

New Issue

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 18, 2025

In the opinion of Dilworth Paxson LLP, Freehold, New Jersey ("Bond Counsel"), assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Notes, interest on the Notes and gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**TOWNSHIP OF HOWELL
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

\$5,000,000

TAX ANTICIPATION NOTES OF 2025

(Book-Entry-Only) (Non-Rated)

Dated: Date of Delivery

Due: February 19, 2026

Interest Rate: _____%

Yield: _____%

CUSIP: _____

The Township of Howell, in the County of Monmouth, New Jersey (the "Township") is offering \$5,000,000 Tax Anticipation Notes of 2025 (the "Notes"). The Notes are secured by the pledge of the full faith and credit of the Township for payment of principal and interest thereon. The Notes are payable, if not paid from other sources, from *ad valorem* taxes levied upon all taxable property within the Township without limitation as to rate or amount.

The Notes will be issued in fully registered form. One certificate for the aggregate principal amount of the Notes of each series when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as Securities Depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or more through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

The Notes will constitute general obligations of the Township for the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable real property within the Township is subject to the levy of ad valorem taxes, without limitation as to rate or amount, for such purposes.

The Notes shall be dated and bear interest from their date of delivery, shall mature on February 19, 2026, shall bear interest at the rate of interest set forth below, payable at maturity, calculated on the basis of a 30-day month, 360-day year. The Notes are not subject to redemption prior to maturity. Principal and interest on the Notes will be paid to DTC by the Township.

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 received by the Underwriter and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by law firm of Dilworth Paxson LLP, Freehold, New Jersey, Bond Counsel, and to certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township Attorney, John M. Glynn, Esquire. NW Financial Group, LLC serves as Financial Advisor to the Township. Delivery is anticipated to be at the offices of the Township's Bond Counsel, Dilworth Paxson LLP, Freehold, New Jersey, or at such other place as agreed to with the Underwriter on or about July 15, 2025.

FAXED AND ELECTRONIC PROPOSAL VIA PARITY ELECTRONIC BID SYSTEM WILL BE RECEIVED FOR THE NOTES UNTIL 11:00AM ON THURSDAY, JUNE 26, 2025, FOR MORE INFORMATION ON HOW TO BID, PLEASE REFER TO THE ENCLOSED NOTICE OF SALE.

**TOWNSHIP OF HOWELL,
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

MAYOR

John Leggio

DEPUTY MAYOR

Fred Gasior

COUNCIL MEMBERS

Susan Fischer
Ian Nadel
Evelyn O'Donnell

TOWNSHIP MANAGER

Joseph A. Clark

TOWNSHIP CHIEF FINANCIAL OFFICER

Louis Palazzo

TOWNSHIP ATTORNEY

John M. Glynn, Esquire

TOWNSHIP CLERK

Diane Festino

AUDITOR

Holman Frenia Allison, P.C.
Freehold, New Jersey

BOND COUNSEL

Dilworth Paxson LLP
Freehold, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this document, 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 of accuracy or completeness and such information is not to be construed as a representation of warranty or, as to information from sources other than itself, by the Township. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Law as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this document 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.

This document 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. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter.

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**OFFICIAL STATEMENT
OF
THE TOWNSHIP OF HOWELL
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

**\$5,000,000
TAX ANTICIPATION NOTES OF 2025
Due: February 19, 2026**

**(NON-CALLABLE)
(BOOK-ENTRY-ONLY ISSUE)**

INTRODUCTION

The Township of Howell, in the County of Monmouth, New Jersey (the "Township") is offering \$5,000,000 Tax Anticipation Notes of 2025 (the "Notes").

This Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Notes, including their general description, the purpose of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts and disbursements, is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

DESCRIPTION, AUTHORIZATION AND PURPOSE OF THE NOTES

Description

The Notes are general obligations of the Township, and the full faith and credit of the Township are pledged to the payment of the principal of and the interest on the Notes. The Notes are dated the date of delivery and will mature on February 19, 2026. The Notes are authorized by and are issued pursuant to: (i) the provisions of the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Local Budget Law") and (ii) a resolution duly adopted by the Township Council on June 3, 2025 (the "Resolution"). The Notes are issued in anticipation of the collection of taxes for the current fiscal year, and the proceeds thereof are to be applied only to purposes provided for in the budget or for which taxes are levied or to be levied for such fiscal year. The Notes shall mature at such times as may be determined by the Township, provided that the Notes and any renewals thereof shall mature within 120 days after the beginning of the next succeeding fiscal year.

At the option of the successful bidder if the Notes are to be reoffered, the Notes will be issued in the form of a certificate in the principal amount of the Notes, registered in the name of Cede & Co. as nominee of the Depository Trust Company ("DTC"), Brooklyn, New York, which will act as Securities Depository. The certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-

entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or more through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interest in the Notes, but each book-entry Note owner will receive a credit balance of the books of its nominee.

The Notes mature as stated above with interest payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be paid by the Township to DTC. The Notes are not subject to redemption prior to maturity.

Book-Entry-Only System¹

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners defined below, continuation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

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 Bond certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

¹ Source: The Depository Trust Company.

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 each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Notes are to be accomplished by entries made on the books of Direct Participants 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, all 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants or 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 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 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 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 in 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, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments 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, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

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

Discontinuance of Book-Entry-Only System'

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township/Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Township/Paying Agent for such purposes only upon the surrender thereof to the Township/Paying Agent together with the duly executed assignment in form satisfactory to the Township/Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Township/Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the fifteenth (15th) day, whether or not a business day, of the calendar month next preceding an Interest Payment Date.

SECURITY FOR THE NOTES

The full faith, credit and taxing power of the Township are available for the payment of the principal of the Notes and the interest thereon. The Notes will be valid and binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% 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.

¹ Source: The Depository Trust Company.

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. A local unit's bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year's required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

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. The Township, which operates on a calendar year (January 1 to December 31), 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, among others, for certification.

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 any anticipated revenue in the budget 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 the last day of that fiscal 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 the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

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, revaluation programs, revision and codification of ordinances, master plan preparations and drainage map preparation for flood control purposes which may be amortized over five years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

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 (3) months of the year to the previous years' 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 "CAPS" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAPS" 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 years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit included increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost State aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance

Board was able to approve waivers for certain extraordinary costs identified by the statute, and voters could approve. increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

This legislation has now been amended by P.L.2010, c. 44, approved July 13, 2010, and applicable to the next local budget year following enactment to limit 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. Chapter 44 eliminates the process for obtaining waivers for additional spending under the tax levy limitation.

Neither the tax levy limitation nor the "Cap Law" limits, including the provisions of the recent legislation, would limit 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.

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 which the local unit may contemplate over the next 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 results 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 Monmouth 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, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

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

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

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

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

LITIGATION

Upon delivery of the Notes, the Township shall furnish an opinion of its Township Attorney, John M. Glynn, Esquire dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or the levy or collection of any taxes to pay the principal and the interest on the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. In addition, such opinion shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes and other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. 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 permit any action that would cause the interest on the Notes to be included in gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Dilworth Paxson LLP, Freehold, New Jersey ("Bond Counsel"), will not independently verify the accuracy of those certifications and representations.

Assuming the Township observes its covenants with respect to compliance with the Code, Bond Counsel is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Notes is not treated as a preference item for purposes of calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. See "Certain Federal Tax Considerations" below.

State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Notes, interest on the Notes and any gains from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

Certain Federal Tax Considerations

Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Notes.

Original Issue Premium

The initial public offering price of the Notes may be greater than the stated redemption price thereof at maturity (the "Premium Notes"). The difference between the initial public offering price for the Premium Notes and the stated redemption price at maturity is "original issue premium". For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Notes through reductions in the holder's tax basis for the Premium Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Notes rather than creating a deductible expense or loss. Purchasers of the Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Notes.

Backup Withholding

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Notes is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the

Notes for federal or state income tax purposes, and thus on the value or marketability of the Notes. This impact could result 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), repeal of the exclusion of interest on the Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Notes may occur. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

Section 265 Qualification

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

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

General

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS". Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Notes may affect the tax status of interest on the Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of counsel other than Bond Counsel.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE NOTES. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES.

LEGALITY FOR INVESTMENT

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

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to 11 U.S.C. 401, et seq., as amended and supplemented (the "Bankruptcy Code") and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court 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 this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of such class. The Bankruptcy Code specifically 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 Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Township expect to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incidental to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Dilworth Paxson LLP, Freehold, New Jersey, Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Township by its Township Attorney, John M. Glynn, Esquire.

UNDERWRITING

The Notes are being purchased from the Township by _____ (the "Underwriter") at a purchase price of \$_____. The Underwriter is obligated to purchase all of the Notes if any Notes are purchased.

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

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 ("Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

CONTINUING DISCLOSURE

The Township has agreed, for the benefit of the holders and beneficial owners of the Notes, to provide certain financial information and operating data relating to the Township and certain demographic information relating to the Township by not later than six (6) months following the end of the Township's fiscal year (currently December 31) ("Annual Report"), commencing with the report for the 2025 fiscal year, and to provide notices of the occurrence of certain enumerated events, as described in Appendix "E" - the form of Continuing Disclosure Certificate. The Annual Report will be filed by the Township with the State Repository, if any, and the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 1S(b)1 of the Securities Exchange Act of 1934 ("Act") as the same may be amended from time to time, through the Electronic Municipal Market Access system ("EMMA") or any other public or private repository or entity that shall hereafter be designated by the Security and Exchange Commission ("SEC") as a repository for purposes of Rule 15c2-12(b)(5) under the Act (the "Rule"), as may be amended from time to time. The notices of certain enumerated events will be filed by the Township with the MSRB and with the State Depository, if any. The specific nature of the information to be contained in the Annual Report or the notices of certain enumerated events is set forth in Appendix "E" - the Form of Continuing Disclosure Certificate. These covenants have been made in order to assist the Underwriters in complying with the Rule.

The Township has entered into prior continuing disclosure undertakings for certain outstanding issuances of debt by the Township, and issuances of debt by conduit issuers in which the Township is an obligated borrower. The Township previously failed to comply with prior undertakings to post certain Township Employee data for the fiscal year ended December 31, 2020, and Township budgets for 2022 and 2023. This information has been subsequently filed. The Township also failed to file certain Employment data for the fiscal year ending December 31, 2020. This information is no longer available and has not and will not be posted. In connection with such undertakings, the Township has implemented practices and procedures to ensure that all required filings are made on timely basis.

DEFAULT

There is no record of default in the payment of the principal of or interest on the bonds or notes of the Township.

AUDITOR

The Township's Auditor, Holman Frenia Allison PC, Freehold, New Jersey, licensed by the State of New Jersey, takes responsibility for the portions of the Township's audited financial statements for the year ended December 31, 2023, included in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report. Holman Frenia Allison PC has not verified the accuracy, completeness or fairness of the information contained herein (except for Appendix "B") and, accordingly, assumes no responsibility therefore.

INFECTIONS DISEASE OUTBREAK - COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, Governor Murphy signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for this new purpose). Upon approval by the Director of the Division of Local Government Services in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Township cannot predict how the outbreak will impact the financial condition or operations of the Township, or if there will be any impact on the assessed values of property within the Township or deferral of tax payments to municipalities. The Township cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on the State’s websites, including <https://covid19.nj.gov/> or nj.gov/health. The Township has not incorporated by reference the information on such websites and the Township does not assume any responsibility for the accuracy of the information on such websites.

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 of the Notes, by a certificate signed by the Chief Financial Officer that, to his knowledge, such descriptions and statements, as of the date of the Official Statement and as of the date of closing, 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 therein, in light of the circumstances under which they are made, not misleading.

The Municipal Advisor assisted in the preparation of information from the Township and other sources which the Township considers to be reliable, but the Township makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information contained herein.

Dilworth Paxson LLP has not verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, assumes no responsibility therefore and will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Louis Palazzo, Chief Financial Officer. The Township's phone number is (732) 938-4500.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Notes.

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

This Official Statement has been duly executed and delivered by the Township.

TOWNSHIP OF HOWELL, IN THE COUNTY OF MONMOUTH, NEW JERSEY

By:_____

Louis Palazzo
Chief Financial Officer

Dated: June __, 2025

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP

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Education

There are ten elementary schools and three middle schools within the Township's public school system with a student enrollment of 6,279 (estimated as of 10/15/24). These schools serve the education needs of students from kindergarten through eighth grade. The Township is a member of the Freehold Regional High School District, and the Township's students attend a district high school located within the community. Brookdale Community College, Georgian Court University, Rutgers, The State University, Princeton University and several others are all within commuting distance of the Township, and are thus available to serve the higher education demands of residents of the community.

Population¹

YEAR	HOWELL TOWNSHIP	MONMOUTH COUNTY	STATE OF NEW JERSEY
1980	25,065	503,173	7,364,823,
1990	38,987	553,124	7,730,188
2000	48,903	615,301	8,414,350
2010	51,075	630,380	8,791,894
2020	53,537	643,615	9,288,994

Demographic Statistics²

	2023	2023	2022	2021	2020
Labor Force	30,300	29,900	29,900	28,200	28,345
Employment	29,100	28,500	29,100	26,900	25,682
Unemployment	1,200	1,400	800	1,200	2645
Unemployment Rate	4.0%	4.6%	2.6%	4.5%	9.3%

Components of Tax Rate

	2024	2023	2022	2021	2020
Tax Rate	1.711	1.793	2.020	2.130	2.240
Apportionment of Tax Rate:					
Municipal	.302	.336	.358	.387	.395
Municipal Open Space	.03	.02	.02	.02	.02
County	.228	.232	.264	.289	.298
School Districts (Local & Regional	1.151	1.205	1.378	1.517	1.527

1. Source: U.S. Bureau of Census

2. New Jersey Department of Labor and Workforce Development

**FINANCIAL AND DEMOGRAPHIC INFORMATION
TOWNSHIP OF HOWELL**

Tax Collection History

YEAR	TAX LEVY	CASH COLLECTIONS	% OF COLLECTIONS
2024	\$ 197,342,337	\$ 194,192,635	98.40%
2023	\$ 186,245,183	\$ 183,150,351	98.34%
2022	\$ 179,412,986	\$ 175,337,151	97.72%
2021	\$ 174,076,363	\$ 170,960,291	98.21%
2020	\$ 172,389,520	\$ 169,629,264	98.39%

Delinquent Taxes and Tax Title Liens

YEAR	TAX TITLE LIENS	DELINQUENT TAXES	TOTAL DELINQUENT	% OF TAX LEVY
2024	\$ 2,967,012	\$ 2,870,143	\$ 5,837,155	2.95%
2023	\$ 2,899,537	\$ 2,828,920	\$ 5,728,357	3.08%
2022	\$ 2,927,027	\$ 3,796,915	\$ 6,723,942	3.75%
2021	\$ 2,862,431	\$ 2,823,736	\$ 5,686,167	3.27%
2020	\$ 3,107,445	\$ 2,551,945	\$ 5,659,390	3.28%

Assessed Valuations

YEAR	ASSESSED VALUATION OF REAL PROPERTY
2024	\$10,969,344,500
2023	\$9,858,596,800
2022	\$8,450,898,900
2021	\$7,546,137,900
2020	\$7,388,630,600

General Tax Rate and Total Net Debt

YEAR	GENERAL TAX RATE	TOTAL NET DEBT	NET DEBT AS A PERCENTAGE OF EQUALIZED TAX VALUATION BASIS
2024	\$ 1.711	\$ 76,031,153	.719%
2023	\$ 1.793	\$ 76,636,153	.804%
2022	\$ 2.020	\$ 77,469,749	.904%
2021	\$ 2.213	\$ 75,461,749	.947%
2020	\$ 2.240	\$ 65,735,749	.861%

Ten Largest Taxpayers

OWNER OF RECORD	2024 ASSESSMENT	AS A PERCENTAGE OF TOTAL ASSESSED VALUE OF REAL PROPERTY
1. Buffalo–Parkton & Feuerstein & Wainco (Commercial Property)	\$43,932,400	.401%
2. Howell Verdana LLC & Verdonna LLC (Apartments)	\$43,360,700	.395%
3. Countryside North American Partners (Apartments)	\$26,999,800	.246%
4. Howell Friendship Real Estate (Commercial Property)	\$23,389,800	.213%
5. Eagle Golf Enterprises LLC (Commercial & Vacant Land)	\$19,424,200	.177%
6. AARSHW Property LLC (Commercial)	\$19,127,200	.174%
7. 2G Manzo LLC (Vacant Land)	\$18,012,400	.164%
8. DS & DJ (Commercial)	\$17,844,100	.163%
9. NJ American Water (Commercial, Industrial)	\$17,365,300	.158%
10. Hurley Felds I, LLC (Commercial, Industrial & Vacant Land)	\$17,091,000	.156%

Classification of Ratables – Real Property

2024	# OF PARCELS	TAXABLE VALUE	2023	# OF PARCELS	TAXABLE VALUE
Vacant Land	1,165	\$ 178,740,300	Vacant Land	1,068	\$ 166,276,700
Residential	17,627	\$ 9,565,236,400	Residential	17,478	\$ 8,545,155,300
Farms	226	\$ 119,393,200	Farms	230	\$ 110,875,800
Farms Qualified	359	\$ 2,051,700	Farms Qualified	367	\$ 2,122,100
Commercial	500	\$ 865,645,800	Commercial	502	\$ 813,006,700
Industrial	66	\$ 167,916,600	Industrial	67	\$ 160,374,400
Apartments	2	\$ 70,360,500	Apartments	2	\$ 60,785,600
Utility	0	\$ 0	Utility	0	\$ 0
TOTAL	19,945	\$10,969,344,500	TOTAL	19,714	\$ 9,858,596,800

2022	# OF PARCELS	TAXABLE VALUE	2021	# OF PARCELS	TAXABLE VALUE
Vacant Land	1,134	\$ 131,910,000	Vacant Land	1,098	\$ 113,286,200
Residential	17,292	\$ 7,261,658,700	Residential	17,363	\$ 6,449,143,300
Farms	232	\$ 101,852,900	Farms	259	\$ 103,553,500
Farms Qualified	369	\$ 2,157,300	Farms Qualified	412	\$ 2,349,700
Commercial	502	\$ 747,709,900	Commercial	500	\$ 713,280,800
Industrial	66	\$ 146,580,800	Industrial	66	\$ 124,386,400
Apartments	2	\$ 59,059,300	Apartments	1	\$ 40,138,000
Utility	0	\$ 0	Utility	0	\$ 0
TOTAL	19,581	\$ 8,450,898,900	TOTAL	19,699	\$ 7,546,137,900

Classification of Ratables – Real Property

2020	# OF PARCELS	TAXABLE VALUE	2019	# OF PARCELS	TAXABLE VALUE
Vacant Land	1,040	\$ 101,852,000	Vacant Land	1,141	\$ 112,105,800
Residential	17,292	\$ 6,318,620,400	Residential	17,219	\$ 6,149,486,400
Farms	263	\$ 102,076,600	Farms	262	\$ 98,207,200
Farms Qualified	420	\$ 2,432,200	Farms Qualified	417	\$ 2,669,500
Commercial	499	\$ 710,135,200	Commercial	492	\$ 682,217,500
Industrial	66	\$ 113,613,300	Industrial	66	\$ 111,137,700
Apartments	1	\$ 39,900,900	Apartments	1	\$ 39,843,400
Utility	0	\$ 0	Utility	0	\$ 0
TOTAL	19,581	\$ 7,388,630,600	TOTAL	19,598	\$ 7,195,667,500

Source: Monmouth County Board of Taxation – Abstract of Ratables

**INDEBTEDNESS OF THE TOWNSHIP
AS OF DECEMBER 31, 2024
(IN DOLLARS)**

Statement of Indebtedness

GROSS DEBT:		
Municipal Portion of Regional School Debt	\$ 2,967,821.95	
Municipal Portion of Local School Debt	\$ 19,520,742.00	
		\$ 22,488,563.95
Debt for Self-Liquidating Purposes		\$ 10,663,552.04
Municipal Purposes:		
Bonds Issued and Outstanding	\$ 44,280,000.00	
Notes Issued and Outstanding	\$ 20,955,000.00	
Bonds & Notes Authorized But Not Issued	\$ 13,736,153.07	
Lease Guarantees and Assessment Bonds	\$ 7,357,000.00	
		\$ 86,328,153.07
TOTAL GROSS DEBT		\$ 119,480,269.06
Statutory Deductions:		
Regional & Local School Debt	\$ 22,488,563.95	
Self-Liquidating Debt	\$ 10,663,552.04	
Municipal Purposes	\$ 10,297,000.00	
Total Deductions		\$ 43,449,115.99
STATUTORY NET DEBT		\$ 76,031,153.07

Source: Township of Howell, 2019 Annual Debt Statement

Percentage of Gross Debt to Average Equalized Valuation Basis	1.130%
Percentage of Net Debt to Average Equalized Valuation Basis	.719%

<i>Borrowing Capacity:</i>	
Equalized Valuation of Real Property (Average of last 3 years)	\$ 10,569,218,606
Borrowing Capacity – 3.5% of Equalized Valuation Basis	\$ 369,922,651
Less: Existing Net Debt	\$ 76,031,153
Remaining Borrowing Capacity	\$ 293,891,498

APPENDIX B

FINANCIAL STATEMENT OF THE TOWNSHIP

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**TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2023**

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**TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the various funds and account groups of the Township of Howell, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the Township of Howell, as of December 31, 2023 and 2022, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2023, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Howell 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.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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.

Auditor's 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 auditor's report that includes our opinion. 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 generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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 generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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(s) 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 of Howell'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 of Howell's ability to continue as a going concern for a reasonable period of time.

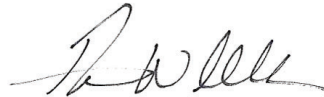
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. W. Allison', written in a cursive style.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
September 11, 2024

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Certified Public Accountants + Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Howell, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 11, 2024. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Report On Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Report On Compliance and Other Matters

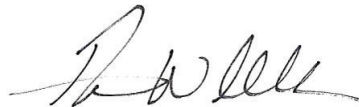
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. W. Allison', written over a faint horizontal line.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
September 11, 2024

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 35,035,062.36	\$ 32,846,644.08
Cash - Change Funds	1,850.00	2,150.00
Receivable Without Reserves:		
Ramtown FD#4 Levy Overpayment Receivable	-	5,000.00
Mon County Election Reserve Receivable	-	100.00
Due From HTBOE SLEO III Program	215,618.85	62,842.08
	<u>35,252,531.21</u>	<u>32,136,106.02</u>
Receivables and Other Assets With		
Full Reserves:		
Delinquent Property Taxes Receivable	2,828,819.98	3,796,915.01
Tax Title Liens	2,899,536.56	2,927,027.43
Property Acquired for Taxes -		
Assessed Valuation	14,021,035.30	14,011,332.90
Interfunds Receivable	37,693.06	128,630.77
	<u>19,787,084.90</u>	<u>20,863,906.11</u>
	<u>55,039,616.11</u>	<u>53,000,012.13</u>
Federal and State Grant Fund:		
Interfund Receivable	1,409,292.07	2,784,476.44
Grants Receivable	658,834.03	945,766.53
	<u>2,068,126.10</u>	<u>3,730,242.97</u>
Total Assets	<u>\$ 57,107,742.21</u>	<u>\$ 56,730,255.10</u>

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

TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

<u>Liabilities, Reserves and Fund Balance</u>	<u>2023</u>	<u>2022</u>
Appropriation Reserves	\$ 2,127,582.25	\$ 1,232,966.43
Accounts Payable	73,236.28	46,749.45
Accounts Payable: EMT	9,925.75	14,585.38
Encumbrances Payable	978,272.55	1,226,974.58
Tax Anticipation Notes	10,000,000.00	10,000,000.00
Payroll Deductions Payable	46,304.65	46,570.12
Prepaid Taxes	1,363,588.49	1,250,764.23
Deferred Revenue	8,448.00	-
Tax Overpayments	157,052.36	206,970.81
Regional School Tax Payable	2,886,955.21	2,203,785.21
County Taxes Payable	315,370.58	325,051.10
Reserve for:		
Sale of Municipal Assets	1,727.00	1,727.00
In-Rem Foreclosure Fees	100.00	100.00
Garden State Trust Fund	7,291.00	9,118.00
Municipal Relief Fund	825,312.02	412,743.40
To Pay Bonds and Notes	26,000.00	-
Elections	2,300.00	-
Legal Settlements	212,797.93	437,000.00
Due To:		
State of New Jersey:		
Senior Citizens' and Veterans	105,816.50	111,566.50
State Fees	27,068.00	32,568.00
Federal and State Grant Fund	1,409,292.07	2,784,476.44
	<u>20,584,440.64</u>	<u>20,343,716.65</u>
Reserve for Receivables	19,787,084.90	20,863,906.11
Fund Balance	<u>14,668,090.57</u>	<u>11,792,389.37</u>
	<u>55,039,616.11</u>	<u>53,000,012.13</u>
Federal and State Grant Fund:		
Reserve for Grants:		
Appropriated	450,922.49	278,404.29
Unappropriated	1,415,566.72	2,982,370.32
Encumbrances	201,636.89	469,468.36
	<u>2,068,126.10</u>	<u>3,730,242.97</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 57,107,742.21</u>	<u>\$ 56,730,255.10</u>

