

# SUPPLEMENT DATED SEPTEMBER 27, 2024

to

## OFFICIAL STATEMENT

TOWNSHIP OF MONTCLAIR, IN THE  
COUNTY OF ESSEX, NEW JERSEY

\$10,384,000 General Obligation Bonds, Series 2024

\$12,085,000\* General Obligation Refunding Bonds, Series 2024  
consisting of

\$7,875,000\* Parking Utility Refunding Bonds, Series 2024A  
and

\$4,210,000\* School Refunding Bonds, Series 2024B

The purpose of this Supplement is to amend and supplement certain information regarding the bidding platform to be utilized for submitting bids for each series of bonds described in the Preliminary Official Statement of the Township of Montclair, State of New Jersey (the “Township”) dated September 26, 2024 (the “Preliminary Official Statement”) with respect to the Township’s \$10,384,000 General Obligation Bonds, Series 2024 (the “General Obligation Bonds”) and \$12,085,000\* General Obligation Refunding Bonds, Series 2024 consisting of 7,875,000\* Parking Utility Refunding Bonds, Series 2024A (the “Series 2024A Refunding Bonds”) and \$4,210,000\* School Refunding Bonds, Series 2024B (the “Series 2024B Refunding Bonds, and together with the Series 2024A Refunding Bonds, the “Refunding Bonds”) referenced therein.

Specifically, and as set forth below, this Supplement is provided to update the cover Preliminary Official Statement so as to reflect that the Bonds be sold via the Parity Electronic Bidding System (as opposed to via the Grant Street Group Electronic Bidding System). This Supplement should be read in conjunction with the Preliminary Official Statement. Terms used in this Supplement have the same meaning as in the Preliminary Official Statement, unless specifically otherwise defined herein.

The following sections of the cover and inside cover of the Preliminary Official Statement are hereby deleted and replaced with the following (updated language is in *bold/italics* and omitted language is ~~struck through~~):

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2024**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**Rating: S&P: "AAA/Stable"  
(See "RATING" herein.)**

*In the opinion of Waters, McPherson, McNeill, P.C. Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**TOWNSHIP OF MONTCLAIR, IN THE  
COUNTY OF ESSEX, NEW JERSEY**

**\$10,384,000 General Obligation Bonds, Series 2024**

**\$12,085,000\* General Obligation Refunding Bonds, Series 2024  
consisting of**

**\$7,875,000\* Parking Utility Refunding Bonds, Series 2024A  
and**

**\$4,210,000\* School Refunding Bonds, Series 2024B**

**Dated: Date of Delivery**

**Due: January 1, as shown on the inside front cover**

This Official Statement has been prepared to provide information relating to the issuance by the Township of Montclair, in the County of Essex, New Jersey (the "Township") of its: i) \$10,384,000 General Obligation Bonds, Series 2024 (the "General Obligation Bonds") and; ii) \$12,085,000\* General Obligation Refunding Bonds, Series 2024 consisting of 7,875,000\* Parking Utility Refunding Bonds, Series 2024A (the "Series 2024A Refunding Bonds") and \$4,210,000\* School Refunding Bonds, Series 2024B (the "Series 2024B Refunding Bonds", and together with the Series 2024A Refunding Bonds, the "Refunding Bonds"). The General Obligation Bonds and the Refunding Bonds are hereinafter collectively referred to as the "Bonds").

The General Obligation Bonds will be issued in the form of one certificate for each maturity of each series of the General Obligation Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository.

The Refunding Bonds will be issued in the form of one certificate for each maturity of each series of the Refunding Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository.

Proceeds of the General Obligation Bonds will be used to: (i) obtain \$10,384,000 in new money to provide for various capital improvements for the Township; and (ii) pay the costs associated with the authorization, sale and issuance of the General Obligation Bonds. See "AUTHORIZATION AND PURPOSE – General Obligation Bonds" herein.

Proceeds of the Refunding Bonds will be used to (i) currently refund the Township's outstanding Parking Utility Refunding Bonds, Series 2014A dated July 2, 2014 in the currently outstanding principal amount of \$8,630,000; (ii) currently refund the Township's outstanding School Refunding Bonds, Series 2014B dated February 27, 2014 in the currently outstanding principal amount of \$4,285,000; and (iii) pay the costs associated with the authorization, sale and issuance of the Refunding Bonds. See "AUTHORIZATION AND PURPOSE – Refunding Bonds" herein.

Interest on the Bonds will be payable semiannually on the 1st day of January and July in each year until maturity, commencing January 1, 2025. The principal of and interest due on the Bonds will be paid to DTC by the Township as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding December 15 and June 15 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are subject to optional redemption prior to their stated maturities as described in further detail herein. See "DESCRIPTION OF THE BONDS – Redemption" herein.

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

**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 Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of Waters, McPherson, McNeill, P.C., Secaucus, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Township Attorney, Paul J. Burr, Esq., Montclair, New Jersey. NW Financial Group, LLC, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. Delivery of the General Obligation Bonds and the Refunding Bonds, respectively, is anticipated to be at the offices of the Township's Bond Counsel, Waters, McPherson, McNeill, P.C., or at such other place as agreed to with the Underwriter of each series of bonds or about October 17, 2024.

**ELECTRONIC PROPOSALS SUBMITTED BY VIA THE ~~GRANT STREET GROUP~~ PARITY ELECTRONIC BIDDING SYSTEM WILL BE RECEIVED FOR THE GENERAL OBLIGATION BONDS UNTIL 11:00 A.M. ON OCTOBER 3, 2024. ALL PROPOSALS FOR THE GENERAL OBLIGATION BONDS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE GENERAL OBLIGATION BONDS.**

**ELECTRONIC PROPOSALS SUBMITTED BY VIA THE ~~GRANT STREET GROUP~~ PARITY ELECTRONIC BIDDING SYSTEM WILL BE RECEIVED FOR THE REFUNDING BONDS UNTIL 11:15 A.M. ON OCTOBER 3, 2024. ALL PROPOSALS FOR THE REFUNDING BONDS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE REFUNDING BONDS.**

\*Preliminary, subject to change

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2024**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**Rating: S&P: "AAA/Stable"**  
**(See "RATING" herein.)**

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COUNTY OF ESSEX, NEW JERSEY**

**\$10,384,000 General Obligation Bonds, Series 2024**

**\$12,085,000\* General Obligation Refunding Bonds, Series 2024  
consisting of**

**\$7,875,000\* Parking Utility Refunding Bonds, Series 2024A  
and**

**\$4,210,000\* School Refunding Bonds, Series 2024B**

**Dated: Date of Delivery**

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**ELECTRONIC PROPOSALS SUBMITTED BY VIA THE GRANT STREET GROUP ELECTRONIC BIDDING SYSTEM WILL BE RECEIVED FOR THE GENERAL OBLIGATION BONDS UNTIL 11:00 A.M. ON OCTOBER 3, 2024. ALL PROPOSALS FOR THE GENERAL OBLIGATION BONDS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE GENERAL OBLIGATION BONDS.**

**ELECTRONIC PROPOSALS SUBMITTED BY VIA THE GRANT STREET GROUP ELECTRONIC BIDDING SYSTEM WILL BE RECEIVED FOR THE REFUNDING BONDS UNTIL 11:15 A.M. ON OCTOBER 3, 2024. ALL PROPOSALS FOR THE REFUNDING BONDS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE REFUNDING BONDS.**

\*Preliminary, subject to change

**TOWNSHIP OF MONTCLAIR, IN THE  
COUNTY OF ESSEX, NEW JERSEY**

**\$10,384,000 GENERAL OBLIGATION BONDS, SERIES 2024A**

**(Book-Entry Bonds) (Parity Bid) (Non-Callable)**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP  
NUMBERS\***

| <u>Year</u> | <u>General Obligation<br/>Bonds, Series 2024</u> | <u>Interest<br/>Rate</u> | <u>Yield</u> | <u>CUSIP<br/>Number*</u> |
|-------------|--|--------------------------|--------------|--------------------------|
| 2025        | \$ 765,000                                       | %                        | %            |                          |
| 2026        | \$ 760,000                                       |                          |              |                          |
| 2027        | \$ 800,000                                       |                          |              |                          |
| 2028        | \$ 840,000                                       |                          |              |                          |
| 2029        | \$ 885,000                                       |                          |              |                          |
| 2030        | \$ 930,000                                       |                          |              |                          |
| 2031        | \$ 975,000                                       |                          |              |                          |
| 2032        | \$1,025,000                                      |                          |              |                          |
| 2033        | \$1,080,000                                      |                          |              |                          |
| 2034        | \$1,135,000                                      |                          |              |                          |
| 2035        | \$1,189,000                                      |                          |              |                          |

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\*A registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds and the Authority and the Underwriter do not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**\$12,085,000\* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024**  
**consisting of**

**\$7,875,000\***  
**PARKING UTILITY REFUNDING BONDS,**  
**SERIES 2024A**

**\$4,210,000\***  
**SCHOOL REFUNDING BONDS,**  
**SERIES 2024B**

**(Book-Entry Bonds) (Parity Bid) (Callable)**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP**  
**NUMBERS\***

| <u>Year</u> | <u>Combined<br/>Maturity<br/>Schedule</u> | <u>Parking<br/>Utility<br/>Refunding<br/>Bonds,<br/>Series<br/>2024A</u> | <u>School<br/>Refunding<br/>Bonds,<br/>Series<br/>2024B</u> | <u>Interest<br/>Rate</u> | <u>Yield</u> | <u>CUSIP<br/>Number**</u> |
|-------------|---|--|---|--------------------------|--------------|---------------------------|
|             |   |  |   | %                        | %            |                           |
| 2025        | \$1,500,000                               | \$530,000  | \$ 970,000  |                          |              |                           |
| 2026        | \$1,385,000                               | \$460,000  | \$ 925,000  |                          |              |                           |
| 2027        | \$1,610,000                               | \$485,000  | \$1,125,000   |                          |              |                           |
| 2028        | \$1,695,000                               | \$505,000  | \$1,190,000   |                          |              |                           |
| 2029        | \$ 535,000                                | \$535,000  |   |                          |              |                           |
| 2030        | \$ 560,000                                | \$560,000  |   |                          |              |                           |
| 2031        | \$ 585,000                                | \$585,000  |   |                          |              |                           |
| 2032        | \$ 620,000                                | \$620,000  |   |                          |              |                           |
| 2033        | \$ 645,000                                | \$645,000  |   |                          |              |                           |
| 2034        | \$ 685,000                                | \$685,000  |   |                          |              |                           |
| 2035        | \$ 720,000                                | \$720,000  |   |                          |              |                           |
| 2036        | \$ 750,000                                | \$750,000  |   |                          |              |                           |
| 2037        | \$ 795,000                                | \$795,000  |   |                          |              |                           |

\*Preliminary, subject to change

\*\*A registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds and the Authority and the Underwriter do not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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**TOWNSHIP OF MONTCLAIR, IN THE  
COUNTY OF ESSEX, NEW JERSEY**

**MAYOR**

Renee Baskerville

**DEPUTY MAYOR**

Susan Shin Andersen

**COUNCIL MEMBERS**

Carmel Loughman  
Erik D'Amato  
Eileen Birmingham  
Rahum Williams  
Aminah Toler

**INTERIM TOWNSHIP MANAGER**

Michael LaPolla.

**CHIEF FINANCIAL OFFICER**

Padmaja Rao

**CLERK**

Angelese Bermúdez Nieves

**INTERIM TOWNSHIP ATTORNEY**

Paul J. Burr  
Montclair, New Jersey

**AUDITOR**

Suplee, Clooney & Company LLC  
Westfield, New Jersey

**MUNICIPAL ADVISOR**

NW Financial Group LLC  
Bloomfield, New Jersey

**BOND COUNSEL**

Waters, McPherson, McNeill, P.C.  
Secaucus, New Jersey

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

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

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

Waters, McPherson, McNeill, P.C. has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof, and, accordingly, expresses no opinion with respect thereto.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township.

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENTS RELATING TO THE BONDS HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**



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Form of Approving Legal Opinion of Bond Counsel for the School Bonds ..... Appendix D

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OF  
TOWNSHIP OF MONTCLAIR, IN THE  
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**INTRODUCTION**

This Official Statement has been prepared to provide information relating to the issuance by the Township of Montclair, in the County of Essex, New Jersey (the "Township") of its: i) \$10,384,000 General Obligation Bonds, Series 2024 (the "General Obligation Bonds"); and ii) \$12,085,000\* General Obligation Refunding Bonds, Series 2024 consisting of \$7,875,000\* Parking Utility Refunding Bonds, Series 2024A (the "Series 2024A Refunding Bonds") and \$4,210,000\* School Refunding Bonds, Series 2024B (the "Series 2024B Refunding Bonds, and together with the Series 2024A Refunding Bonds, the "Refunding Bonds"). The General Obligation Bonds and the Refunding Bonds are hereinafter collectively referred to as the "Bonds". This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer, and its distribution and use in connection with the sale of the Bonds have been authorized by the Township.

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

**DESCRIPTION OF THE BONDS**

**General Description**

The Bonds shall be dated the date of delivery and shall mature on January 1 in each of the years and in the amounts set forth on the inside front cover page hereof. Interest on the Bonds shall be payable semiannually on January 1 and July 1 in each year until maturity, commencing on January 1, 2025. Principal of and interest on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent (the "Paying Agent". Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding December 15 and June 15 (the "*Record Dates*" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

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

be made by the Township directly to Cede & Co. (or any successor or assign), as nominee for DTC. See "THE BONDS – Book-Entry-Only System" herein.

### **Redemption**

The General Obligation Bonds are *not* subject to redemption prior to their stated maturities.

The Refunding Bonds maturing on or after January 1, 2034 will be redeemable at the option of the Township in whole or in part on any date on or after January 1, 2033 at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

The Paying Agent shall, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, mail by first class mail, postage prepaid, to the registered owners of the Refunding Bonds to be redeemed (provided that such notice period may be waived by the Refunding Bond Holders) at their addresses as the same shall appear, if at all, upon the registry books of the Paying Agent, a notice to the effect that the Agency has elected to redeem all the Refunding Bonds or a part thereof, as the case may be, on a date therein designated, specifying, in the case of the redemption of less than all of the outstanding Refunding Bonds, the principal amount of the Refunding Bonds to be redeemed and the portion, if less than all, of any Refunding Bond is to be redeemed, and in every case stating that on said date there will become and be due and payable upon each bond so to be redeemed, at the designated office of the Paying Agent, the principal thereof, together with the accrued interest to such date, with such premium, if any, as is due and payable on such bond upon such redemption, and that from and after such date interest thereon will cease to accrue. At any time the Bonds are held by OTC, the Paying Agent shall send any notice of redemption to DTC at such address as may be given by OTC in writing to the Paying Agent. The foregoing notice may be sent by legible facsimile or by other secure method which enables the Paying Agent to verify the submission of such notice.

If at the time of mailing of any notice of redemption there shall not have been deposited with the Paying Agent moneys sufficient to redeem all the Refunding Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date and shall be of no effect unless such are so deposited.

### **Book-Entry-Only System**

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments due on the Bonds to DTC Participants or Beneficial Owners (each as defined below), confirmation and transfer of beneficial ownership interests in the Bonds 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues

of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"; and together with the Direct Participants, the "*DTC Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Redemption proceeds, if applicable, and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from

the Township or paying agent on the payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if applicable, and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township does not take any responsibility for the accuracy thereof.

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

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

#### **Discontinuance of Book-Entry-Only System**

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

#### **REFUNDING PLAN**

Proceeds from the sale and issuance of the Refunding Bonds will be used by the Township to (i) currently refund all or a portion of the \$8,630,000 outstanding aggregate principal amount of its Parking Utility Refunding Bonds, Series 2014A, originally issued in the principal amount of \$12,030,000, dated July 2, 2014 and maturing on August 1 in each of the years 2025 to 2033, inclusive, and on January , 2037 (the "Parking Utility Refunded Bonds"); (ii) currently refund all or a portion of the outstanding \$4,285,000, outstanding principal amount of School Refunding Bonds, Series 2014B, originally issued in the principal

amount of \$11,855,000 and maturing on January 1 in each of the years 2025 to 2028, inclusive (the “School Refunded Bonds” and, together with the “Parking Utility Refunded Bonds, the “Refunded Bonds”); and (iii) provide for the costs of issuance incurred in connection with the authorization, sale and issuance of the Refunding Bonds. The Refunded Bonds are subject to redemption on any date on or after July 1, 2024 at a redemption price of 100% of the principal amount of the Refunded Bonds to be redeemed, plus unpaid accrued interest to the Redemption Date.

Pursuant to an Escrow Deposit Agreement (the “Escrow Deposit Agreement”) dated the date of issuance of the Refunding Bonds, by and between the Township and BNY Mellon Corporate Trust (the “Escrow Agent”), the Township will irrevocably deposit direct non-callable obligations of the United States of America (“Government Obligations”) with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payments of the principal of and interest due on the Refunded Bonds through the Redemption Date.

**ESTIMATED SOURCES AND USES OF FUNDS – REFUNDING BONDS**

|  | Parking Utility<br>Refunding Bonds,<br><u>Series 2024A</u> | School<br><u>Refunding Bonds,</u><br><u>Series 2024B</u> | <u>Total</u> |
|--|--|--|--------------|
| SOURCES:                                       |  |  |              |
| Par Amount of Bonds:                           | \$   | \$   | \$           |
| [ Net ] Original Issue<br>Premium / (Discount) | \$   | \$   | \$           |
| <br>Total Sources of Funds                     | <br>\$   | <br>\$   | <br>\$       |
| USES:  |  |  |              |
| Deposit to Escrow Account                      | \$   | \$   | \$           |
| Costs of Issuance*                             | \$   | \$   | \$           |
| <br>Total Uses of Funds                        | <br>\$   | <br>\$   | <br>\$       |

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\*Includes underwriter’s discount, credit rating, verification, legal, auditor, fiduciary and printing fees, and financial advisory, rounding amounts and other expenses incurred in connection with the sale and issuance of the Refunding Bonds

**VERIFICATION OF MATHEMATICAL COMPUTATION**

The accuracy of (i) the arithmetic computations supporting the conclusion that the principal amounts of, and interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the Refunding Bonds, are sufficient to pay the redemption price of and interest due on the Refunded Bonds due through their Redemption Date, and (ii) the mathematical computations supporting the conclusion that the Bonds will not be “arbitrage bonds” under the Code, will be independently verified by Suplee, Clooney & Company.

**SECURITY AND SOURCE OF PAYMENT**

The Bonds are valid and legally binding obligations of the Township, and the Township has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem*

taxes levied upon all the taxable property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

### **NEW JERSEY SCHOOL BOND RESERVE ACT**

All New Jersey school bonds are secured by the School Bond Reserve established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "*Fund*") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 *et seq.* (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003) (the "*Act*"). Amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1½% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued prior to July 1, 2003 (the "*Old School Bond Reserve Account*"), and all bonds, including the School Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 (the "*New School Bond Reserve Account*"); *provided*, such amounts do not exceed the moneys available in the Fund. If a county, municipality or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid that may be otherwise restricted pursuant to law, payable to the county, municipality or school district and shall not obligate the State to make, nor entitle the county, municipality or school district to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the county, municipality or school district arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.



**AUTHORIZATION AND PURPOSE**

**General Obligation Bonds**

The General Obligation Bonds have been authorized by and are being issued pursuant to: (i) the laws of the State of New Jersey, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "Local Bond Law"); (ii) the bond ordinances set forth below, each finally adopted by the Township Council; and (iii) Resolution No. 24-179 of the Township duly adopted by the Township Council on July 30, 2024 (the "Combination Resolution"); and (iv) Resolution No. 24-178 of the Township duly adopted by the Township Council on July 30, 2024 (together with the Combination Resolution, the "GO Resolution").

| Amount of Bond Proceeds | Bond Ordinance Number | Description of Improvement and Adoption of Bond Ordinance      |
|-------------------------|-----------------------|--|
| \$139,000               | 16-32                 | Various capital improvements, finally adopted July 26, 2016..  |
| \$205,000               | 17-23                 | Various capital improvements, finally adopted June 20, 2017.   |
| \$117,000               | 18-19                 | Various capital improvements, finally adopted March 20, 2018.  |
| \$209,000               | 19-11                 | Various capital improvements, finally adopted April 2, 2019.   |
| \$225,000               | 19-17                 | Various capital improvements, finally adopted May 21, 2019.    |
| \$272,000               | 20-14                 | Various capital improvements, finally adopted June 9, 2020.    |
| \$2,418,000             | 21-05                 | Various capital improvements, finally adopted May 4, 2021.     |
| \$3,078,000             | 22-06                 | Various capital improvements, finally adopted April 5, 2022.   |
| \$660,000               | 23-02                 | Various pool improvements, finally adopted on February 1, 2023 |
| \$3,061,000             | 23-17                 | Various Capital Improvements, finally adopted May 15, 2023     |

Proceeds from the sale and issuance of the General Improvement Bonds will be used to: i) obtain \$10,384,000 in new money to provide for various capital improvements for the Township as described above; and ii) pay the costs associated with the authorization, sale and issuance of the General Obligation Bonds.

**Refunding Bonds**

The Refunding Bonds have been authorized by and are being issued pursuant to: (i) the laws of the State of New Jersey, including the Local Bond Law); (ii) refunding bond ordinance No. 24-23 of the Township finally adopted by the Township Council on June 11, 2024 and in all respects duly approved and published as required by law; and (iii) Resolution No. 24-177 duly adopted by the Township Council on July 30, 2024 (the "Refunding Resolution").

**COVID-19 PANDEMIC AND ONGOING CONCERNS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things,

provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township has received \$4,036,438.14 from the Plan. The deadline to obligate the funds is December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

## **MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes, subject to certain 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 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation, is \$9,709,248,507.33.

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.

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. As of December 31, 2020, after taking into account the deductions referred to in the prior paragraph, the statutory net debt of the Township as a percentage of average equalized valuation was 0.707%.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its

obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

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

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

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

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

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

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

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

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

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

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

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

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

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "*Index Rate*" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain

expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate, subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the local unit may contemplate over the 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 result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Township was last completed in 2018.

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

Tax bills are mailed annually in June by the Township'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 of the delinquency and 18% per annum on any amount in excess of \$1,500. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

## **Tax Appeals**

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the 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.

## **THE STATE'S ROLE IN PUBLIC EDUCATION**

The Constitution of the State of New Jersey provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "*Department*"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the "*State Board*"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts.

The Commissioner of Education (the "*Commissioner*") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid, and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "*County Superintendent*") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, approved April 3, 2007 (A4), the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate school districts through the establishment or enlargement of regional school districts, subject to voter approval.

## **STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY**

### **Categories of School Districts**

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer ("*CEO*") of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two members of the board of education, two members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, and approves fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters may also vote upon fiscal matters or (b) a board of school estimate, consisting of the CEO and two members of the governing body of each municipality within the school district and the president of and one member of the board of education, and approves fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and may vote upon fiscal matters. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four members, unless it is a county of the first class that adopted an ordinance, in which case it can have a board consisting of seven appointed members, which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two members appointed by the board of education of the school district, two members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two members appointed by the board of education of the school district, two members appointed by the board of chosen

freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I school district, or the board of education in a Type II school district, or when petitioned for by 15% of the voters of any school district. In November of 2021, as the result of a voter referendum, the Township's school district changed from a Type I to a Type II school district. From such point forward, all new money debt obligations of the Township's school district are required to be issued in accordance with the process and procedures of Type II school districts as set forth herein below, however, the Series 2024B Refunding Bonds remain debt obligations of the Township as such bonds were issued during the time the Township's school district was a Type I school district.

### **School Budgetary Process (N.J.S.A. 18A:22-1 *et seq.*)**

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval unless the board has moved its annual election to November as discussed below. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing body of the municipality must develop the school budget by May 19 of each year. Should the governing body be unable to do so, the Commissioner establishes the local school budget.

The Budget Election Law (P.L. 2011, c. 202, effective January 17, 2012) established procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least 15% of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four years.

School districts that opt to move the annual school election to November are no longer required to submit the budget to the voters for approval if the budget is at or below the two-percent property tax levy cap as provided by the Tax Levy Cap Law (as defined herein). For school districts that opt to change the annual school election date to November, proposals to spend above the two-percent property tax levy cap would be presented to voters at the annual school election in November.

### **Spending Growth Limitation**

CEIFA (as defined herein) places limits on the amount school districts can increase their annual current expenses and capital outlay budgets, and such limits are known as a school district's spending growth limitation amount (the "*Spending Growth Limitation*"). See "SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT" herein.



## **SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT**

### **Levy and Collection of Taxes**

School districts in the State do not levy or collect taxes to pay those budgeted amounts that are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

### **Budgets and Appropriations**

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

### **Tax and Spending Limitations**

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 *et seq.*, P.L. 1975, c. 212 (amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently, there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 *et seq.*, P.L. 1990, c. 52 ("*QEA*") (now repealed), also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by Chapter 62 of the Laws of New Jersey of 1991, and further amended by Chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 *et seq.*, P.L. 1996, c. 138 ("*CEIFA*") (as amended by P.L. 2004, c. 73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district's net budget by the Spending Growth Limitation, *i.e.*, limiting the amount school districts could increase their annual current expenses and capital outlay budgets. Generally, budgets could increase by either a set percentage or the consumer price index, whichever was greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of 60% at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by 4% over the prior budget year's tax levy. P.L. 2007, c. 62, provided for adjustments to the cap for increases in enrollment, reductions in State aid, increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62, was deemed to supersede the prior limitations on the amount school districts could increase their annual current expenses and capital outlay budgets as created by CEIFA (as amended by P.L. 2004, c. 73, effective July 1, 2004). However, Chapter 62 was in effect only through fiscal year 2012. Without an extension of Chapter 62 by the State Legislature, the Spending Growth Limitation on the general fund and capital outlay budget would be in effect.

Debt service was not limited by either the Spending Growth Limitation or the 4% cap on the tax levy increase imposed by Chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, approved July 13, 2010, and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of 2% over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 2%, certain healthcare increases and amounts approved by a simple majority of voters voting at a special election (the "*Tax Levy Cap Law*"). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy cap may request by a separate proposal to bank the unused tax levy for use in any of the next three succeeding budget years. A school district can request a use of "banked cap" only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or the Spending Growth Limitation was eliminated under Chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, approved, July 24, 2018, as part of its efforts to increase State school aid to underfunded districts and decrease State school aid to overfunded districts, limited cap relief has been provided over the next six fiscal years for school districts that would lose State school aid to be able to offset that loss.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting and, under GAAP, interest on obligations maturing within one year must be treated as operating expenses. Accordingly, under the Department's Chart of Accounts, interest on notes is raised in the general fund of a school district and is therefore counted within its 2% tax levy cap on spending.

### **Issuance of Debt**

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed, but not exceeding 40 years; (ii) for Type I school districts, bonds shall be issued pursuant to an ordinance adopted by the governing body of the municipality comprised within the school district; (iii) for Type II school districts (without boards of school estimate), bonds shall be issued by board of education resolution approving the bond proposal and by approval of the legally qualified voters of the school district; (iv) debt must be authorized by a board of education resolution (and approved by a board of school estimate in a Type I school district); and (v) there must be filed with the State by each municipality comprising a school

district a supplemental debt statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

### **Annual Audit (N.J.S.A. 18A:23-1 et seq.)**

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. Beginning with the fiscal year ended June 30, 2010, a licensed public-school accountant must complete the annual audit no later than five months after the end of the fiscal year. P.L. 2010, c. 49, amended N.J.S.A. 18A:23-1 to provide an additional month for the completion of a school district's audit. Previously, the audit was required to be completed within four months. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within 30 days following receipt of the annual audit by such board of education.

### **Temporary Financing (N.J.S.A. 18A:24-3)**

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one year periods, with the final maturity not exceeding five years from the date of original issuance; *provided, however*, that no such notes shall be renewed beyond the third and fourth anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations.

### **Debt Limitation (N.J.S.A. 18A:24-19)**

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a kindergarten through grade twelve school district, the Township's school district can borrow up to 4% of the average equalized valuation of taxable property in the school district. The Township's school district has not exceeded its 4% debt limit. See "APPENDIX A – Debt Limit of the Board" herein.

### **Exceptions to Debt Limitation**

A Type II school district (other than a regional school district) may also utilize its constituent municipality's remaining statutory borrowing power (*i.e.*, the excess of 3.5% of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

### **Capital Lease Financing**

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase financings must mature within five years except for certain lease purchase financings of energy savings equipment and other energy conservation measures, which may mature within 15 years (and in certain cases 20 years) from the date the project is placed in service, if paid from energy savings (see "Energy Savings Obligations" below). Facilities lease purchase agreements, which may only be financed for a term of five years or less, must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, effective July 18, 2000, as amended ("*EFCFA*"), repealed the authorization to enter into facilities leases

for a term in excess of five years. The payment of rent is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap, and the payment of rent on an ordinary equipment lease and on a five-year-and-under facilities lease is subject to annual appropriation. Lease purchase payments on leases in excess of five years entered into under prior law (CEIFA) are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

### **Energy Saving Obligations**

Under N.J.S.A. 18A:18A-4.6 (P.L. 2009, c. 4, effective March 23, 2009, as amended by P.L. 2012, c. 55, effective September 19, 2013), school districts may issue energy savings obligations as refunding bonds without voter approval or enter into lease purchase agreements to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements, provided that the value of the savings will cover the cost of the measures. The lease purchase financings for such measures must mature within 15 years, or in certain instances 20 years, from the date the projects are placed in service. These energy savings refunding bonds or leases are payable from the general fund. Such payments are within the school district's Spending Growth Limitation and tax levy cap, but are not necessarily subject to annual appropriation.

### **Promissory Notes for Cash Flow Purposes**

N.J.S.A. 18A:22-44.1 permits school districts to issue promissory notes in an amount not exceeding one-half the amount appropriated for current general fund expenses. These promissory notes are not considered debt and are used for cash flow purposes including funding in anticipation of the receipt of taxes, other revenues or grants.

## **SUMMARY OF STATE AID TO SCHOOL DISTRICTS**

In 1973, the Supreme Court of the State (the "*Court*") first ruled in *Robinson v. Cahill* that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 *et seq.* (P.L. 1975, c. 212) (the "*Public School Education Act*") (since amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included QEA (now repealed), CEIFA and EFCFA, which became law on July 18, 2000. For many years, aid has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, approved January 1, 2008 (A500), removed the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds

to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State Constitution. This legislation was challenged in the Court, and the Court held that the State's then current plan for school aid was a "constitutionally adequate scheme". However, the State continued to underfund certain school districts and to overfund other districts in its budgets based on the statutory scheme. In its budget process for FY 2019 and with the enactment of P.L. 2018, c. 67, approved July 24, 2018, the State is moving school districts toward the intent of the statutory scheme by increasing funding for underfunded districts and decreasing funding for overfunded districts over the next six years and providing cap relief for overfunded districts to enable them to pick up more of the local share.

Notwithstanding over 35 years of litigation, the State provides State aid to school districts in amounts provided in the State Budget each year. These now include equalization aid, educational adequacy aid, special education categorical aid, transportation aid, preschool education aid, school choice aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner, either in the form of a grant or debt service aid as determined under EFCFA. The amount of aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State upfront and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by 15% for the fiscal years 2011 through 2019. As a result of the debt service aid reduction for those fiscal years, school districts received 85% of the debt service aid that they would have otherwise received. In addition, school districts that received grants under EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in their fiscal year 2011 through 2019 budgets representing 15% of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

## **SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS**

Federal funds are available for certain programs approved by the federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

## **TAX MATTERS**

### **Federal**

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the tax-exempt status of the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Waters, McPherson, McNeill, P.C., Secaucus, New Jersey ("Bond Counsel") to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the Township with its covenant, under current law, interest on the Bonds is not included in gross income of the owners of the Bonds for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code when calculating the federal alternative minimum tax on individuals, however, interest on the Bonds is taken in to account in determining the annual adjusted financial statement income of certain corporations for the purpose of calculating the federal alternative minimum tax imposed on such corporations. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order to assure that interest on the Bonds will be, and remains, excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Township will deliver a certificate or certificates concurrently with the issuance of the Bonds, which will contain provisions and covenants relating to its compliance with the requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Township in connection with the Bonds, and Bond Counsel has assumed compliance by the Township with its covenant to comply with any continuing requirements that may be necessary to preserve the tax-exempt status of the Bonds under the Code. The Bonds are not “private activity bonds” as defined in the Code.

*Bank 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 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, 80% of such interest may be deducted as a business expense by such institutions.

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

*Possible Government Action.* Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service (“IRS”) has established an expanded audit program for tax exempt obligations. There can be no assurance that legislation enacted or proposed, or an audit initiated or concluded by the IRS involving the Bonds or other tax exempt obligations, after the issue date of the Bonds will not have an adverse effect on the tax exempt status or market price of the Bonds.

*Additional Tax Consequences.* Except as stated specifically herein, Bond Counsel expresses no opinion with respect to any other Federal, state, local or foreign tax consequences relating to ownership of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to the applicability and effect of ownership of the Bonds on their federal income taxes. Ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations such as the Bonds may have additional Federal income tax consequences for certain tax payers, including, but not limited to, taxpayers eligible for the earned income tax credit, recipients of certain Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S-corporations. Prospective purchasers of the Bonds should also consult with their tax advisors regarding the potential need to furnish certain information to avoid backup withholding. Bond Counsel renders its opinion under the currently existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds only and assumes no obligation to update its opinion after such date for any reason.

## State

In the opinion of Bond Counsel, under current law interest on the Bonds, and any gain on the sale thereof, is not includable in gross income under the New Jersey Gross Income Tax Act.

**ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AND WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING, BUT NOT LIMITED TO THOSE LISTED ABOVE), WITH RESPECT TO OWNERSHIP OF THE BONDS.**

### SECONDARY MARKET DISCLOSURE

The Township, pursuant to the Resolution, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Securities and Exchange Commission Rule 15c2-12 (the "*Rule*"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township will:

(a) On or prior to September 30 of each year, beginning September 30, 2024, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) the Township and overlapping indebtedness, including a schedule of outstanding debt issued by the Township, (ii) the Township's property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township;
- (13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other

- than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (15) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
  - (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

The term "*Financial Obligation*" as used in subparagraphs (b)(15) and (b)(16) above 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); *provided, however*, that the term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) In a timely manner to the EMMA, notice of failure of the Township to provide required annual financial information on or before the date specified in the Resolution. In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

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

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding bond issues. The Township has engaged Digital Assurance Certification, L.L.C. to ensure timely filings.

There can be no assurance that there will be a secondary market for the sale or purchase of the Bonds. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Township may affect the future liquidity of the Bonds.

## **MUNICIPAL BANKRUPTCY**

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



writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

### **LITIGATION**

To the knowledge of the Interim Township Attorney, Paul J. Burr, Esq., Montclair, New Jersey (the "*Township Attorney*"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or collection of taxes, or contesting the corporate existence or boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township Attorney and delivered to the Underwriter (as defined herein) at the closing.

### **MUNICIPAL ADVISOR**

NW Financial Group, LLC, Bloomfield, New Jersey (the "Municipal Advisor") served as municipal advisor to the County with respect to the issuance of the Bonds and assisted in matters relating to the planning, structuring and issuance of the Bonds. The Municipal Advisor has made no inquiry of any County officials or other persons as to any financial information, documents, statements or materials, and has not independently verified any such financial information, documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds. Accordingly, the Municipal Advisor will not express any opinion with respect to the accuracy or completeness of any such financial information, documents, statements or materials.

### **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "*Rating Agency*"), has assigned a rating of "AAA" to the Bonds based upon the creditworthiness of the Township. The Township provided the Rating Agency with certain information and materials concerning the Bonds and the Township. The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

## UNDERWRITING

The General Obligation Bonds have been purchased from the Township, pursuant to the terms of the Township's notice of sale, by \_\_\_\_\_ (the "GO Underwriter"), at a purchase price of \$ \_\_\_\_\_, which reflects the par amount of the General Obligation Bonds in the amount of \$10,384,000, plus original issue premium in the amount of \$ \_\_\_\_\_, less Underwriter's discount in the amount of \$ \_\_\_\_\_. The Underwriter is obligated to purchase all of the General Obligation Bonds if any are purchased.

The Refunding Bonds have been purchased from the Township, pursuant to the terms of the Township's notice of sale, by \_\_\_\_\_ (the "Refunding Underwriter" and together with the GO Underwriter, the "Underwriters"), at a purchase price of \$ \_\_\_\_\_, which reflects the par amount of the School Bonds in the amount of \$12,085,000\*, plus original issue premium in the amount of \$ \_\_\_\_\_, less Underwriter's discount in the amount of \$ \_\_\_\_\_. The Refunding Underwriter is obligated to purchase all of the School Bonds if any are purchased.

The Underwriters intend to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriters without prior notice.

## APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, sale, issuance and delivery of the Bonds are subject to the approval of Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds substantially in the forms set forth in Appendix C and Appendix D. Certain legal matters will be passed on for the Township by its Interim Township Attorney, Paul J. Burr, Esq., Montclair, New Jersey.

## PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Underwriter, by certificates signed by the Chief Financial Officer of the Township, that to such officer's knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Suplee, Clooney & Company LLC, Westfield, New Jersey, has reviewed certain financial and statistical information contained in this Official Statement and has compared it to the Township's audited financial statements. It has not verified the accuracy of other information or the completeness and fairness of that and other information contained herein and, accordingly, expresses no opinion with respect thereto. However, it takes responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report appearing in Appendix B.

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

Waters, McPherson, McNeill, P.C. has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

**ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Padmaja Rao, Chief Financial Officer, at 205 Claremont Avenue, Montclair, New Jersey 07042, telephone (973) 509-4964 or by e-mail at prao@montclairnjusa.org.

**MISCELLANEOUS**

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

**TOWNSHIP OF MONTCLAIR, IN THE  
COUNTY OF ESSEX, NEW JERSEY**

By: \_\_\_\_\_  
**Padmaja Rao**  
**Chief Financial Officer**

Dated: September \_\_, 2024

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**APPENDIX A**

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE  
TOWNSHIP OF MONTCLAIR, IN THE COUNTY OF ESSEX, NEW JERSEY**

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## **GENERAL INFORMATION**

Considered as one of the best places to live in New Jersey, Montclair is a vibrant community identified by its diverse population, grand old homes, proximity to New York City and its thriving arts community. The second largest university in the state resides in Montclair as well as an art museum, live theaters, art galleries and a wide range of boutiques. Montclair's lively business districts are flush with restaurants, movie theaters, shops and nightlife that attract visitors from all over the region.

Nestled at the foot of the First Watchung Mountain, in the center of northwestern Essex County, first settled in 1694 by English and Dutch farmers, the Township was formed in 1868 by the joining of Speertown (now Upper Montclair) and Cranetown. In the nineteenth century, the Township became a country retreat for the wealthy and in 1894 was incorporated as a Town under a council form of government.

From 1916 to 1980, a commission form of government managed the Town. On November 6, 1979, the Town's electorate voted to change the form of government to Council-Manager Plan C, as authorized by the Faulkner Act (NJSA 40:60A-104 et seq.). The governing body is composed of seven elected council persons - the mayor, two at-large councilors, and one councilor from each of the four wards. The non-partisan governing body is elected in May of every fourth year. Effective July 1, 1980, the new Council took office and an Administrative Code, finally adopted on September 9, 1980, sets forth the Council's powers and duties as well as the administrative organization under the control of the Manager. On November 4, 1980, the electorate approved a name change from the Town of Montclair to the Township of Montclair.

The Township, its 6.16 square miles formed in a north to south narrow rectangle, is primarily residential in nature. Residences range from grand estates on the eastern slope of the Watchung Mountains overlooking the New York skyline to modest apartments in multi-family buildings. Seventy-five percent of the land area is residential and just over 10% is commercial. Single-family houses make up 48% of the housing stock. Forty percent of the housing stock was built prior to 1940. Ninety-two individual properties and 6 districts are listed on the State and National Registers of Historic Places. There are four locally designated districts – Montclair Town Center, Pine Street, Upper Montclair and Watchung Plaza which focus on the Township's commercial districts. Our housing stock has increased by 1200 units since 2010.

The Township enjoyed a major period of growth in the 1930s and experienced relatively stable population since that time. Population had been decreasing since a high of 44,000 in 1970 to 37,387 in 1990. Population has increased since with 40,921 people in 2020. The number of children under 18 years make up 26.6% of it and population over 65 years of age make up 13.3%. The Township has a very diverse population with 25.3% of African Americans, 10.1% Hispanic or Latino population.

### **Commercial**

The principal commercial area is located along Bloomfield Avenue in the Township's Central Business District. A second major shopping center is in Upper Montclair along Valley Road. Five smaller neighborhood commercial districts include a variety of retail, personal services and restaurants. National retailers such as Anthropologie, Talbot's, Urban Outfitters, Whole Foods and Williams Sonoma located here several years ago and provide solid anchors for the independent businesses. Banks continue to show an interest in Montclair, with several locating here within the past few years while others have consolidated their operations within the Township as more people use online

banking. The Township has attracted many new restaurants, including three Starbucks coffee shops and many small, independent coffee boutiques. The Wellmont Theater reopened in 2012 after significant improvements to the structure and offers various popular acts that draw large crowds to the central business district on a regular basis. The Bellevue Theater, which closed in 2018, is poised to reopen again this year.

Montclair Township has initiated a strategic redevelopment effort to revitalize the Township's Central Business District along the Bloomfield Avenue corridor and has adopted redevelopment plans that focus development in four separate nodes along the corridor:

- Redevelopment efforts on the east side of the corridor has resulted in three new mixed-use buildings including The Residences at Montclair, the Montclarion and the Vestry. These three projects have created 249 new dwelling units, 3,000 square feet of new commercial space, 6,000 square feet of space for community organizations and a new fire station.
- A redevelopment plan adopted for the Seymour Street area, created an arts and entertainment destination with a new mixed-use development with a focus on the arts, adding 200 new dwelling units, 30,000 square feet of office space and 30,000 square feet of retail space centered around a new 14,000 square foot arts plaza and three new parking decks totaling 785 parking spaces.
- The Hahne's Redevelopment Plan, which focuses on properties associated with the former Hahne's store on Church Street, has led to the demolition of the former Hahne's Department Store and construction of the Siena, a seven-story mixed residential/retail building with 100 apartments and 40,000 square feet of new retail space and construction of the Crescent Parking Deck which provides 430 parking spaces for shoppers and employees of the Township Center. A second phase of the project is under construction with 74 new apartments, 4,000 square feet of retail space and a two-story parking deck with 112 parking spaces, including 20 spaces for public use.
- The Montclair Center Gateway Redevelopment Plan, which anchors the western end of the Bloomfield Avenue corridor, is largely complete and includes two six-story buildings with 256 new dwelling units, 20,000 square feet of office space and 21,000 square feet of retail space; a new 8-story 148 room Marriot Autograph hotel with a rooftop bar; and a parking garage with a maximum capacity of over 600 cars. A second phase of the project is expected to start construction soon with 40 dwelling units, 2,000 square feet of retail space and 74 parking spaces.

Many of the Township's older commercial buildings have been redeveloped for more intensive uses. Several older bank buildings along Bloomfield Avenue that have been vacant for many years are being adapted to new uses that are entertainment-oriented, including the home of the Montclair Film Festival, a restaurant and live-music club and a new high-end restaurant. Chase Bank, long an anchor in the Bloomfield Avenue corridor, has built a new bank on a side road in the district and the former bank building is being adapted to retail and office use. Three mixed-use development projects totaling 45 units and 10,000 square feet of retail space have been approved on underutilized properties along the Bloomfield Avenue corridor. A site plan application has been approved to adapt the 8-acre Lackawanna Plaza shopping center to a new mixed-use development which will add 150 dwelling units and a 45,000 square foot supermarket to the historic site. Two site plan applications for mixed-use buildings with 104 apartments and 5,000 square feet of retail space are pending construction.

In the Upper Montclair business district, the long-vacant Charlie Brown's restaurant was converted into a new mixed-use building with 10,000 square feet of office on the second floor and 10,000 square feet of retail on the first floor. The vacant Warner Communications building has been redeveloped to provide



5,000 square feet of retail on the first floor and 7,000 square feet of office, along with 60 new parking spaces. In the Watchung Plaza business district a new 3-story building with 11 dwelling units and 2,000 square feet of retail space was recently completed. In the Walnut Street business district, a new two-story mixed-use building with 8,550 square feet of retail space and 8,550 square feet of office space is under construction.

Along Claremont Avenue the Georgian Inn, which has operated as a rooming house for many years, has been overhauled to create a new 40-room boutique hotel. The project included the adaptive reuse of the historic carriage house, which was formerly located in the rear of the property and was moved to the front of the property to create a total of 7,600 square feet of new medical office use.

Smaller development projects scattered throughout the Township have been approved and are under construction. These projects include the five new dwelling units built on the site of a former funeral home, five dwelling units built on a vacant parcel, eight new single-family homes building on a large residential lot, three townhouses built on the site of a former rooming house, two new single-family homes built on excess land owned by a house of worship and five townhouses built on a property previously used for automobile detailing.

## **Services**

The 365 bed Mountainside Hospital serves the Township and the surrounding area. Other services include two libraries with over a quarter million volumes, a YMCA with an indoor swimming pool, and new addition, 19 parks totaling about 300 acres providing a wide variety of recreational facilities including three municipally owned outdoor swimming pools, tennis courts, an indoor ice rink, a private beach club and private indoor tennis, squash and racquetball facilities and a soccer dome. Safety is provided by a 111-officer police force and a fire department with a compliment of 76 full-time officers.

## **Cultural Activities**

The Montclair Art Museum has numerous exhibitions each year and houses an outstanding collection of American and Native American art. The Museum offers classes for children and adults. The Township is also served by a number of arts organizations and private galleries. The Township formed a Montclair Arts Council in 2005 and hired its first director to coordinate arts programming and facilitate the installation of public art throughout the community. Entertainment is provided by the Montclair Operetta Club, Studio Players, Unity Concerts, the Montclair Dramatic Club (the oldest existing amateur dramatic club in the country), Luna Stage, as well as three movie theaters, a nationally recognized comedy club, jazz clubs and many ethnically diverse restaurants.

## **Transportation**

The large number of commuters to New York City and Newark are served by six train stations on a New Jersey Transit rail line that offers both direct service to Penn Station via the Midtown Direct and to connections in Lower Manhattan. The DeCamp Bus Line and New Jersey Transit both provide bus service to both New York and to neighboring municipalities. The Township is currently undertaking numerous efforts to maintain its quiet zone neighborhoods status.

Newark International and Teterboro Airports are each about 30 minutes from the Township. The Garden State Parkway provides access to east/west Interstate Routes 80, 280 and 46. These routes just north of Montclair connect with the NJ Turnpike and Route 17, providing direct access to the NJ Meadowlands Sports Complex and Lincoln Tunnel.

## **Education**

Educational facilities within the Township include a public school system, two private schools and two parochial schools, each providing instruction for grades K through 12. Over 100,000 square feet of building space was added to Montclair's public and private schools over the last 10 years to accommodate an increase in enrollment and improve programming. Montclair State University, founded in 1908 and offering a four-year curriculum to approximately 15,000 full and part-time students, as well as graduate programs and research facilities, is located at the northern boundary of Montclair. The University continues to implement a major capital expansion plan. There are also some 22 colleges and universities within a ten-mile radius of the Township offering various degree programs.

## **Energy and Environment**

Montclair is a model for Sustainable Communities – designated a *Clean Energy Leader* by the N.J. Board of Public Utilities and a *Climate Showcase Community* by the U.S. EPA – with vigorous recycling and home composting programs, Environmental and Conservation Elements in our Master Plan, active bike and walk advocacy, a thriving Farmers Market in its 27th season, a Green Business recognition program, and a hub of public charging stations for pluggable electric vehicles. Now we've started moving our municipal fleet to electric fuels.

**Energy Efficiency Upgrades:** The Township completed a comprehensive efficiency upgrade for our municipal buildings, lowering our electricity demand and shrinking our carbon footprint.

**Microgrid:** Montclair took advantage of a NJ Board of Public Utilities (BPU) award and conducted a Town Center Distributed Energy Resource Microgrid Feasibility Study Program. Microgrids – localized grids that can disconnect from the regional grid to operate autonomously whenever the main power gets disrupted – serve to strengthen municipal energy resilience by providing efficient and economical power to critical infrastructure facilities and keep running during outages. Montclair is now progressing to BPU's Phase II Microgrid Grant Program for Development and Engineering Design Plans.

In collaboration with Montclair State University's PSEG Institute for Sustainability Studies, our Environmental Affairs office developed the Montclair Green Business Recognition Program, encouraging local businesses to adopt environmentally friendly steps, such as recycling more to reduce waste (and disposal costs), becoming more energy efficient (to lower utility bills), saving water, and promoting healthy living. The program provides information and resources on how to become more sustainable, as well as marketing and promotional support to publicize the stores' participation – including printed certificates, logos, and window decals to be used by restaurants, markets, and shops so that their customers identify them as a green business – encouraging more businesses to implement these actions. Over two dozen stores and restaurants throughout our business districts have been designated as a Montclair Green Business.

Montclair has been a recycling leader for over 40 years, when we became the first municipality in the state with a mandatory recycling law in 1978, almost a decade before NJ's Mandatory Recycling Act of 1987.

We have expanded the program many times and our successful recycling collection reduces our annual costs for solid waste disposal at the Essex Incinerator in Newark.

### **Sewerage Collection System**

The sewerage collection system is comprised of 104 miles of sewer lines and one pump station serving the entire Township and a small part of Cedar Grove and Little Falls. There are about 10,737 Township sewer line connections including Montclair State University. A sewer line is one connection to each residence, apartment, commercial establishment or public facility. The Township's sewerage collection system is connected with the Joint Second River Sewerage Meeting which in turn is connected with the Passaic Valley Sewerage Commission's trunk sewer collection system for treatment at its plant facilities located in Newark. The Township is one of five municipalities connected with the Joint Second River Sewerage Meeting, which annually invoices each municipality on the basis of each municipality's water usage for the year prior to the current fiscal year. Any discrepancies in the amount billed to each municipality at the start of a fiscal year are settled at the end of the fiscal year based upon a municipality's actual water usage during such fiscal year. The collection system is undergoing rehabilitation to maintain its functionality and keep the residents and businesses sanitary sewers operational. Rehabilitation of the lines increases its longevity an additional 100yrs.

### **Water Utility**

Similar to the Montclair Sewer Utility, The Montclair Water Utility is also a self-supporting utility with operations, maintenance and debt service charges paid from user fees.

The supply of water is provided from two principal sources:

1. North Jersey District Water Supply Commission's Wanaque Reservoir. The Township's share of the Wanaque Reservoir's safe yield is 4.7 million gallons per day ("MGD") or 5% of the reservoir's safe yield; and
2. Three deep wells, with well head chlorination facilities and air stripping treatment facilities, and additional carbon absorbers to keep the ground water supply in NJDEP compliance supplying 1.5 MGD. The Township is currently requesting additional water capacity with DEP through Well Allocation. While the permit and construction has run into issues the Montclair Water Bureau has entered into an agreement with NJDWSC for an additional 1MGD of water to supplement its existing supply. The additional water is for 10yrs with three 5-year options to extend.

Supplemental water supplies can be provided by interconnections with Newark, the Passaic Valley Water Commission and NJ American systems. The Township's water distribution system requires two pumping stations, both with standby diesel-driven pumps, having a total pumping capacity of 16 MGD. Within the distribution system there is also 2 storage tanks with a combined capacity of 4 MG. Both pumping stations have recently been updated. Water main replacement has been ongoing to keep the drinking water and fire flows available for the townships use.

The Water Utility supplies water at wholesale rates to NJ American Water Company for Little Falls, Glen Ridge and the Passaic Valley Water Commissioners.

User Charges: Charges are billed quarterly to private and monthly to municipal and commercial entities. Quarterly charges are payable at the end of each quarter as the town is now on a fully “drive-by” read type reading system. We are currently upgrading the meter reading capability to a fixed network.

### **Solid Waste**

The Essex County Utilities Authority (the "ECUA") holds a franchise, granted by the New Jersey Department of Environmental Protection, that gives the ECUA control over the disposal of solid waste generated within Essex County, including the Township. In 1994, the United States Supreme Court in C&A Carbone v. Clarkstown held that the waste flow control ordinance of Clarkstown, New York violated the commerce clause of the United States Constitution. The flow control ordinance in Carbone is similar, though not identical to the waste flow rules in New Jersey that authorize the ECUA's solid waste franchise. As a result, the State's waste flow control rules have been declared unconstitutional insofar as they discriminate against out-of-state operators of waste disposal facilities. See Atlantic Coast Demolition Co., Inc. v. Atlantic County Board of Chosen Freeholders et al., 112 F.3d 652 (3d Cir. 1997).

### **Other Post Employment Benefits**

The Township provides post-retirement health benefits through participation in the New Jersey health benefits plan (“SHBP”). In accordance with GASB 75, the Township has disclosed this information in the audit for the period ending December 31, 2018 as a special funding situation inasmuch as the plan is provided under State of New Jersey law (C. 330, P.L. 1997). The following is the result of the OPEB calculation provided by the State of New Jersey. (Reference: Note 10 of the Township's YE 2020 Financial Statements.)

#### **OPEB-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, such as Montclair, are considered to be in a special funding situation as defined by GASB Statement No 75 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, 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.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Township of Montclair was \$58,200,572 (314 members) at June 30, 2019. These allocated liabilities represent 1.0533% of the State's Total Non-employer OPEB Liability for June 30, 2019. The OPEB expense attributed to the Township was \$771,463 at June 30, 2019.

### **Labor Contracts:**

Township of Montclair accomplished an unparalleled achievement in negotiations with its eight labor unions, by implementing collective negotiations agreements that are not only fair and balanced for employees and taxpayers but also set a new standard for long-term contracts in the Township and the State.

Through these longer, multi-year contracts Montclair is leading the way for continuity, stability, and predictability of township finances. The contract terms of the eight unions are:

|   |                                     |
|---|-------------------------------------|
| Police PBA Local # 53                     | January 1, 2019 – December 31, 2024 |
| Police SOA Local # 53A                    | January 1, 2020 – December 31, 2027 |
| Fire FMBA Local 20                        | January 1, 2021 – December 31, 2027 |
| Fire FSOA Local 20A                       | January 1, 2021 – December 31, 2027 |
| Civilian AFSCME Local 2296                | January 1, 2020 – December 31, 2026 |
| Civilian CWA Local 1040 (Supervisory)     | January 1, 2020 – December 31, 2026 |
| Civilian CWA Local 1040 (Non-Supervisory) | January 1, 2020 – December 31, 2026 |
| Civilian OPEIU Local 32                   | January 1, 2019 – December 31, 2025 |

## **BOARD OF EDUCATION OF MONTCLAIR**

### **Prior to the November 2, 2021 election:**

Montclair Public Schools (the "School System") was established in 1860. The School System was a Type I school district that is coterminous with the Township's borders. The Board of Education of Montclair (the "Board") governs the non-fiscal operations of the School System and the Board of School Estimate oversees the School System's fiscal operations. The School System's fiscal year end is June 30th.

The Board is composed of seven members appointed by the Township's Mayor for three-year terms on a staggered basis. The President and Vice-President are chosen for one-year terms from among the members. Two members of the Board serve on the Board of School Estimate.

The Board is a policy making body and has the general responsibility for providing an educational program, the power to establish policies and supervise the public schools in the School System, responsibility to draw up the annual budget and present it to the Board of School Estimate for approval and the power to appoint the Superintendent of Schools (the "Superintendent").

### **Following the November 2, 2021 election:**

A local proposal was put before the Township of Montclair's voters at the November 2, 2021 election to move the School System from a Type I appointed school board to a Type II elected school board. This proposal passed with 70.61% voting in favor of moving the School System to a Type II elected school board.

With the passing of this proposal, the School System held a special election on March 8, 2022 to add two additional board members to increase the number of board members from seven members to nine members. The two new positions would be for a period of one year and eight months. All other board members terms were extended until the end of the calendar year as opposed to expiring on May 15<sup>th</sup>. Elections will be held each November to elect Board of Education members moving forward.

With the move to a Type II school district, the School System will no longer have a Board of School Estimate that oversees the School System's fiscal operations. Instead, the annual budget approval will be approved by the nine member Board of Education and separate proposals and bond referendums for capital improvements will be put to the voters for approval.

The Administrative structure of the Board gives final responsibility for both the educative process and the business operation to the Superintendent. The Superintendent is the chief executive officer of the Board in charge of carrying out Board policies. The Business Administrator/Board Secretary is the chief financial officer and must submit monthly financial reports to the Board and annual reports to the State Department of Education.

MEMBERS OF THE BOARD OF EDUCATION

| <b>Member</b>                | <b>Title</b>   | <b>Prior to<br/>November 2, 2021:<br/>Term of Office Ends</b> | <b>After<br/>November 2, 2021:<br/>Term of Office Ends</b> |
|------------------------------|----------------|---|--|
| Melanie Deysher              | President      | May 15, 2022  | December 31, 2027  |
| Mfreke Inyang                | Vice President | May 15, 2022  | December 31, 2025  |
| Yvonne Bouknight             | Member         | May 15, 2022  | December 31, 2025  |
| Brian Fleischer              | Member         |   | December 31, 2025  |
| Phaedra Dunn                 | Member         |   | December 31, 2027  |
| Kathryn Weller-Demming       | Member         | May 15, 2024  | December 31, 2024  |
| Allison Silverstein          | Member         | May 15, 2024  | December 31, 2027  |
| Dr. Kimberly Robinson Santos | Member         | May 15, 2024  | December 31, 2024  |
| Eric Scherzer                | Member         | May 15, 2024  | December 31, 2024  |

**SCHOOL OFFICIALS**

**Superintendent of Schools**

Dr. Jonathan Ponds

**Business Administrator/Board Secretary**

Christina Hunt

**Treasurer of School Moneys**

Beth Brooks

## THE SCHOOL SYSTEM

The School System is comprised of seven elementary schools, three middle schools, one high school composed of a main building and an annex building, one building for administration and computer center.

### School Personnel

There are 768 certified staff including administrators, principals, assistant principals, teachers, guidance counselors, librarians, nurses and child study team members. Of the 768 certified staff, 247 have B.A. degrees, 482 have Master degrees and 39 have Doctorates.

### School Site Descriptions

#### Elementary School System

| School Name               | Bradford               | Edgemont      | Hillside      | Nishuane               | Northeast              | Watchung                  | Charles H. Bullock |
|---------------------------|------------------------|---------------|---------------|------------------------|------------------------|---------------------------|--------------------|
| Year Built                | 1927                   | 1925          | 1931          | 1908                   | 1935                   | 1900                      | 2010               |
| Additions/<br>Renovations | 1949,<br>1951,<br>2005 | 1949,<br>1950 | 1950,<br>2004 | 1917,<br>1923,<br>2002 | 1957,<br>2000,<br>2019 | 1908, 1917,<br>1924, 2002 | N/A                |
| Student Capacity          | 445                    | 312           | 680           | 663                    | 403                    | 424                       | 550                |
| October 15, 2022          | 360                    | 236           | 496           | 405                    | 332                    | 384                       | 415                |
| Enrollment                | K-5                    | K-5           | Pk, 3-5       | K-2                    | K-5                    | K-5                       | K-5                |
| Grades                    |                        |               |               |                        |                        |                           |                    |
| Number of                 | 37                     | 19            | 42            | 38                     | 16                     | 24                        | 22                 |
| Classrooms                | 1                      | 1             | 1             | 1                      | 1                      | 1                         | 1                  |
| Principal                 |                        |               |               |                        |                        |                           |                    |
| Assistant                 | 0                      | 0             | 1             | 1                      | 0                      | 0                         | 0                  |
| Principal                 | 35                     | 23            | 44            | 37                     | 32                     | 33                        | 40                 |
| Teachers                  | 1                      | 1             | 1             | 1                      | 1                      | 1                         | 1                  |
| Auditorium                | 1                      | 1             | 1             | 1                      | 1                      | 1                         | 1                  |
| Gymnasium                 | 1                      | 1             | 1             | 1                      | 1                      | 1                         | 1                  |
| Library                   |                        |               |               |                        |                        |                           |                    |



## Secondary School System

| School Name                 | Middle Schools   |                              |                              | High School            |
|-----------------------------|------------------|------------------------------|------------------------------|------------------------|
|                             | Renaissance      | Glenfield                    | Buzz Aldrin                  | Montclair High (1)     |
| Year Built                  | 1924             | 1896                         | 1909                         | 1914, 1925             |
| Additions/Renovations       | 1990, 1993, 2019 | 1922, 1924, 1928, 1933, 1980 | 1920, 1924, 1930, 1972, 2000 | 1959, 1928, 2003, 2019 |
| Student Capacity            | 345              | 704                          | 630                          | 1,631                  |
| October 15, 2022 Enrollment | 214              | 596                          | 619                          | 1995                   |
| Grades                      | 6-8              | 6-8                          | 6-8                          | 9-12                   |
| Number of Classrooms        | 17               | 46                           | 50                           | 90                     |
| Principal                   | 1                | 1                            | 1                            | 1                      |
| Assistant Principal         | 0                | 1                            | 1                            | 4                      |
| Teachers                    | 30               | 67                           | 60                           | 153                    |
| Auditorium                  | -                | 1                            | 1                            | 2                      |
| Gymnasium                   | -                | 1                            | 2                            | 4                      |
| Library                     | -                | 1                            | 1                            | 1                      |

(1) The Montclair High School physical plant is composed of a main building and the George Inness Annex building.

Source: Board of Education

## Historical Student Enrollments

| <u>Fiscal Year</u> | <u>Number of Students</u> |
|--------------------|---------------------------|
| 2022-2023          | 6,039                     |
| 2021-2022          | 6,122                     |
| 2020-2021          | 6,396                     |
| 2019-2020          | 6,540                     |
| 2018-2019          | 6,736                     |
| 2017-2018          | 6,734                     |
| 2016-2017          | 6,687                     |
| 2015-2016          | 6,767                     |
| 2014-2015          | 6,739                     |

## Graduation Requirements

1. Earn at least 120 credits (MHS requires 122 credits).
2. 20 credits of courses listed in the Program Planning Guide under English Language Arts.
3. 15 credits of courses listed in the program Planning Guide under Mathematics (including Algebra I, Geometry and a course that builds upon Algebra I and Geometry skills).
4. 15 credits in Social Studies (5 credits in World History and 10 credits in US History).
5. 15 credits of courses listed in Science (5 credits in Biology and an additional 10 credits of laboratory/inquiry based science).
6. 5 credits in World Languages.
7. 2.5 credits in Financial Literacy (*See Appendix A for courses that satisfy this requirement*).
8. 3.75 credits per year of health, safety, and physical education during each year of enrollment, distributed as 150 minutes per week, as required by N.J.S.A. 18A:35-5, 7 and 8
9. 5 credits in the Visual and Performing Arts (*See Appendix A for courses that satisfy this requirement*).
10. 5 credits in 21st Century Life and Careers, or Career-Technical Education (*See Appendix A for courses that satisfy this requirement*).
11. NJLSA Testing: All students must successfully pass the NJSLA assessment in both English Language Arts (ELA) and Mathematics

In order to graduate, all students must successfully pass the State High School Proficiency Test in reading, writing and computational skills.

## **SUMMARY OF THE ELEMENTARY AND SECONDARY EDUCATION SYSTEM IN NEW JERSEY**

The State's Constitution provides that the maintenance and the support of a thorough and efficient system of free public schools for the instruction of all children between the ages of 5 and 18 years is a legislative responsibility. Below is a summary of the role of the State.

### **State Department of Education**

The New Jersey Department of Education (the "Department") was created by the State Legislature to exercise general supervision and control of public education.

### **State Board of Education**

The Department is guided by the policy set forth by the State Board of Education (the "State Board"). The State Board adopts rules and regulations that have the effect of law and are binding upon local school districts. The State Board also decides on appeals from decisions of the Commissioner of Education on matters of school law or State Board regulations.

### **Commissioner of Education**

The Commissioner of Education (the "Commissioner"), appointed by the Governor for a five-year, salaried term with the consent of the Senate, is secretary and chief executive officer of the State Board. He has the authority to recommend withholdings of State Financial Aid. His consent is required for authorization to sell school bonds that exceed the debt limit of a Board and he may also set the amount to be raised by taxation in a Board if a School Budget has not been adopted by a Board of School Estimate or by the voters.

### **County Superintendents**

County Superintendents are appointed by the Commissioner, with the approval of the State Board, to act as an agent of the Department. They are charged with the enforcement of rules pertaining to the certification of teachers, financial reports and pupil registers.

## THE STATE'S ROLE IN PUBLIC EDUCATION

The constitution of the State of New Jersey provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63 approved April 3, 2007 (A4), the role of the county superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

## **STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY**

### **Categories of School Districts**

State school districts are characterized by the manner in which the board of education or the governing body, takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, approves all fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and vote upon all fiscal matters. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves all fiscal matters;

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum

must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School System is a Type I school district.

Under the Uniform Services and Consolidation Act, the Executive County Superintendent is required to eliminate non-operating school districts and to recommend consolidation to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

### **School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)**

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or Board. If the Board disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II district, the elected Board develops the budget proposal and, at or after a public hearing, submits it for voter approval. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing bodies of the constituent municipalities must develop the school budget by May 19 of each year. Should the governing bodies be unable to do so, the Commissioner establishes the local school budget.

## **SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT**

### **Levy and Collection of Taxes**

School districts in the State do not levy or collect taxes to pay those budgeted amounts that are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

### **Budgets and Appropriations**

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State constitution. The Commissioner may not approve

any budget unless the Commissioner is satisfied that the district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

### **Tax and Spending Limitations**

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (amended and partially repealed) first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (now repealed) (the "QEA") also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (CEIFA), (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district's net budget by a spending growth limitation. CEIFA limited the amount school districts can increase their annual current expenses and capital outlay budgets, defined as a school district's Spending Growth Limitation. Generally, budgets could increase by either 2.5% or the consumer price index, whichever is greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets can also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceed \$40,000 per pupil. Waivers are available from the Commissioner based on increasing enrollments and other fairly narrow grounds or by limited approval of the voters at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), further provided limitations on a school district spending by limiting the amount a school district can raise for school district purposes through the property tax levy by 4% over the prior budget year's tax levy. P.L. 2007, c. 62 provides for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that must be approved by the Commissioner.

Although P.L. 2007, c. 62 allows for certain adjustments to the 4% tax levy cap, for increases in enrollment, reductions in certain State aid and increases in health care costs, the bill also grants discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges for sending districts. The Commissioner will have the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 is deemed to supersede the prior limitations on the amount school districts can increase their annual current expenses and capital outlay budgets known as a school district's spending growth limitation amount (the "Spending Growth Limitation") created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004).

However, Chapter 62 is in effect only through fiscal year 2012 and would have to be extended by legislation if it is to continue. Otherwise, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service is not limited either by the Spending Growth Limitations or the 4% Cap on the tax levy increase imposed by Chapter 62.

### **Issuance of Debt**

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years, (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district), and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

### **Annual Audit (N.J.S.A. 18A:23-1 et seq.)**

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. A licensed public school accountant must perform the audit no later than five (5) months after the end of the school fiscal year. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

### **Temporary Financing (N.J.S.A. 18A:24-3)**

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts may not capitalize interest on temporary notes, but must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.



### **Debt Limitation (N.J.S.A. 18A:24-19)**

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a kindergarten (K) through grade six (6) school district, the School System can borrow up to 2.5% of the average equalized valuation of taxable property in the School System. The School System has not exceeded its 2.5% debt limit.

### **Capital Lease Financing**

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L.2000, c. 72, repealed the authorization to enter into facilities leases in excess of five years. The payment of rent on an equipment lease and on a five year and under facilities lease is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap. Lease purchase payments on leases in excess of five years entered into under prior law (CEIFA) are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

### **Energy Saving Obligations**

Under P.L. 2009, c. 4, approved January 21, 2009 and effective 60 days thereafter, districts may issue energy savings obligations without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the value of the savings will cover the cost of the measures.

## **SUMMARY OF STATE AID TO SCHOOL DISTRICTS**

In 1973, the Supreme Court of the State of New Jersey (the "Court") first ruled in Robinson v. Cahill that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., (P.L. 1975, c. 212) (the "Public School Education Act") (since amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P. L.1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in Abbott v. Burke that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula

because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., (P.L. 1990, c. 52) ("QEA") (now repealed), the Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., (P.L. 1996, c. 138) (CEIFA) and the Educational Facilities Construction and Financing Act, (P.L. 2000, c. 72) ("EFCFA"), which became law on July 18, 2000. For the past several years aid was simply determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The most current school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260 approved January 1, 2008 (A500), attempts to remove the special status given to certain districts known as Abbot Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was recently challenged in the Court, and the Court held that the State's plan for school aid is a "constitutionally adequate scheme."

Notwithstanding over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities (Facilities Aid) in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner of Education either in the form of a grant or debt service aid as determined under the Education Facilities Construction and Financing Act of 2001. The amount of the aid to which a district is entitled is established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### DEMOGRAPHIC INFORMATION

#### Population

| <u>Year</u> | <u>Montclair</u> | <u>Essex County</u> | <u>New Jersey</u> |
|-------------|------------------|---------------------|-------------------|
| 2020        | 40,921           | 863,728             | 9,288,994         |
| 2010        | 37,669           | 783,969             | 8,791,894         |
| 2000        | 38,658           | 793,633             | 8,414,350         |
| 1990        | 37,729           | 778,206             | 7,730,188         |
| 1980        | 38,321           | 850,451             | 7,364,158         |
| 1970        | 44,043           | 932,526             | 7,171,112         |
| 1960        | 43,129           | 923,545             | 6,066,782         |

#### Population per Square Mile

|                          | <u>Square<br/>Miles</u> | <u>2020</u> | <u>2010</u> | <u>2000</u> | <u>1990</u> | <u>1980</u> |
|--------------------------|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Township of<br>Montclair | 6.16                    | 6,643.09    | 6,115.09    | 6,275.65    | 5,985.70    | 6,079.60    |
| County of<br>Essex       | 126.27                  | 6,840.32    | 6,208.67    | 6,161.90    | 6,163.20    | 6,742.10    |
| State of New<br>Jersey   | 7,416.91                | 1,252.41    | 1,185.38    | 1,134.50    | 1,042.20    | 992.90      |

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Source: N.J. