thousand Dollars (\$10,000.00), or the total amount of accumulated sick time as of January 1st, 2003 at 2003 rates, whichever is greater. Should the accumulated sick time of any employee fall below the \$10,000.00 provided in this Article as a result of subsequent utilization, that employee will be limited by the \$10,000.00 cap.

Vacations - Vacation pay for permanent employees is accumulated in accordance with the approved schedules for their respective units. Vacation days shall be taken during the current year and shall not accumulate, except that vacation time may be carried over to the next succeeding year only. This carryover provision is not applicable to Police and Fire Officers. An employee who has separated his/her employment in good standing shall be entitled in time or in pay to any earned vacation accumulated and not previously used.

With the exception of the Police and Fire Departments, which maintain separate records for their employees, the payroll office maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2021 and 2020, the total value of accumulated compensated absences, based upon then current pay rates, was \$11,581,170 and \$10,850,990, respectively. This total is not intended to represent amounts that will ultimately be paid to employees upon termination or retirement, as no adjustment has been made to reflect the limitations on lump sum payments. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

Note 12: INTERFUNDS

The following interfund balances remained on the balance sheet date at December 31, 2021:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 207,116.74	\$ 5,858,371.31
Grant Fund	4,035,623.36	
Trust Funds	4,744,515.70	3,151,120.33
General Capital Fund		15,185,395.22
Water Utility Operating Fund	2,382.95	3,179,548.05
Water Utility Capital Fund	11,181,293.64	
Sewer Utility Operating Fund	19,852.89	6,512,802.74
Sewer Utility Capital Fund	13,696,452.37	
	<u>\$ 33,887,237.65</u>	<u>\$ 33,887,237.65</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires collecting to fund the appropriation and the statute or budget to expend them.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 13: LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The Township has authorized a Length of Service Award Program (LOSAP) pursuant to section 457 (e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Township sponsors the Program, which is administrated by a private contractor. The LOSAP Program is subject to an annual review in accordance with AICPA standards for attestation engagements. LOSAP review reports are available in the office of the Township Clerk during scheduled working hours.

Note 14: DEFERRED CHARGES – TAX APPEALS

During 2012 and 2015, in response to the significant potential budgetary impact of tax appeal settlements, the Township petitioned and received approvals from the Local Finance Board of the Department of Community Affairs to issue debt to finance the tax refunds caused by these settlements over a five-year period for 2012 approvals and over a six-year period for the 2015 approval. The amounts approved were \$9,500,000 and \$12,175,000 respectively. At December 31, 2021, the unfunded balance of these authorizations was \$590,000 and consisted of \$590,000 of Authorized but Unissued Notes, which are reported as part of the Township's General Capital Fund.

Note 15: CONTINGENT LIABILITIES

A. Supplemental Insurance Assessments

As a constituent member of the Central Jersey Joint Insurance Fund (the "CJJIF"), the Township of Edison, together with the other Members of the CJJIF, is jointly and severally responsible for the timely payment of Supplemental Assessments levied with the approval of the CJJIF Commissioners. During 2015, the Fund waived the billing of Supplemental Assessments to its Participants. However, Supplemental Assessment installment payments were billed to participants in 2018 and 2019. There were no Supplemental Assessments for 2020 and 2021.

B. Litigation Pending or Threatened

At December 31, 2021, the Township had litigation pending. The majority of this litigation involves claims against the Township relating to matters that traditionally would be covered through the procurement of workers' compensation and liability insurance policy coverages. As more fully described in Note 10, the Township has participated in a joint insurance fund since June 1998.

The Township also has a significant number of outstanding property tax assessment appeals pending before the State Tax Court. Those matters, as with all matters, are being vigorously defended and settled when prudent. The Township has addressed in its Budget, and has implemented procedures in accordance with the applicable State finance and budget statutes and regulations to satisfy refunds and/or credits required by settlements and/or judgments for State Court Tax Appeals. It is expected that the settlements and/or judgments for these matters in the aggregate will result in significant reductions to assessed values and require refunds and/or credits that would be material to the Township's financial position.

C. Contractual Commitments

As of December 31, 2021, the Township of Edison was a party to various construction contracts and commitments that totaled \$8,507,936. Repaving and Reconstruction of Various Roads with total commitments of \$398,996; and Various Capital Improvements with total commitments of \$8,108,940.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 16: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS

The Township of Edison provides its retirees with health benefits, which are fully funded by the Township. These benefits are negotiated for through each bargaining unit's contract. In order to receive fully paid health benefits, retirees must have been enrolled in the Public Employees' Retirement Fund or the Police and Firemen's Retirement Fund for 25 years. Retirees receive the same type of health insurance coverage that they were receiving prior to retirement. The annual cost of post-retirement health benefits has not been calculated.

Plan Description and Benefits Provided:

P.L. 1987, c.384 and P.L. 1990, c.6. required the Public Employees' Retirement System (PERS) to fund post-retirement medical benefits for those members who retire after accumulating a minimum of 25 years of credited service or on a disability retirement. Pursuant to P.L 2007, c.103, separate funds outside the pension plans were established for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

Coverage is provided at no cost to members of the PERS that had retired on a disability retirement or retired after accumulating 25 years of creditable service prior to June 28, 2011 and to those who had a minimum of 20 years of creditable service on June 28, 2011 and who subsequently retire after accumulating 25 years of credited service or on a disability retirement. Employees who had less than 20 years of creditable service on June 28, 2011 and subsequently retire after accumulating a minimum of 25 years of creditable service are required by Chapter 78, P.L. 2011 to contribute a percentage of the cost of their health care coverage in retirement. The percentage of the premium that will be the responsibility of the retiree is determined based upon the retiree's annual retirement benefit and level of coverage. Chapter 78 retirees opting for single will make contributions that escalate from 4.5% for annual retirement allowance under \$20,000 to 35.0% for annual retirement allowances exceeding \$110,000 per annum. Chapter 78 retirees opting for family coverage will range from 3.43% for annual retirement allowances under \$25,000 per annum to 35.0% for annual retirement allowances exceeding \$110,000 per annum.

Total OPEB Liability

The Township's total OPEB liability of \$403,037,786 and \$404,572,556 was measured as of December 31, 2021 and 2020, respectively and was determined by an actuarial valuation as of that date. There were 568 retiree and surviving spouses and 501 active employees as part of the plan.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 16: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS (CONT'D.)

Actuarial assumptions and other imputes - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	2.50%
Discount rate	2.06%
Healthcare cost trend	Range from 5.5% to 7.0%
Retirees' share of benefit-related costs	Subject to the requirements of Chapter 78

The discount rate was based on the Bond Buyer 20-Bond Go Index.

Mortality rates were based on the RP-2000 Combined Healthy Male Mortality rates set forward three years.

The actuarial assumptions used in the December 31, 2021 and 2020 valuations were based in the results of an actuarial experience study for the period January 1, 2021 – December 31, 2021 and January 1, 2020 - December 31, 2020, respectively.

Changes in the Total OPEB Liability

	Total OPEB Liability	
	2021	2020
Balance at beginning of the year	\$ 404,572,556	\$ 334,122,544
Changes for the year:		
Interest cost	8,572,770	9,115,710
Service cost	4,605,351	4,605,351
Difference between expected and actual experience		43,669,514
Changes in assumptions	(5,108,936)	25,134,904
Benefit payments	(9,603,955)	(12,075,467)
Net changes	(1,534,770)	70,450,012
Balance at end of the year	<u>\$ 403,037,786</u>	<u>\$ 404,572,556</u>

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 16: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS (CONT'D.)

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Increase (3.06%)	Discount rate (2.06%)	1% Decrease (1.06%)
Total OPEB Liability - 2021	\$ 360,026,891	\$ 403,037,786	\$ 450,616,988
	1% Increase (3.12%)	Discount rate (2.12%)	1% Decrease (1.12%)
Total OPEB Liability - 2020	\$ 371,068,383	\$ 404,572,556	\$ 445,787,286

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Increase	Healthcare cost Trend rates	1% Decrease
Total OPEB Liability - 2021	\$ 447,904,510	\$ 403,037,786	\$ 366,115,009
Total OPEB Liability - 2020	\$ 452,653,678	\$ 404,572,556	\$ 365,509,650

OPEB Expense

For the year ended December 31, 2021 and 2020, the Township would have recognized OPEB expense of \$20,790,526 and \$21,746,777, respectively had GASB Statement No. 75 been followed.

The below information has been obtained from the State of New Jersey State Health Benefits Local Government Retired Employees Plan audit at June 30, 2020 and is the latest available information as of December 31, 2021.

Special Funding Situation

The State of New Jersey's Total OPEB Liability for special funding situation was \$5,462,303,132 at June 30, 2020.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 16: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS (CONT'D.)

The amount of the State's proportionate share of the net OPEB liability for special funding situation attributable to employees and retirees of the Township of Edison was \$63,630,205 (1.164897%) at June 30, 2020.

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.

The nonspecial funding situation is not applicable to the Township of Edison therefore no amount of the State's proportionate share of the net OPEB liability is attributable to the Township.

Components of Net OPEB Liability – The components of the collective net OPEB liability for employers participating in the Plan, including the State of New Jersey, at June 30, 2020 is as follows:

	<u>2020</u>
Total OPEB Liability	\$ 18,111,475,228
Plan Fiduciary Net Position	<u>164,862,282</u>
Net OPEB Liability	<u><u>\$ 17,946,612,946</u></u>
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 actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
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%

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

* Salary increases are based on years of service within the respective plan.

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 16: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS (CONT'D.)

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.

Healthcare Trend Assumptions:

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% 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 <u>(1.21%)</u>	Discount rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total Net OPEB Liability	\$ 21,216,688,254	\$ 17,946,612,946	\$ 15,358,051,000
Township's Share	N/A	N/A	N/A

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 <u></u>	Healthcare cost Trend rates	1% Increase <u></u>
Total OPEB Liability	\$ 14,850,840,718	\$ 17,946,612,946	\$ 22,000,569,109
Township's Share	N/A	N/A	N/A

**TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 17: GOVERNMENTAL FIXED ASSETS

The Township's governmental fixed assets are reported as follows as of December 31, 2021 and 2020:

	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2021</u>
Land	\$ 116,480,200			\$ 116,480,200
Buildings and Improvements	20,811,200			20,811,200
Vehicles, Machinery and Equipment	43,939,307	\$ 1,567,841	\$ 233,957	45,273,191
	<u>\$ 181,230,707</u>	<u>\$ 1,567,841</u>	<u>\$ 233,957</u>	<u>\$ 182,564,591</u>

	Balance December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2020</u>
Land	\$ 116,480,200			\$ 116,480,200
Buildings and Improvements	20,811,200			20,811,200
Vehicles, Machinery and Equipment	45,888,506	\$ 8,068,419	\$ 10,017,618	43,939,307
	<u>\$ 183,179,906</u>	<u>\$ 8,068,419</u>	<u>\$ 10,017,618</u>	<u>\$ 181,230,707</u>

Note 18: LONG TERM TAX EXEMPTIONS

The Township provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Township are predominately for affordable housing projects. Taxes abated include municipal, local school and county taxes. The Township is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Township PILOT billings in 2021 and 2020 were \$909,161.33 and \$1,104,610.50, respectively, and taxes in 2021 and 2020 that otherwise would have been due on these long-term tax exemptions amounted to \$2,959,035.81 and \$2,886,922.71, respectively, based upon the assessed valuations of the long-term tax exemptions properties.

Note 19: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2021 through the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that the following subsequent event has occurred which requires disclosure in the financial statements:

On December 1, 2021, the Township issued \$86,665,000 of general improvements bonds, water utility bonds and sewer utility bonds to provide new funding for certain ordinances and to provide cash to payoff bond anticipation notes that were maturing in January 2022. The Township received a premium in the amount of \$7,006,208.65 which allowed the Township to reduce the principal amount of bonds that were required to be issued. On January 13, 2022, the Township paid off \$93,160,000 of general improvement, water utility and sewer utility bond anticipation notes.

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

_____, 2023

Township Council of the
Township of Edison, in the
County of Essex, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Edison, in the County of Middlesex, New Jersey (the "Township"), in connection with the issuance by the Township of its \$37,000,000 Bond Anticipation Notes, Series 2023, consisting of a \$30,000,000 General Improvement Bond Anticipation Note and a \$7,000,000 Water Utility Bond Anticipation Note (together, the "Notes"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Township listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Township without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Notes in order to preserve the tax-exempt status of the Notes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Notes. Further, in our opinion, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,