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

TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 5,000,000.00	\$ 4,860,000.00
Miscellaneous Revenue Anticipated	21,446,702.36	20,108,817.47
Receipts From Delinquent Taxes/Tax Title Liens	3,751,273.43	2,823,439.80
Receipts From Current Taxes	183,150,351.33	175,327,900.81
Non-Budget Revenue	460,185.81	314,355.15
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	885,982.66	1,661,679.98
Cancellation of Reserve for Grants Appropriated	-	18,434.22
Ramtown FD#4 Levy Overpayment	-	5,000.00
Void Prior Years' Issued Checks	-	154.00
Prior Year Interfunds Liquidated	128,630.77	1,045.64
	<u>214,823,126.36</u>	<u>205,120,827.07</u>
<u>Expenditures</u>		
Budget Appropriations	56,114,811.98	52,641,008.84
Local School Taxes Payable	83,486,282.00	82,309,520.00
Regional High School Taxes Payable	35,307,062.00	30,787,114.00
County Taxes Payable	23,129,359.86	22,617,741.69
Special Districts Payable	6,896,211.50	6,078,096.79
Municipal Open Space	1,972,699.76	1,689,594.66
Interfunds Advanced	37,693.06	128,630.77
Tax Collection Writeoffs	-	3,573.46
Cancel Revenue Receivable - HTBOE SLEO III Program	-	1,460.48
Reissued Check	200.00	-
Cancellation of Grants Receivable	3,105.00	41,658.88
	<u>206,947,425.16</u>	<u>196,298,399.57</u>
Excess in Revenue	7,875,701.20	8,822,427.50
Fund Balance, January 1	<u>11,792,389.37</u>	<u>7,829,961.87</u>
	19,668,090.57	16,652,389.37
Decreased By:		
Utilized as Anticipated Revenue	<u>5,000,000.00</u>	<u>4,860,000.00</u>
Fund Balance, December 31	<u>\$ 14,668,090.57</u>	<u>\$ 11,792,389.37</u>

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated Budget	Added By NJSA 40A:4-87	Amount Realized	Excess/ (Deficit)
Fund Balance Anticipated	\$ 5,000,000.00	\$ -	\$ 5,000,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	55,000.00	-	55,651.00	651.00
Other	60,000.00	-	86,347.82	26,347.82
Fees and Permits	980,000.00	-	978,654.23	(1,345.77)
Fines and Costs:				
Municipal Court	400,000.00	-	567,091.57	167,091.57
Interest and Costs on Taxes	550,000.00	-	834,547.78	284,547.78
Parking Meters	20,000.00	-	9,817.40	(10,182.60)
Interest on Investments and Deposits	210,228.43	-	1,442,690.96	1,232,462.53
Police Accident Reports	8,500.00	-	68,203.73	59,703.73
Cable TV Franchise Fees	334,631.36	-	334,631.36	-
Code Enforcement Fees	150,000.00	-	289,495.00	139,495.00
Cellular Tower Fees	350,000.00	-	376,380.71	26,380.71
Uniform Construction Code Fees	1,500,000.00	-	1,795,360.50	295,360.50
Duplication Fees	100.00	-	10.00	(90.00)
Special Duty Administration Fees	269,000.00	-	463,052.50	194,052.50
Emergency Medical Services Transportation Fees	1,070,000.00	-	880,635.08	(189,364.92)
State Aid without Offsetting Appropriations:				
Energy Receipts Tax	7,912,436.00	-	7,967,129.56	54,693.56
Reserve for Garden State Trust Fund	9,118.00	-	9,118.00	-
Municipal Relief Fund	412,743.40	-	412,743.40	-
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations:				
Special Law Enforcement Officer Progrm Class III HTBOE	450,000.00	-	450,000.00	-
Clean Communities Program	82,892.00	55,652.78	138,544.78	-
Click It or Ticket Grant	-	7,000.00	7,000.00	-
DOT Municipal Road Aid - Aldrich Road West	-	212,800.00	212,800.00	-
Stormwater Assistance Grant	-	15,000.00	15,000.00	-
Spotted Lantern Fly Grant	-	15,000.00	15,000.00	-
County Office on Aging - Senior Center	28,500.00	20,500.00	49,000.00	-
Safe & Secure Communities Grant	-	32,400.00	32,400.00	-
Drive Sober Get Pulled Over Grant	-	7,000.00	7,000.00	-
Emergency Management Performance Grant	-	10,000.00	10,000.00	-
Local Recreation Improvement Grant	-	74,000.00	74,000.00	-
National Opioid Official Settlement	72,754.00	39,432.40	112,186.40	-
NJ Body Armor Replacement Fund	-	5,818.01	5,818.01	-
Bullet Proof Replacement Fund	-	32,214.00	32,214.00	-
Recycling Tonnage Grant	-	57,299.10	57,299.10	-
Sustainable Jersey Grant	-	2,000.00	2,000.00	-
Distracted Driving Grant	-	12,250.00	12,250.00	-
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Special Items:				
Uniform Fire Safety Act	125,000.00	-	188,697.74	63,697.74
Payments in Lieu of Taxes	350,000.00	-	254,300.51	(95,699.49)
Sewer Utility Funds Dedicated to Debt Service	83,542.53	-	83,542.53	-
Open Space Trust Funds Dedicated to Debt Service	798,673.05	-	798,673.05	-
American Recovery Act Funds	1,500,000.00	-	1,500,000.00	-
Shared Service: CMFO/CTC Shrewsbury Borough	90,000.00	-	93,636.00	3,636.00
Radio Installation Project- Howell Township Fire District #1-5	80,000.00	-	80,000.00	-
Radio Installation Project Debt Service Offset Howell Fire District #1-5	52,805.00	-	10,305.01	10,305.01
Reserve to Pay Bonds	161,506.23	-	161,506.23	-
Rental Income	445,000.00	-	471,968.40	26,968.40
Total Miscellaneous Revenues	18,612,430.00	598,366.29	21,446,702.36	2,235,906.07
Receipts From Delinquent Taxes/Tax Title Liens	2,369,782.00	-	3,751,273.43	1,381,491.43
Amount To Be Raised By Taxes for Support of Municipal Budget: Local Tax for Municipal Purposes	33,165,788.00	-	35,831,945.48	2,666,157.48
Budget Revenues	59,148,000.00	598,366.29	66,029,921.27	6,283,554.98
Non-Budget Revenues	-	-	460,185.81	460,185.81
	\$ 59,148,000.00	\$ 598,366.29	\$ 66,490,107.08	\$ 6,743,740.79

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 183,150,351.33
Allocated To:	
School, County, and Special District	
Taxes	148,818,915.36
Open Space Taxes	<u>1,972,699.76</u>
	32,358,736.21
Add: Appropriation "Reserve for	
Uncollected Taxes"	<u>3,473,209.27</u>
Amount for Support of Municipal Budget	
Appropriations	<u><u>\$ 35,831,945.48</u></u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	\$ 12,447.48
Tax Title Lien Collections	<u>97,209.84</u>
	<u><u>\$ 109,657.32</u></u>

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Non-Budget Revenues

Administration State Mandate/Pay	\$ 4,951.14
Auction Proceeds (Township & Police)	82,189.15
Cash Over/(Short)	0.28
Dishonored Check Fees	209.53
False Alarm Reduction Program Fees	6,413.74
FEMA Reimbursement	260,991.20
Garnishment Administration Fees	163.00
Hotel Occupancy Fee	25,235.22
Insurance Recovery Prior Year	17,514.00
Miscellaneous	158.00
Motor Vehicle Fines	900.00
Police Car Fax Reports	9,605.00
Police Shooting Range Usage Fees	33,935.00
Prior Year Revenues	100.00
Reimburse Current Year Expenditure	2,003.72
Reimburse Prior Year Expenditures	1,258.82
Sale of Plans & Specifications	475.00
Restitution	150.00
Shared Services - Farmingdale Court	10,612.00
Tax Maps and Photocopy	1,644.42
Tax Title Lien Premium Escheat to Township	1,000.00
Unclaimed Funds	676.59
	<hr/>
	\$ 460,185.81
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Cash Receipts	\$ 460,185.81
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	\$ 460,185.81
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The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>		<u>Cancelled</u>
		<u>Added By</u>	<u>NJSA 40A:4-87</u>			<u>Encumbered</u>	<u>Reserved</u>	
General Appropriations	\$	\$	-	\$	\$	\$	\$	-
Operations -Within "CAPS"	543,051.00		-	553,051.00	549,299.33	-	3,751.67	-
GENERAL GOVERNMENT	288,900.00		-	218,900.00	169,207.02	2,062.33	47,630.65	-
Administrative and Executive:								
Salaries and Wages	37,500.00		-	37,500.00	37,500.00	-	-	-
Other Expenses	1,500.00		-	3,000.00	921.90	775.00	1,303.10	-
Mayor and Council:								
Salaries and Wages	377,809.00		-	378,409.00	377,295.95	-	1,113.05	-
Other Expenses	51,565.00		-	51,465.00	37,802.20	1,111.38	12,551.42	-
Municipal Clerk:								
Salaries and Wages	439,700.00		-	439,700.00	427,196.74	-	12,503.26	-
Other Expenses	18,591.73		-	18,591.73	15,927.56	425.00	2,239.17	-
Finance Administration (Treasury):								
Salaries and Wages	44,100.00		-	44,100.00	44,100.00	-	-	-
Other Expenses								
Audit Services:								
Other Expenses	207,828.00		-	208,828.00	208,298.88	-	529.12	-
Information Technologies:	256,300.00		-	255,300.00	243,591.40	8,521.01	3,187.59	-
Salaries and Wages								
Other Expenses	222,470.00		-	222,470.00	220,618.97	-	1,851.03	-
Revenue Administration (Tax Collection):	12,740.00		-	12,740.00	3,208.64	300.00	9,231.36	-
Salaries and Wages	336,658.00		-	326,658.00	323,274.44	-	3,383.56	-
Other Expenses	153,207.00		-	133,207.00	120,939.36	409.00	11,858.64	-
Purchasing:								
Salaries and Wages	73,179.00		-	73,179.00	71,432.63		1,746.37	-
Other Expenses	117,200.00		-	117,200.00	96,272.93	14,347.45	6,579.62	-
Legal Services:								
Salaries and Wages	134,880.00		-	21,880.00	21,166.32	-	713.68	-
Other Expenses	410,000.00		-	820,000.00	702,961.78	53,064.02	63,974.20	-
Engineering Services and Costs:								
Salaries and Wages	447,483.00		-	472,483.00	450,241.49	-	22,241.51	-
Other Expenses	103,770.00		-	103,770.00	87,219.19	11,458.31	5,092.50	-

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriated		Paid or Charged	Expended		Cancelled
	Original Budget	Added By NJSA 40A:4-87 Budget After Modification		Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	162,296.00	-	50,557.75	-	49,738.25	-
Other Expenses	22,390.00	-	23,798.86	22,165.00	16,426.14	-
Zoning Board:						
Salaries and Wages	155,844.00	-	143,496.67	-	12,347.33	-
Other Expenses	20,250.00	-	6,395.78	6,672.35	7,181.87	-
Shade Tree:						
Other Expenses	5,010.00	-	95.00	100.00	4,815.00	-
Mobile Home Rent Stabilization Board:						
Other Expenses	2,000.00	-	2,000.00	-	-	-
CONSTRUCTION CODE						
Uniform Construction Code:						
Salaries and Wages	988,737.00	-	966,225.11	-	14,511.89	-
Other Expenses	15,200.00	-	120.00	1,867.00	13,213.00	-
Code Enforcement and Housing:						
Salaries and Wages	377,551.00	-	266,740.23	-	60,810.77	-
Other Expenses	61,000.00	-	10,396.63	929.00	19,674.37	-
INSURANCE						
General Liability Insurance	906,127.00	-	882,970.79	-	23,156.21	-
Workers Compensation Insurance	1,019,812.00	-	1,019,812.00	-	-	-
Employee Group Health Insurance	3,282,788.00	-	3,188,877.76	21,862.75	72,047.49	-
Employee Health Benefit Waiver	115,000.00	-	113,829.30	-	1,170.70	-
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	13,013,987.00	-	12,253,467.81	-	560,519.19	-
ARP Funded Gov't Services Offset	1,500,000.00	-	1,500,000.00	-	-	-
Other Expenses	803,615.00	-	493,790.16	167,589.46	142,235.38	-
Emergency Medical Services:						
Salaries and Wages	1,070,740.00	-	1,069,852.27	-	5,887.73	-
Other Expenses	276,730.00	-	229,087.57	35,076.91	12,565.52	-
Office of Emergency Management:						
Salaries and Wages	63,250.00	-	57,591.68	-	5,658.32	-
Other Expenses	42,600.00	-	39,159.73	525.50	2,914.77	-
Fire Prevention/Uniform Fire Code:						
Salaries and Wages	498,624.00	-	432,537.32	-	51,086.68	-
Other Expenses	32,998.00	-	23,711.27	2,530.67	6,756.06	-
Municipal Prosecutor:						
Salaries and Wages	65,867.00	-	64,575.00	-	1,292.00	-

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Original Budget</u>	<u>Appropriated Added By NJSA 40A:4-87</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>		<u>Cancelled</u>
					<u>Encumbered</u>	<u>Reserved</u>	
PUBLIC WORKS							
Public Works:							
Salaries and Wages	2,343,189.00	-	2,293,189.00	2,091,121.65	-	202,067.35	-
Other Expenses	423,200.00	-	423,200.00	220,339.14	82,826.45	120,034.41	-
Recycling:							
Salaries and Wages	3,500.00	-	3,500.00	3,500.00	-	-	-
Other Expenses	600.00	-	600.00	-	-	600.00	-
Buildings and Grounds:							
Salaries and Wages	603,757.00	-	588,757.00	552,002.52	-	36,754.48	-
Other Expenses	141,200.00	-	141,200.00	113,018.80	27,107.76	1,073.44	-
Town Hall Main Administration Building:							
Salaries and Wages	121,592.00	-	159,592.00	158,059.47	-	1,532.53	-
Other Expenses	477,000.00	-	492,000.00	403,167.56	58,987.64	29,844.80	-
Vehicle Maintenance:							
Salaries and Wages	656,331.00	-	596,331.00	577,581.48	-	18,749.52	-
Other Expenses	514,400.00	-	514,400.00	326,793.45	112,018.01	75,588.54	-
Community Services Act:							
Other Expenses	200,000.00	-	200,000.00	126,714.62	-	73,285.38	-
HEALTH AND HUMAN SERVICES							
Youth Guidance:							
Salaries and Wages	68,015.00	-	68,016.00	68,015.99	-	0.01	-
Other Expenses	21,000.00	-	20,999.00	17,385.82	-	3,613.18	-
Health and Animal Control (Public Service):							
Salaries and Wages	62,311.00	-	70,311.00	70,152.31	-	158.69	-
Other Expenses	74,840.00	-	74,840.00	70,907.00	3,179.96	753.04	-
Senior Citizens Center:							
Salaries and Wages	174,933.00	-	174,933.00	162,612.59	-	12,320.41	-
Other Expenses	81,225.00	-	81,225.00	59,514.39	3,471.00	18,239.61	-
OTHER COMMON OPERATING FUNCTIONS							
Accumulated Leave Compensation:							
Salaries and Wages	100,000.00	-	100,000.00	100,000.00	-	-	-
Celebration of Public Events:							
Other Expenses	45,000.00	-	45,000.00	39,957.48	5,001.95	40.57	-
Utilities and Bulk Purchases:							
Other Expenses	1,389,000.00	-	1,469,000.00	1,132,803.54	239,085.54	97,110.92	-
Landfill & Solid Waste Disposal Costs:							
Other Expenses	1,155,000.00	-	1,225,000.00	1,157,884.93	50,689.50	16,425.57	-
Municipal Court:							
Salaries and Wages	347,026.00	-	347,026.00	335,110.18	-	11,915.82	-
Other Expenses	28,800.00	-	28,800.00	21,733.70	3,900.00	3,166.30	-

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Appropriated Added By NJSA 40A:4-87	Budget After Modification	Paid or Charged	Expended Encumbered	Reserved	Cancelled
Public Defender:							
Salaries and Wages	30,000.00	-	30,000.00	26,900.00	-	3,100.00	-
Total Operations - Within "CAPS"	37,842,766.73	-	37,842,766.73	34,882,842.04	938,059.95	2,021,864.74	-
Contingent	6,000.00	-	6,000.00	2,813.25	-	3,186.75	-
Total Operations Including Contingent - Within "CAPS"	37,848,766.73	-	37,848,766.73	34,885,655.29	938,059.95	2,025,051.49	-
Detail:							
Salaries and Wages	23,728,108.00	-	23,171,459.00	22,138,424.78	-	1,090,625.90	-
Other Expenses	14,120,658.73	-	14,677,307.73	12,747,230.51	938,059.95	934,425.59	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"							
STATUTORY EXPENDITURES							
Contribution To:							
Public Employees' Retirement System	1,328,354.00	-	1,328,354.00	1,328,354.00	-	-	-
Social Security System (O.A.S.I.)	1,800,000.00	-	1,800,000.00	1,741,852.99	-	58,147.01	-
Police and Fireman's Retirement System of NJ	3,855,469.00	-	3,855,469.00	3,855,469.00	-	-	-
Defined Contribution Retirement Program	20,000.00	-	20,000.00	17,535.03	-	2,464.97	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	7,003,823.00	-	7,003,823.00	6,943,211.02	-	60,611.98	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	44,852,589.73	-	44,852,589.73	41,828,866.31	938,059.95	2,085,663.47	-
General Appropriations							
Operations - Excluded from "CAPS":							
Police Dispatch / 911:							
Salaries and Wages	886,116.00	-	890,116.00	869,744.11	-	20,371.89	-
Other Expenses	123,350.00	-	119,350.00	64,368.06	40,212.60	14,769.34	-
Police and Fire Retirement System:							
Other Expenses	257,837.00	-	257,837.00	257,837.00	-	-	-
Employee Group Health Insurance							
Other Expenses	507,212.00	-	507,212.00	507,212.00	-	-	-
Public Employees Retirement System:							
Other Expenses	113,149.00	-	113,149.00	113,149.00	-	-	-
LOSAP Contributions:							
Other Expenses	35,000.00	-	35,000.00	28,222.45	-	6,777.55	-
Total Other Operations Excluded From "CAPS"	1,922,664.00	-	1,922,664.00	1,840,532.62	40,212.60	41,918.78	-

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriated		Budget After Modification	Paid or Charged	Expended		Cancelled
	Original Budget	Added By NJSA 40A:4-87			Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES							
Senior Center Grant - County Office on Aging:							
Other Expenses - Match	351,500.00	-	351,500.00	351,500.00	-	-	-
Other Expenses - Grant	28,500.00	20,500.00	49,000.00	49,000.00	-	-	-
Clean Communities Grant:							
Other Expenses	82,892.00	55,652.78	138,544.78	138,544.78	-	-	-
NJ Body Armor Replacement Grant:							
Other Expenses	-	5,818.01	5,818.01	5,818.01	-	-	-
Drive Sober or Get Pulled Over Grant:							
Other Expenses	-	7,000.00	7,000.00	7,000.00	-	-	-
Emergency Management/Agency Assistance Grant							
Other Expenses	-	10,000.00	10,000.00	10,000.00	-	-	-
Safe and Secure Grant:							
Other Expenses	-	32,400.00	32,400.00	32,400.00	-	-	-
DOT Municipal Road Aid							
Other Expenses	-	212,800.00	212,800.00	212,800.00	-	-	-
BJA Bulletproof Vest							
Other Expenses	-	32,214.00	32,214.00	32,214.00	-	-	-
National Opioid Settlement							
Other Expenses	72,754.00	39,432.40	112,186.40	112,186.40	-	-	-
Click It or Ticket Grant							
Other Expenses	-	7,000.00	7,000.00	7,000.00	-	-	-
Recycling Tonnage Grant							
Other Expense	-	57,299.10	57,299.10	57,299.10	-	-	-
Stormwater Assistance Grant							
Other Expense	-	15,000.00	15,000.00	15,000.00	-	-	-
NJ HTS Distracted Driving Grant							
Other Expense	-	12,250.00	12,250.00	12,250.00	-	-	-
Sustainable Jersey Grant							
Other Expense	-	2,000.00	2,000.00	2,000.00	-	-	-
NJ DCA Local Recreation Improvement Grant							
Other Expense	-	74,000.00	74,000.00	74,000.00	-	-	-
Spotted Lantern Fly Grant							
Other Expense	-	15,000.00	15,000.00	15,000.00	-	-	-
Total Public and Private Programs Offset by Revenues							
	535,646.00	598,366.29	1,134,012.29	1,134,012.29	-	-	-
Total Operations - Excluded From "CAPS"							
	2,458,310.00	598,366.29	3,056,676.29	2,974,544.91	40,212.60	41,918.78	-
Detail:							
Salaries and Wages	886,116.00	-	890,116.00	869,744.11	-	20,371.89	-
Other Expenses	1,572,194.00	598,366.29	2,166,560.29	2,104,800.80	40,212.60	21,546.89	-

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

**TOWNSHIP OF HOWELL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Appropriated Added By NJSA 40A:4-87	Budget After Modification	Paid or Charged	Expended Encumbered	Reserved	Cancelled
Shared Service Agreements - Excluded From "CAPS":							
Fire Districts 1-5 Joint Radio Tower Project	100,000.00	-	100,000.00	-	-	-	100,000.00
CMFO&CTC- Shrewsbury Borough	45,000.00	-	45,000.00	45,000.00	-	-	-
Total Shared Service Agreements - Excluded From "CAPS"	145,000.00	-	145,000.00	45,000.00	-	-	100,000.00
Capital Improvements - Excluded From "CAPS":							
Capital Improvement Fund	425,000.00	-	425,000.00	425,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	425,000.00	-	425,000.00	425,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS":							
Payment of Bond Principal	4,575,000.00	-	4,575,000.00	4,575,000.00	-	-	-
Interest on Bonds	1,344,856.00	-	1,344,856.00	1,292,050.01	-	-	52,805.99
Interest on Notes	607,085.00	-	607,085.00	602,780.19	-	-	4,304.81
Capital Lease Obligations:							
Monmouth County Improvement Authority	1,234,950.00	-	1,234,950.00	1,233,715.76	-	-	1,234.24
Total Municipal Debt Service - Excluded From "CAPS"	7,761,891.00	-	7,761,891.00	7,703,545.96	-	-	58,345.04
Total Deferred Charges - Municipal - Excluded from "CAPS"	32,000.00	-	32,000.00	32,000.00	-	-	-
Total General Appropriations - Excluded From "CAPS"	10,822,201.00	598,366.29	11,420,567.29	11,180,090.87	40,212.60	41,918.78	158,345.04
Subtotal General Appropriations	55,674,790.73	598,366.29	56,273,157.02	53,008,957.18	978,272.55	2,127,582.25	158,345.04
Reserve for Uncollected Taxes	3,473,209.27	-	3,473,209.27	3,473,209.27	-	-	-
Total General Appropriations	\$ 59,148,000.00	\$ 598,366.29	\$ 59,746,366.29	\$ 56,482,166.45	\$ 978,272.55	\$ 2,127,582.25	\$ 158,345.04
Analysis of Budget After Modification							
Budget as Adopted			\$ 59,148,000.00				
Added by N.J.S. 40A:4-87			598,366.29				
			\$ 59,746,366.29				
Analysis of Paid or Charged							
Cash Disbursements			\$ 51,874,944.89				
Federal and State Grants - Appropriated Reserves			1,134,012.29				
Reserve for Uncollected Taxes			3,473,209.27				
			\$ 56,482,166.45				

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

EXHIBIT B

**TOWNSHIP OF HOWELL
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2023 AND 2022**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Animal Control Trust Fund:		
Cash and Cash Equivalents	<u>\$ 12,369.03</u>	<u>\$ 513.33</u>
Trust - Other Fund:		
Cash and Cash Equivalents	<u>23,848,202.99</u>	<u>24,033,204.83</u>
Length of Service Award Program Fund ("LOSAP"):		
Investments	<u>439,452.48</u>	<u>379,481.73</u>
Total Assets	<u><u>\$ 24,300,024.50</u></u>	<u><u>\$ 24,413,199.89</u></u>
<u>Liabilities and Reserves</u>	<u>2023</u>	<u>2022</u>
Animal Control Trust Fund:		
Due To State of New Jersey -		
Dog Registration Fees	<u>\$ 269.80</u>	<u>\$ 265.00</u>
Reserve for Animal Control Fund		
Expenditures	<u>12,099.23</u>	<u>248.33</u>
	<u>12,369.03</u>	<u>513.33</u>
Trust - Other Fund:		
Various Reserves	23,508,221.54	24,027,533.23
Due To Current Fund	16,630.00	5,671.60
Reserve for Encumbrances	<u>323,351.45</u>	<u>-</u>
	<u>23,848,202.99</u>	<u>24,033,204.83</u>
Length of Service Award Program Fund ("LOSAP"):		
Miscellaneous Reserves	<u>439,452.48</u>	<u>379,481.73</u>
Total Liabilities and Reserves	<u><u>\$ 24,300,024.50</u></u>	<u><u>\$ 24,413,199.89</u></u>

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

EXHIBIT C

**TOWNSHIP OF HOWELL
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2023 AND 2022**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 6,716,526.70	\$ 3,946,520.57
Deferred Charges To Future Taxation:		
Funded	49,255,000.00	50,615,000.00
Unfunded	30,596,153.07	26,838,153.07
Leased Assets Under Capital Lease	6,979,000.00	4,608,000.00
Due From Monmouth County:		
Open Space Grant	200,000.00	-
Improvement Authority	11,718.25	22,906.54
Lakeland Bank Equipment Loan	156,387.02	-
Community Development Block Grant Receivable	229,651.72	-
	<hr/>	<hr/>
Total Assets	\$ 94,144,436.76	\$ 86,030,580.18
	<hr/>	<hr/>
<u>Liabilities, Reserves and Fund Balance</u>	<u>2023</u>	<u>2022</u>
General Serial Bonds	\$ 49,255,000.00	\$ 50,615,000.00
Bond Anticipation Note Payable	16,845,000.00	13,850,000.00
Improvement Authorizations:		
Funded	1,777,371.82	1,138,570.24
Unfunded	11,065,570.62	12,951,473.93
Due To Current Fund	21,063.06	122,959.17
Capital Lease Obligation Payable	6,979,000.00	4,608,000.00
Reserve for:		
Encumbrances	5,905,537.69	1,045,776.80
Capital Improvement Fund	837,733.24	792,733.24
Various Reserves	769,094.37	217,000.84
Fund Balance	689,065.96	689,065.96
	<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance	\$ 94,144,436.76	\$ 86,030,580.18
	<hr/>	<hr/>

There were bonds and notes authorized but not issued on December 31, 2023 of \$13,751,153.07 and on December 31, 2022 of \$12,988,153.07.

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

**TOWNSHIP OF HOWELL
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Balance, December 31, 2023 & 2022

\$ 689,065.96

**TOWNSHIP OF HOWELL
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2023 AND 2022**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Operating Fund:		
Cash - Treasurer	\$ 4,946,289.94	\$ 3,681,167.88
Change Fund	200.00	200.00
Due From Sewer Utility Capital Fund	9,316.79	4,759.70
Due From Utility Assessment Trust Fund	3,302.09	2,350.85
	<u>4,959,108.82</u>	<u>3,688,478.43</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	511,085.13	567,065.95
Bankruptcy Accounts Receivable	1,331.03	-
Sewer Liens Receivable	2,194.54	1,846.54
	<u>514,610.70</u>	<u>568,912.49</u>
Total Receivables with Full Reserves		
	<u>514,610.70</u>	<u>568,912.49</u>
Total Operating Fund	<u>5,473,719.52</u>	<u>4,257,390.92</u>
Capital Fund:		
Cash	3,526,471.35	3,873,763.07
Fixed Capital	17,820,400.02	17,820,400.02
Fixed Capital Authorized and Uncompleted	16,956,800.00	16,956,800.00
	<u>38,303,671.37</u>	<u>38,650,963.09</u>
Total Capital Fund		
	<u>38,303,671.37</u>	<u>38,650,963.09</u>
Assessment Trust Fund:		
Cash	1,418,190.03	1,455,192.39
Assessments Receivable	1,401,697.37	1,623,743.77
	<u>2,819,887.40</u>	<u>3,078,936.16</u>
Total Assessment Trust Fund		
	<u>2,819,887.40</u>	<u>3,078,936.16</u>
Total Assets	<u>\$ 46,597,278.29</u>	<u>\$ 45,987,290.17</u>

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

**TOWNSHIP OF HOWELL
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2023 AND 2022**

<u>Liabilities, Reserves and Fund Balances</u>	<u>2023</u>	<u>2022</u>
Operating Fund:		
Appropriation Reserves	\$ 175,307.72	\$ 141,547.89
Encumbrances Payable	38,095.56	46,424.40
Accrued Interest on Notes	69,926.49	72,910.42
Prepaid Sewer Consumer Rents	652,985.79	656,623.31
Reserve for ARP Funding - LIHWAP	4,049.91	-
Consumer Overpayments	21,087.13	9,977.75
	<u>961,452.60</u>	<u>927,483.77</u>
Reserve for Receivables	514,610.70	568,912.49
Fund Balance	<u>3,997,656.22</u>	<u>2,760,994.66</u>
Total Operating Fund	<u>5,473,719.52</u>	<u>4,257,390.92</u>
Capital Fund:		
Due To Sewer Utility Operating Fund	9,316.79	4,759.70
Encumbrances Payable	249,157.89	374,670.36
Improvement Authorizations:		
Funded	1,522,235.25	1,315,681.76
Unfunded	695,598.10	1,152,491.85
Capital Improvement Fund	2,548,363.08	2,548,363.08
Reserve for:		
Future Overflow Line	20,000.00	20,000.00
Amortization	17,820,400.02	17,820,400.02
Deferred Reserve for Amortization	6,012,477.85	5,736,707.74
NJEIT Loans Payable	9,341,563.15	9,617,333.26
Fund Balance	<u>84,559.24</u>	<u>60,555.32</u>
Total Capital Fund	<u>38,303,671.37</u>	<u>38,650,963.09</u>
Assessment Trust Fund:		
Serial Bonds Payable	2,120,000.00	2,380,000.00
Reserve for Assessments & Liens	696,585.31	696,585.31
Due To Sewer Operating Fund	<u>3,302.09</u>	<u>2,350.85</u>
Total Assessment Trust Fund	<u>2,819,887.40</u>	<u>3,078,936.16</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 46,597,278.29</u>	<u>\$ 45,987,290.17</u>

There were bonds and notes authorized but not issued on December 31, 2023 of \$1,602,759.00 and on December 31, 2022 of \$1,602,759.00 (Exhibit D-30).

EXHIBIT D-1

**TOWNSHIP OF HOWELL
SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Balance, December 31, 2022	\$ 60,555.32
Increased By:	
Funded Improvement Authorizations Cancelled	<u>24,003.92</u>
Balance, December 31, 2023 and 2022	<u><u>\$ 84,559.24</u></u>

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

**TOWNSHIP OF HOWELL
SEWER UTILITY FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Revenue and Other Income Realized:		
Operating Surplus Anticipated	\$ 650,000.00	\$ 755,000.00
Rents	6,263,857.18	6,038,255.87
NJ American Sewer Agreement	1,122,424.96	1,115,078.56
Miscellaneous	774,957.50	527,087.52
Other Credits:		
Void Check Issued Prior Year	0.30	151.60
Appropriation Reserves Lapsed	143,827.87	147,190.18
	<hr/>	<hr/>
Total Revenue	8,955,067.81	8,582,763.73
	<hr/>	<hr/>
Expenditures:		
Salaries and Wages	565,897.00	563,370.00
Other Expenses	5,573,372.00	5,490,985.00
Debt Service	606,314.86	563,778.13
Statutory Expenditures	321,573.00	291,464.00
Write Offs	-	484.55
Sewer Accrued Interest Adjustment	1,249.39	-
	<hr/>	<hr/>
Total Expenditures	7,068,406.25	6,910,081.68
	<hr/>	<hr/>
Excess in Revenue	1,886,661.56	1,672,682.05
Fund Balance, January 1 2023	2,760,994.66	1,843,312.61
	<hr/>	<hr/>
	4,647,656.22	3,515,994.66
Decreased By:		
Utilized as Anticipated Revenue	650,000.00	755,000.00
	<hr/>	<hr/>
Fund Balance, December 31, 2023	<u>\$ 3,997,656.22</u>	<u>\$ 2,760,994.66</u>

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

**TOWNSHIP OF HOWELL
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 650,000.00	\$ 650,000.00	\$ -
Sewer Fees	5,550,000.00	6,263,857.18	713,857.18
Miscellaneous	182,160.00	774,957.50	592,797.50
NJ American Sewer Income	<u>1,100,000.00</u>	<u>1,122,424.96</u>	<u>22,424.96</u>
	<u><u>\$ 7,482,160.00</u></u>	<u><u>\$ 8,811,239.64</u></u>	<u><u>\$ 1,329,079.64</u></u>
Miscellaneous:			
Connection Fees		\$ 314,161.00	
Interest on Investments		304,983.37	
Interest on Assessments		60,429.65	
Interest on Delinquent Payments		83,783.34	
Other		<u>11,600.14</u>	
		<u><u>\$ 774,957.50</u></u>	
Cash Receipts		\$ 619,626.23	
Due from Assessment Trust Fund		38,779.13	
Due from Sewer Capital Fund		<u>116,552.14</u>	
		<u><u>\$ 774,957.50</u></u>	

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

TOWNSHIP OF HOWELL
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023

	Appropriations		Expended		
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 715,897.00	\$ 715,897.00	\$ 545,554.57	\$ 20,342.43	\$ 150,000.00
Other Expenses	5,823,372.00	5,823,372.00	5,426,292.44	147,079.56	250,000.00
Total Operating	6,539,269.00	6,539,269.00	5,971,847.01	167,421.99	400,000.00
Debt Service:					
Interest on Bonds	95,950.00	95,950.00	95,947.33	-	2.67
NJEIT (Ibank) Principal & Interest	426,825.00	426,825.00	426,825.00	-	-
MCIA Principal & Interest	83,543.00	83,543.00	83,542.53	-	0.47
Total Debt Service	606,318.00	606,318.00	606,314.86	-	3.14
Statutory Expenditures					
Contributions to:					
Public Employees Retirement System	274,573.00	274,573.00	274,573.00	-	-
Social Security System (O.A.S.I)	62,000.00	62,000.00	39,114.27	7,885.73	15,000.00
Total Statutory Expenditures	336,573.00	336,573.00	313,687.27	7,885.73	15,000.00
	<u>\$ 7,482,160.00</u>	<u>\$ 7,482,160.00</u>	<u>\$ 6,891,849.14</u>	<u>\$ 175,307.72</u>	<u>\$ 415,003.14</u>
Cash Disbursed			\$ 6,783,826.50		
Accrued Interest Payable			69,927.09		
Encumbrances Payable			38,095.56		
			<u>\$ 6,891,849.14</u>		

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

EXHIBIT E

**TOWNSHIP OF HOWELL
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2023 AND 2022**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Land	\$ 45,334,676.54	\$ 41,769,909.08
Buildings and Improvements	21,664,231.44	20,974,639.00
Machinery, Equipment and Vehicles	<u>29,532,433.12</u>	<u>26,847,214.89</u>
Total Assets	<u>\$ 96,531,341.10</u>	<u>\$ 89,591,762.97</u>
<u>Liabilities</u>	<u>2023</u>	<u>2022</u>
Investment in General Fixed Assets	<u>\$ 96,531,341.10</u>	<u>\$ 89,591,762.97</u>
Total Liabilities	<u>\$ 96,531,341.10</u>	<u>\$ 89,591,762.97</u>

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

**TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Township of Howell, County of Monmouth, New Jersey (hereafter referred to as the "Township") includes every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies, which are subject to separate audits.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, 80, 90 and 97, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, 90 and 97.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Utility Operating and Capital Funds – These funds accounts for utility operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

Utility Assessment Fund – This fund accounts for the receipts and disbursements of funds for special assessments levied on specific property owners.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1. Summary of Significant Accounting Policies (continued):

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current and Utility Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

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 Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1. Summary of Significant Accounting Policies (continued):

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Right to Use Leased Assets – The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The assets leased by the Township consist of equipment. The right to use leased assets is not recorded on the various statements of assets, liabilities, reserves and net position in accordance with the regulatory basis of accounting.

Inventories and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed asset reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1. Summary of Significant Accounting Policies (continued):

Utility Fixed Assets – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Foreclosed property – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township’s Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Utility Revenues – Utility charges are levied semi-annually based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Townships utility operating fund.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Fire Districts and Howell School District and Freehold Regional High School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1. Summary of Significant Accounting Policies (continued):

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Howell School District and Freehold Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for “other expenses”, an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General and Utility Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1. Summary of Significant Accounting Policies (continued):

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Township's financial statements.

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2023:

- Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- Statement No. 99, *Omnibus 2022*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Management has determined that the implementation of these Statements did not have a significant impact on the Township's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.
- Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Management has not yet determined the potential impact on the Township's financial statements.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 2. Deposits and Investments (continued)

New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2023, the Township's bank balance of \$75,950,712.00, was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 1,227,965.68
Uninsured and Uncollateralized	<u>74,722,749.32</u>
	<u><u>\$ 75,950,715.00</u></u>

Investments

Under the regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Investments at Fair Value – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2023, the Township had no investments held at Level 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value.

Mutual Funds: Valued at quoted market prices which represent the net asset value ("NAV") shares held by the Township at year-end.

Money Market Funds: Valued at quoted NAV of shares held by the Township at year-end.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 2. Deposits and Investments (continued)

The Township's fair value, hierarchy level and maturities of its investments at December 31, 2023 was as followed:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2023</u>		<u>Investment Maturities (in Years)</u>
		<u>Level 1</u>	<u>Total</u>	<u>Less Than 1 Year</u>
Money Markets	\$ 120,166.89	\$ 120,166.89	\$ 120,166.89	\$ 120,166.89
Mutual Funds	188,278.21	188,278.21	188,278.21	188,278.21
	<u>\$ 308,445.10</u>	<u>\$ 308,445.10</u>	<u>\$ 308,445.10</u>	<u>\$ 308,445.10</u>
<u>Fund</u>				
Trust Fund - LOSAP	\$ 308,445.10	\$ 308,445.10	\$ 308,445.10	\$ 308,445.10
	<u>\$ 308,445.10</u>	<u>\$ 308,445.10</u>	<u>\$ 308,445.10</u>	<u>\$ 308,445.10</u>

Investments at Contract Value - The Township held a fully benefit-responsive investment contract with the VALIC, Inc. totaling \$131,007.38 as of December 31, 2023. VALIC, Inc. maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Township is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Township's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by VALIC, Inc. or the LOSAP Plan and do not define a maturity date.

No events are probable of occurring that might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. The total Trust Fund LOSAP value held by the Township at December 31, 2023 was as follows:

Trust Fund - LOSAP (Fair Value)	\$ 308,445.10
Trust Fund - LOSAP (Contract Value)	131,007.38
Total Trust Fund - LOSAP	<u>\$ 439,452.48</u>

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 2. Deposits and Investments (continued)

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township's investment policies place no limit in the amount the Township may invest in any one issuer. More than 5% of the Township's investments are in tax anticipation notes, mutual funds and money markets and these investments represent 100% of the Township's total investments.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>1.793</u>	<u>2.020</u>	<u>2.213</u>
Apportionment of Tax Rate:			
Municipal	0.356	0.378	0.407
County General	0.232	0.264	0.289
Local School	0.847	0.974	1.089
Regional School	0.358	0.404	0.428

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2023	\$ 9,528,091,257.00
2022	8,450,898,900.00
2021	7,546,011,600.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2023	\$ 186,245,182.91	\$ 183,150,351.33	98.33%
2022	179,534,083.78	175,327,900.81	97.65%
2021	174,077,031.10	170,960,290.80	98.20%

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 3. Property Taxes (continued)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2023	\$ 2,899,536.56	\$ 2,828,819.98	\$ 5,728,356.54	3.08%
2022	2,927,027.43	3,796,915.01	6,723,942.44	3.75%
2021	2,823,735.36	2,862,431.27	5,686,166.63	3.27%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2023	213
2022	219
2021	220

The last tax sale was held on December 29, 2023.

Note 4. Property Acquired By Tax Title Lien Liquidation

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 14,021,035.30
2022	14,011,332.90
2021	13,988,264.70

Note 5. Sewer Utility Service Charges

The following is a three-year comparison of Sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2023	\$ 567,065.95	\$ 6,210,001.86	\$ 6,777,067.81	\$ 6,263,857.18	92.42%
2022	611,945.22	5,996,405.38	6,608,350.60	6,038,255.87	91.37%
2021	429,289.66	5,703,832.71	6,133,122.37	5,485,527.75	89.44%

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 6. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2023	\$ 14,668,090.57	\$ 6,600,000.00	45.00%
2022	11,792,389.37	5,000,000.00	42.40%
2021	7,829,961.87	4,860,000.00	62.07%
Sewer Utility Operating Fund:			
2023	\$ 3,997,656.22	\$ 650,000.00	16.26%
2022	2,760,994.66	650,000.00	23.54%
2021	1,843,312.61	755,000.00	40.96%

Note 7. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 8. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2023:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 37,693.06	\$ 1,409,292.07
State and Federal Grant Fund	1,409,292.07	-
Trust Other Fund	-	16,630.00
General Capital Fund	-	21,063.06
Utility Operating Fund	12,618.88	-
Utility Capital Fund	-	9,316.79
Utility Assessment Fund	-	3,302.09
	<u>\$ 1,459,604.01</u>	<u>\$ 1,459,604.01</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 8. Interfund Receivables, Payables and Transfers (continued)

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$1,477,680.51	\$ 1,620,952.17
State and Federal Grant Fund	1,233,245.56	999,536.19
Trust Other Fund	121,288.76	109,830.36
General Capital Fund	266,417.85	368,313.96
Utility Operating Fund	371,869.34	338,598.54
Utility Capital Fund	116,552.14	111,995.05
Utility Assessment Fund	222,046.40	259,874.29
	<u>\$ 3,809,100.56</u>	<u>\$ 3,809,100.56</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 9. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2023.

	Balance December 31, <u>2022</u>	<u>Additions</u>	Balance December 31, <u>2023</u>
Land	\$ 41,769,909.08	\$ 3,564,767.46	\$ 45,334,676.54
Buildings and Improvements	20,974,639.00	689,592.44	21,664,231.44
Machinery & Equipment	26,847,214.89	2,685,218.23	29,532,433.12
	<u>\$ 89,591,762.97</u>	<u>\$ 6,939,578.13</u>	<u>\$ 96,531,341.10</u>

Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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 to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2023, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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 employers 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 those retirement systems, 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. For the year ended December 31, 2023, the Township's contractually required contribution to PERS plan was \$1,747,558.

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Components of Net Pension Liability - At December 31, 2023, the Township's proportionate share of the PERS net pension liability was \$18,938,846. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Township's proportion measured as of June 30, 2023, was 0.13075% which was an decrease of 0.00106% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/30/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 1,267,404	\$ 2,504,966
Deferred Inflows of Resources	1,514,973	3,595,189
Net Pension Liability	18,938,846	19,893,243
Township's portion of the Plan's total Net Pension Liability	0.13075%	0.13182%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources - At December 31, 2023, the Township's proportionate share of the PERS expense/(credit), calculated by the plan as of the June 30, 2023 measurement date is (\$45,686). This expense/(credit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,747,558 to the plan in 2023.

At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 181,080	\$ 77,416
Changes of Assumptions	41,605	1,147,775
Net Difference between Projected and Actual Earnings on Pension Plan Investments	87,216	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	957,503	289,782
	<u>\$ 1,267,404</u>	<u>\$ 1,514,973</u>

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (866,356)
2025	(424,562)
2026	913,460
2027	(6,030)
2028	<u>135,919</u>
	<u>\$ (247,569)</u>

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Township as of December 31, 2023. At December 31, 2023, the State's proportionate share of the PERS expense, associated with the Township, calculated by the plan as of the June 30, 2022 measurement date was \$59,063.00.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75 - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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, 2023 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	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 24,862,204	\$ 18,938,846	\$ 14,192,855

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

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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 if creditable service over 25 years but not to exceed 30 years.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

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.

Basis of Presentation - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers 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 those retirement systems, 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. For the year ended December 31, 2023, the Township's contractually required contributions to PFRS plan was \$4,018,246.

Net Pension Liability and Pension Expense - At December 31, 2023 the Township's proportionate share of the PFRS net pension liability was \$33,350,880. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Township's proportion measured as of June 30, 2023, was 0.30185%, which was a decrease of 0.00263% from its proportion measured as of June 30, 2022.

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 3,582,927	\$ 5,616,212
Deferred Inflows of Resources	4,825,924	7,498,173
Net Pension Liability	33,350,880	34,851,682
Township's portion of the Plan's total net pension Liability	0.30185%	0.30448%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources – At December 31, 2023, the Township's proportionate share of the PFRS expense/(credit), calculated by the plan as of the June 30, 2023 measurement date was 1,879,939. This expense/(credit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$4,018,246 to the plan in 2023.

At December 31, 2023, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,428,018	\$ 1,590,541
Changes of Assumptions	71,983	2,251,984
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,698,497	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	384,429	983,399
	<u>\$ 3,582,927</u>	<u>\$ 4,825,924</u>

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (1,417,694)
2025	(1,365,359)
2026	1,884,193
2027	(292,153)
2028	(58,275)
Thereafter	<u>6,291</u>
	<u>\$ (1,242,997)</u>

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is \$6,145,288 as of December 31, 2023. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2023 was 0.30185%, which was a decrease of 0.00263% from its proportion measured as of June 30, 2022, which is the same proportion as the Township's. At December 31, 2023, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Township's Proportionate Share of Net Pension Liability	\$ 33,350,880
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>6,145,288</u>
	<u><u>\$ 39,496,168</u></u>

At December 31, 2023, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2023 measurement date was \$699,014.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All future years
	3.25 - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 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	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 46,468,611	\$ 33,350,880	\$ 22,426,944
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>8,562,383</u>	<u>6,145,288</u>	<u>4,132,426</u>
	<u>\$ 55,030,994</u>	<u>\$ 39,496,168</u>	<u>\$ 26,559,370</u>

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

Note 11. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation's agreement.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 11. Postemployment Benefits Other Than Pensions (continued):

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

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

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$12,729,372,321, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 11. Postemployment Benefits Other Than Pensions (continued):

Special Funding Situation

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$31,193,366.00 as of December 31, 2022. The OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2022. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2022 was 0.9245739926%, which was an increase of 0.0137489926% from its proportion measured as of June 30, 2021, which is the same proportion as the Township's. At December 31, 2022, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 31,193,366.00

At December 31, 2022, the State's proportionate share of the OPEB (credit)/expense, associated with the Township, calculated by the plan as of the June 30, 2022 measurement date was (\$5,116,367.00).

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 12. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 66,100,000.00	\$ 64,465,000.00	\$ 55,180,000.00
Sewer Utility:			
Bonds, Notes and Loans	11,461,563.15	11,997,333.26	11,943,223.00
Bonds Issued by Another Public			
Body Guaranteed by the Township	6,979,000.00	4,608,000.00	5,664,000.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	84,540,563.15	81,070,333.26	72,787,223.00
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	13,751,153.07	12,988,153.07	20,281,749.01
Sewer Utility:			
Bonds, Notes and Loans	1,602,759.00	1,602,759.00	4,064,553.00
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	15,353,912.07	14,590,912.07	24,346,302.01
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 99,894,475.22</u>	<u>\$ 95,661,245.33</u>	<u>\$ 97,133,525.01</u>
	<hr/>	<hr/>	<hr/>
Deductions:			
Sewer Utility:			
Self Liquidating Debt	\$ 13,064,322.15	\$ 13,600,092.26	\$ 16,007,776.00
Bonds Issued by Another Public			
Body Guaranteed by the Township	6,979,000.00	4,608,000.00	5,664,000.00
	<hr/>	<hr/>	<hr/>
Total Deductions	20,043,322.15	18,208,092.26	21,671,776.00
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u>\$ 79,851,153.07</u>	<u>\$ 77,453,153.07</u>	<u>\$ 75,461,749.01</u>
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 12. Municipal Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 20,143,850.00	\$ 20,143,850.00	\$ -
Regional High School Debt	3,072,445.85	3,072,445.85	-
General Debt	86,830,153.07	6,979,000.00	79,851,153.07
Sewer Utility Debt	13,064,322.15	13,064,322.15	-
	<u>\$ 123,110,771.07</u>	<u>\$ 43,259,618.00</u>	<u>\$ 79,851,153.07</u>

Net Debt \$79,851,153.07 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$9,528,359,771, equals 0.838%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2023 is calculated as follows:

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 333,492,591.99
Net Debt	<u>79,851,153.07</u>
Remaining Borrowing Power	<u><u>\$ 253,641,438.92</u></u>

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 8,811,239.64
Deductions:	
Operating and Maintenance Costs	\$ 6,460,842.00
Debt Service	<u>606,314.86</u>
Total Deductions	<u>7,067,156.86</u>
Excess/(Deficit) in Revenue	<u><u>\$ 1,744,082.78</u></u>

*If Excess in Revenues all Utility Debt is Deducted

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 12. Municipal Debt (continued)

General Debt

A. Serial Bonds Payable

On March 21, 2013, the Township issued \$22,795,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and matured on November 1, 2023.

On October 8, 2015, the Township issued \$7,500,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates of 2.00% and mature on May 15, 2025.

On October 16, 2018, the Township issued \$8,240,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on May 1, 2029.

On October 8, 2020, the Township issued \$28,400,000 of General Obligation Bonds. The General Obligations Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on October 1, 2036.

On December 8, 2020, the Township refunded the 2013 bond series for \$16,190,000 of General Obligation Bonds. The General Obligations Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on October 1, 2036.

On March 15, 2023, the Township issued \$3,215,000 of General Obligation Bonds. The General Obligations Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on April 1, 2033.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,975,000.00	\$ 1,190,620.00	\$ 6,165,620.00
2025	5,025,000.00	1,072,159.00	6,097,159.00
2026	4,140,000.00	976,247.00	5,116,247.00
2027	4,155,000.00	867,160.50	5,022,160.50
2028	4,220,000.00	750,302.50	4,970,302.50
2029-2032	14,700,000.00	1,879,202.50	16,579,202.50
2033-2036	12,040,000.00	579,670.00	12,619,670.00
	<u>\$ 49,255,000.00</u>	<u>\$ 7,315,361.50</u>	<u>\$ 56,570,361.50</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2023:

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 12. Municipal Debt (continued)

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2023</u>
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	\$ 25,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	200,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	825,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	125,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	45,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	700,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	725,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	4,475,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	125,000.00
Kollel Settlement/Acquisition	5/11/2023	3/15/2024	4.00%	7,600,000.00
Various Capital Improvements	5/11/2023	3/15/2024	4.00%	<u>2,000,000.00</u>
				<u>\$ 16,845,000.00</u>

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2023, the Township had \$13,886,153.07 in various General Capital bonds and notes authorized but not issued.

D. Lease Obligations

In accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's lease obligations and assets related to right to use leased assets. The right to use these leased assets and the corresponding lease obligation are not reported on the various statements of assets, liabilities, reserves and net position. At December 31, 2023, the Township had lease obligations as follows:

The Township has total general capital lease purchase agreements payable in the amount of \$6,979,000.00 as of December 31, 2023. These lease obligations were issued at varying interest rates and mature in the year ended 2031.

Principal and interest due on the outstanding lease obligations is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,472,000.00	\$ 317,175.56	\$ 1,789,175.56
2025	1,258,000.00	264,280.00	1,522,280.00
2026	1,263,000.00	202,390.00	1,465,390.00
2027	866,000.00	145,430.00	1,011,430.00
2028	793,000.00	220,430.00	1,013,430.00
2029-2032	<u>1,327,000.00</u>	<u>170,700.00</u>	<u>1,497,700.00</u>
	<u>\$ 6,979,000.00</u>	<u>\$ 1,320,405.56</u>	<u>\$ 8,299,405.56</u>

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 12. Municipal Debt (continued)

Sewer Utility Debt

A. Serial Bonds Payable

On December 16, 2010, the Township issued \$4,930,000 of Utility Assessment Bonds. The Bonds were issued at interest rates varying from 3.000% to 4.375% and mature on November 1, 2030.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 270,000.00	\$ 87,281.26	\$ 357,281.26
2025	280,000.00	76,481.26	356,481.26
2026	290,000.00	65,281.26	355,281.26
2027	300,000.00	53,681.26	353,681.26
2028	315,000.00	41,681.26	356,681.26
2029-2032	665,000.00	43,562.50	708,562.50
	<u>\$ 2,120,000.00</u>	<u>\$ 367,968.80</u>	<u>\$ 2,487,968.80</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The Township had no bond anticipation notes outstanding in the Utility Capital Fund at December 31, 2023.

C. Loans Payable

In 2018, the Township entered into a utility fund New Jersey Infrastructure Trust Loan agreement for Freewood Acres Sewer Extension. The loan consists of two agreements, a Trust Loan Agreement of \$3,360,000 to be repaid over a 30 year period at interest rates ranging from 3.25% to 5.00%, and a no interest Fund Loan Agreement of \$6,401,180 to be repaid over a 30 year period.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 280,770.11	\$ 132,912.50	\$ 413,682.61
2025	280,770.11	129,662.50	410,432.61
2026	285,770.11	126,412.50	412,182.61
2027	285,770.11	122,912.50	408,682.61
2028	290,770.11	119,412.50	410,182.61
2029-2033	1,523,850.55	557,062.50	2,080,913.05
2034-2038	1,618,850.55	451,262.52	2,070,113.07
2039-2043	1,728,850.55	353,968.80	2,082,819.35
2044-2048	1,853,850.55	232,025.00	2,085,875.55
2049-2051	1,192,310.40	72,600.00	1,264,910.40
	<u>\$ 9,341,563.15</u>	<u>\$ 2,298,231.32</u>	<u>\$ 11,639,794.47</u>

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 12. Municipal Debt (continued)

D. Bonds and Notes Authorized But Not Issued

As of December 31, 2023, the Township had \$1,602,759.00 in various Utility bonds and notes authorized but not issued.

Summary of Principal Debt

A summary of the changes in long-term and short-term debt of the Township is as follows:

	Balance December 31, <u>2022</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2023</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 50,615,000.00	\$ 20,060,000.00	\$ 4,575,000.00	\$ 66,100,000.00	\$ 21,820,000.00
Capital Leases	4,608,000.00	3,388,000.00	1,017,000.00	6,979,000.00	1,789,175.56
Authorized but Not Issued	12,988,153.07	7,220,000.00	3,215,000.00	16,993,153.07	-
	<u>\$ 68,211,153.07</u>	<u>\$ 30,668,000.00</u>	<u>\$ 8,807,000.00</u>	<u>\$ 90,072,153.07</u>	<u>\$ 23,609,175.56</u>
Sewer Utility Capital & Assessment:					
General Bonds	\$ 2,380,000.00	\$ -	\$ 260,000.00	\$ 2,120,000.00	\$ 270,000.00
NJEIT Loans	9,617,333.26	-	275,770.11	9,341,563.15	280,770.11
Authroized but Not Issued	-	1,602,759.00	-	1,602,759.00	-
	<u>\$ 11,997,333.26</u>	<u>\$ 1,602,759.00</u>	<u>\$ 535,770.11</u>	<u>\$ 13,064,322.15</u>	<u>\$ 550,770.11</u>

Note 13. Tax Anticipation Note Payable

In 2023 the Township issued \$10,000,000.00 in Tax Anticipation Notes, 2023 Series. The purpose of the Note was to provide short-term cash flow needs prior to the collection of taxes. The Notes bear an interest rate of 4.00% and mature on February 21, 2024.

Note 14. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

	Balance, December 31,	
	<u>2023</u>	<u>2022</u>
Total Balance of Tax	\$ 19,771,955.21	\$ 19,088,785.21
Deferred Taxes	<u>16,885,000.00</u>	<u>16,885,000.00</u>
Tax Payable	<u>\$ 2,886,955.21</u>	<u>\$ 2,203,785.21</u>

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 15. Deferred Compensation Salary Account

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full-time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 16. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$3,311,685.55, at December 31, 2023.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2022, the Township has reserved in the Other Trust Fund \$505,675.96 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 17. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Insurance Pool

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following primary coverage:

- Worker's Compensation
- General Liability
- Employer's Liability
- Auto Liability
- Property Damage
- Property/Boiler & Machinery
- Auto Physical Damage
- Employee Dishonesty Liability
- Environmental Impairment Liability

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2023 which can be obtained on the Fund's website.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 17. Risk Management (continued)

New Jersey Unemployment Compensation Insurance

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

<u>Year</u>	<u>Contributions</u>	<u>Amount</u>		<u>Ending Balance</u>
		<u>Reimbursed</u>		
2023	\$ 39,297.25	\$ 29,878.65	\$	289,247.25
2022	35,879.15	11,283.26		279,828.65
2021	44,336.07	24,892.32		255,232.76

Note 18. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023, the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements due to insurance coverage.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2023.

**TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 19. Tax Abatements

The Township is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter “HMFA Law”), and a Resolution of the Council dated March 13, 2007, to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years.

For the year ended December 31, 2023, the Township abated property taxes totaling \$288,644.95 under this program, including the following tax abatement agreements that exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

<u>Recipient</u>	<u>Purpose</u>	<u>Taxes if Billed in Full</u>	<u>Pilot Billings</u>	<u>Taxes Abated</u>
Presbyterian Homes at Howell	Affordable Housing	\$ 167,344.21	\$ 30,968.10	\$ 136,376.11
Howell Specialty Housing	Affordable Housing	46,422.75	9,216.70	37,206.05
Howel Senior Citizens Housing LP	Affordable Housing	159,564.00	59,652.00	99,912.00
Howell Family Apartments	Affordable Housing	<u>91,729.79</u>	<u>76,579.00</u>	<u>15,150.79</u>
		<u>\$ 465,060.75</u>	<u>\$ 176,415.80</u>	<u>\$ 288,644.95</u>

Note 20. Length of Service Awards Program

The Township’s length of service awards program (“LOSAP”) is reported in the Township’s trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the of the Township come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Township elected to contribute \$1,649.93 for the year ended December 31, 2023 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2023, the Township contributed a total of \$25,725.85 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

TOWNSHIP OF HOWELL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 20. Length of Service Awards Program (continued)

Participant Accounts - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Township's creditors until distributed as benefit payments, are not available for funding the operations of the Township. The funds may also be used to pay the administrative fees charged by the Plan Administrator. VALIC, Inc. ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2023 payouts of \$7,323.53 were made to vested participants.

Forfeited Accounts – During the year ended December 31, 2023, no accounts were forfeited.

Plan Information - Additional information about the Township's length of service awards program can be obtained by contacting the Plan Administrator.

Note 21. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2023 and September 11, 2024, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. Based upon this evaluation, the Township has determined that the following items require disclosure in the financial statements:

On February 6, 2024, the Township passed resolution R-24-74 authorizing and providing for the issuance and sale of \$21,060,000 Bond Anticipation Notes of the Township of Howell, in the County of Monmouth, New Jersey to the Monmouth County Improvement Authority.

On June 11, 2024, the Township issued Tax Anticipation Notes in the amount of \$5,000,000. The proceeds of the sale of such notes are to be applied only to the purposes provided for in the budget or for which taxes are levied or to be levied for such fiscal year.

On June 11, 2024, an Ordinance authorizing Document Digitization and appropriating \$1,000,000 therefor and authorizing the issuance of \$400,000 Bonds and Notes to finance a portion of the costs thereof.

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APPENDIX C

PROJECTED 2025 AND 2026 FISCAL YEAR CASH FLOW

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HOWELL TOWNSHIP -- 2025 TAX ANTICIPATION NOTE -- PROPOSED CASH FLOW PROJECTION

WITHOUT TAN

DESCRIPTION	Jan-25		Feb-25		Mar-25		Apr-25		May-25		Jun-25		Jul-25		Aug-25	
BEGINNING CASH BALANCE	\$	30,715,184.47	\$	22,566,912.72	\$	32,668,698.88	\$	17,439,941.46	\$	15,615,200.42	\$	18,295,363.80	\$	12,747,245.80	\$	14,201.80
RECEIPTS:																
CURRENT TAX COLLECTIONS	\$	10,815,467.32	\$	37,159,187.30	\$	1,883,805.89	\$	8,215,750.65	\$	37,647,803.12	\$	3,000,000.00	\$	4,000,000.00	\$	40,000,000.00
TAX ANTICIPATION NOTE	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
STATE AID	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	424,419.00	\$	3,369,607.65
OTHER	\$	1,212,843.19	\$	706,572.06	\$	1,378,728.24	\$	1,135,076.62	\$	1,000,000.00	\$	250,000.00	\$	200,000.00	\$	200,000.00
TOTAL RECEIPTS	\$	12,028,310.51	\$	37,865,759.36	\$	3,262,534.13	\$	9,350,827.27	\$	38,647,803.12	\$	3,250,000.00	\$	4,624,419.00	\$	43,569,607.65
DISBURSED:																
REGIONAL SCHOOL	\$	6,236,236.00	\$	3,118,118.00	\$	3,118,118.00	\$	-	\$	6,236,236.00	\$	3,118,118.00	\$	4,500,000.00	\$	4,500,000.00
LOCAL SCHOOL	\$	9,024,380.00	\$	9,024,380.00	\$	9,024,380.00	\$	-	\$	18,048,760.00			\$	9,177,463.00	\$	9,177,463.00
COUNTY TAXES	\$	-	\$	6,500,420.45	\$	-	\$	-	\$	6,224,506.11	\$	-	\$	-	\$	6,350,000.00
FIRE TAXES	\$	-	\$	-	\$	653,847.98	\$	917,808.77			\$	2,000,000.00	\$	-	\$	-
TAX ANTICIPATION NOTE	\$	-	\$	5,113,888.88	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
DEBT SERVICE	\$	-			\$	1,251,135.87	\$	615,850.00	\$	1,899,629.50	\$	-	\$	-	\$	-
PENSION	\$	-	\$	-	\$	-	\$	6,122,429.00	\$	-	\$	-	\$	-	\$	-
PAYROLL	\$	2,903,333.05	\$	2,426,065.33	\$	2,453,954.40	\$	2,384,396.84	\$	2,355,000.00	\$	2,370,000.00	\$	2,370,000.00	\$	2,915,000.00
STATE HEALTH BENEFITS	\$	511,296.37	\$	502,333.64	\$	506,125.69	\$	508,830.76	\$	503,508.13	\$	510,000.00	\$	510,000.00	\$	510,000.00
OTHER EXPENSES	\$	1,501,336.84	\$	1,078,766.90	\$	1,483,729.61	\$	626,252.94	\$	700,000.00	\$	800,000.00	\$	800,000.00	\$	800,000.00
TOTAL DISBURSED	\$	20,176,582.26	\$	27,763,973.20	\$	18,491,291.55	\$	11,175,568.31	\$	35,967,639.74	\$	8,798,118.00	\$	17,357,463.00	\$	24,252,463.00
ENDING CASH BALANCE	\$	22,566,912.72	\$	32,668,698.88	\$	17,439,941.46	\$	15,615,200.42	\$	18,295,363.80	\$	12,747,245.80	\$	14,201.80	\$	19,331,346.45

HOWELL TOWNSHIP -- 2025 TAX ANTICIPATION NOTE -- PROPOSED CASH FLOW PROJECTION

WITHOUT TAN

DESCRIPTION	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
BEGINNING CASH BALANCE	\$ 19,331,346.45	\$ 8,373,159.55	\$ (2,758,269.40)	\$ 15,510,179.45	\$ 4,670,128.30	\$ (4,999,007.70)
RECEIPTS:						
CURRENT TAX COLLECTIONS	\$ 4,000,000.00	\$ 3,000,000.00	\$ 40,000,000.00	\$ 5,000,000.00	\$ 7,000,000.00	\$ 39,000,000.00
TAX ANTICIPATION NOTE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
STATE AID	\$ 2,246,405.10	\$ 1,123,202.55	\$ 374,400.85	\$ 374,400.85	\$ -	\$ -
OTHER	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 400,000.00	\$ 300,000.00
TOTAL RECEIPTS	\$ 6,446,405.10	\$ 4,323,202.55	\$ 40,574,400.85	\$ 5,574,400.85	\$ 7,400,000.00	\$ 39,300,000.00
DISBURSED:						
REGIONAL SCHOOL	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00
LOCAL SCHOOL	\$ 7,074,452.00	\$ 7,074,452.00	\$ 7,074,452.00	\$ 7,074,452.00	\$ 9,319,136.00	\$ 9,319,136.00
COUNTY TAXES	\$ -	\$ -	\$ 6,350,000.00	\$ -	\$ -	\$ 6,300,000.00
FIRE TAXES	\$ 2,100,000.00	\$ -	\$ -	\$ 2,400,000.00	\$ -	\$ -
TAX ANTICIPATION NOTE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE	\$ 1,390,140.00	\$ 1,540,179.50	\$ 2,041,500.00	\$ -	\$ -	\$ -
PENSION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PAYROLL	\$ 2,370,000.00	\$ 2,370,000.00	\$ 2,370,000.00	\$ 2,370,000.00	\$ 2,450,000.00	\$ 2,450,000.00
STATE HEALTH BENEFITS	\$ 520,000.00	\$ 520,000.00	\$ 520,000.00	\$ 520,000.00	\$ 550,000.00	\$ 550,000.00
OTHER EXPENSES	\$ 700,000.00	\$ 700,000.00	\$ 700,000.00	\$ 800,000.00	\$ 1,500,000.00	\$ 1,000,000.00
TOTAL DISBURSED	\$ 17,404,592.00	\$ 15,454,631.50	\$ 22,305,952.00	\$ 16,414,452.00	\$ 17,069,136.00	\$ 22,869,136.00
ENDING CASH BALANCE	\$ 8,373,159.55	\$ (2,758,269.40)	\$ 15,510,179.45	\$ 4,670,128.30	\$ (4,999,007.70)	\$ 11,431,856.30

HOWELL TOWNSHIP -- 2025 TAX ANTICIPATION NOTE -- PROPOSED CASH FLOW PROJECTION

WITH TAN

DESCRIPTION	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
BEGINNING CASH BALANCE	\$ 30,715,184.47	\$ 22,566,912.72	\$ 32,668,698.88	\$ 17,439,941.46	\$ 15,615,200.42	\$ 18,295,363.80	\$ 12,747,245.80	\$ 5,014,201.80
RECEIPTS:								
CURRENT TAX COLLECTIONS	\$ 10,815,467.32	\$ 37,159,187.30	\$ 1,883,805.89	\$ 8,215,750.65	\$ 37,647,803.12	\$ 3,000,000.00	\$ 4,000,000.00	\$ 40,000,000.00
TAX ANTICIPATION NOTE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000.00	\$ -
STATE AID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,419.00	\$ 3,369,607.65
OTHER	\$ 1,212,843.19	\$ 706,572.06	\$ 1,378,728.24	\$ 1,135,076.62	\$ 1,000,000.00	\$ 250,000.00	\$ 200,000.00	\$ 200,000.00
TOTAL RECEIPTS	\$ 12,028,310.51	\$ 37,865,759.36	\$ 3,262,534.13	\$ 9,350,827.27	\$ 38,647,803.12	\$ 3,250,000.00	\$ 9,624,419.00	\$ 43,569,607.65
DISBURSED:								
REGIONAL SCHOOL	\$ 6,236,236.00	\$ 3,118,118.00	\$ 3,118,118.00	\$ -	\$ 6,236,236.00	\$ 3,118,118.00	\$ 4,500,000.00	\$ 4,500,000.00
LOCAL SCHOOL	\$ 9,024,380.00	\$ 9,024,380.00	\$ 9,024,380.00	\$ -	\$ 18,048,760.00	\$ -	\$ 9,177,463.00	\$ 9,177,463.00
COUNTY TAXES	\$ -	\$ 6,500,420.45	\$ -	\$ -	\$ 6,224,506.11	\$ -	\$ -	\$ 6,350,000.00
FIRE TAXES	\$ -	\$ -	\$ 653,847.98	\$ 917,808.77	\$ -	\$ 2,000,000.00	\$ -	\$ -
TAX ANTICIPATION NOTE	\$ -	\$ 5,113,888.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE	\$ -	\$ -	\$ 1,251,135.87	\$ 615,850.00	\$ 1,899,629.50	\$ -	\$ -	\$ -
PENSION	\$ -	\$ -	\$ -	\$ 6,122,429.00	\$ -	\$ -	\$ -	\$ -
PAYROLL	\$ 2,903,333.05	\$ 2,426,065.33	\$ 2,453,954.40	\$ 2,384,396.84	\$ 2,355,000.00	\$ 2,370,000.00	\$ 2,370,000.00	\$ 2,915,000.00
STATE HEALTH BENEFITS	\$ 511,296.37	\$ 502,333.64	\$ 506,125.69	\$ 508,830.76	\$ 503,508.13	\$ 510,000.00	\$ 510,000.00	\$ 510,000.00
OTHER EXPENSES	\$ 1,501,336.84	\$ 1,078,766.90	\$ 1,483,729.61	\$ 626,252.94	\$ 700,000.00	\$ 800,000.00	\$ 800,000.00	\$ 800,000.00
TOTAL DISBURSED	\$ 20,176,582.26	\$ 27,763,973.20	\$ 18,491,291.55	\$ 11,175,568.31	\$ 35,967,639.74	\$ 8,798,118.00	\$ 17,357,463.00	\$ 24,252,463.00
ENDING CASH BALANCE	\$ 22,566,912.72	\$ 32,668,698.88	\$ 17,439,941.46	\$ 15,615,200.42	\$ 18,295,363.80	\$ 12,747,245.80	\$ 5,014,201.80	\$ 24,331,346.45

HOWELL TOWNSHIP -- 2025 TAX ANTICIPATION NOTE -- PROPOSED CASH FLOW PROJECTION

WITH TAN

DESCRIPTION	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
BEGINNING CASH BALANCE	\$ 24,331,346.45	\$ 13,373,159.55	\$ 2,241,730.60	\$ 20,510,179.45	\$ 9,670,128.30	\$ 992.30
RECEIPTS:						
CURRENT TAX COLLECTIONS	\$ 4,000,000.00	\$ 3,000,000.00	\$ 40,000,000.00	\$ 5,000,000.00	\$ 7,000,000.00	\$ 39,000,000.00
TAX ANTICIPATION NOTE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
STATE AID	\$ 2,246,405.10	\$ 1,123,202.55	\$ 374,400.85	\$ 374,400.85	\$ -	\$ -
OTHER	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 400,000.00	\$ 300,000.00
TOTAL RECEIPTS	\$ 6,446,405.10	\$ 4,323,202.55	\$ 40,574,400.85	\$ 5,574,400.85	\$ 7,400,000.00	\$ 39,300,000.00
DISBURSED:						
REGIONAL SCHOOL	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00	\$ 3,250,000.00
LOCAL SCHOOL	\$ 7,074,452.00	\$ 7,074,452.00	\$ 7,074,452.00	\$ 7,074,452.00	\$ 9,319,136.00	\$ 9,319,136.00
COUNTY TAXES	\$ -	\$ -	\$ 6,350,000.00	\$ -	\$ -	\$ 6,300,000.00
FIRE TAXES	\$ 2,100,000.00	\$ -	\$ -	\$ 2,400,000.00	\$ -	\$ -
TAX ANTICIPATION NOTE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,125,000.00
DEBT SERVICE	\$ 1,390,140.00	\$ 1,540,179.50	\$ 2,041,500.00	\$ -	\$ -	\$ 135,000.00
PENSION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PAYROLL	\$ 2,370,000.00	\$ 2,370,000.00	\$ 2,370,000.00	\$ 2,370,000.00	\$ 2,450,000.00	\$ 2,450,000.00
STATE HEALTH BENEFITS	\$ 520,000.00	\$ 520,000.00	\$ 520,000.00	\$ 520,000.00	\$ 550,000.00	\$ 550,000.00
OTHER EXPENSES	\$ 700,000.00	\$ 700,000.00	\$ 700,000.00	\$ 800,000.00	\$ 1,500,000.00	\$ 1,000,000.00
TOTAL DISBURSED	\$ 17,404,592.00	\$ 15,454,631.50	\$ 22,305,952.00	\$ 16,414,452.00	\$ 17,069,136.00	\$ 28,129,136.00
ENDING CASH BALANCE	\$ 13,373,159.55	\$ 2,241,730.60	\$ 20,510,179.45	\$ 9,670,128.30	\$ 992.30	\$ 11,171,856.30

APPENDIX D

FORM OF BOND COUNSEL OPINION

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*An opinion in substantially the following form
will be delivered at Closing assuming no
material changes in facts or law.*

July __, 2025

Mayor and Township Council of the
Township of Howell, in the
County of Monmouth, New Jersey

**RE: Township of Howell, in the County of Monmouth, New Jersey
\$_____ Tax Anticipation Notes of 2025**

Dear Mayor and Council Members:

We have examined a record of the proceedings relating to the issuance of \$_____ Tax Anticipation Notes of 2025 (the "Notes") of the Township of Howell, a municipal corporation of the State of New Jersey, in the County of Monmouth (the "Township"). The Notes are dated July __, 2025, mature February __, 2026, are numbered 2025A-1 in the denomination of \$_____, and bear interest at the rate of _____ per centum (___%) per annum payable at maturity. [The Notes are initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), in book-entry-only form and are not subject to redemption prior to maturity.] The Notes are issued pursuant to the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-64 *et seq.* and by virtue of Resolution No. R-25-178C (the "Resolution") adopted by the Township Council on June 3, 2025, which was in all respects duly approved as required by law. The Notes are issued in anticipation of the collection of taxes or other revenues of the Township in the current fiscal year to provide funds for purposes provided for in the budget of the Township for the fiscal year beginning January 1, 2025 or for which taxes are levied or are to be levied in said fiscal year. In forming our opinion, we have relied on documents and certificates of officials of the Township as we deemed necessary to form the basis of the opinion hereinafter expressed. We have assumed that all original documents supplied to us are genuine and complete and that all copies supplied to us conform to the original documents and are complete.

In forming our opinion, we have examined certified copies of the aforesaid Resolution and the unexecuted Notes. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed

necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Notes (the “Non-Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Notes, on a certificate of the Township executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Township which may have been provided to any purchaser or prospective purchaser of the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Township has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Township has certified to the effect that it expects to be able to and will comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is not includable in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Township with the covenants contained in the Notes and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Notes after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Notes. These covenants and statements relate to, *inter alia*, the use of proceeds of the Notes and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Township will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Township therewith.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Notes are valid and legally binding obligations of the Township and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

2. Interest on the Notes and any gain from the sale thereof are not included in gross

income under the New Jersey Gross Income Tax Act.

3. Assuming the Township observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Township furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DILWORTH PAXSON LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Howell, in the County of Monmouth, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its Tax Anticipation Notes in the aggregate principal amount of \$_____ (the "Notes"). The Notes are being issued by virtue of Resolution No. R-25-178C adopted by the Issuer on June 3, 2025, which was in all respects duly approved as required by law. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the 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-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note 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 events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Noteholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such

occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of

occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: July __, 2025

TOWNSHIP OF HOWELL, IN THE
COUNTY OF MONMOUTH, NEW JERSEY

By: _____
LOUIS PALAZZO,
Chief Financial Officer

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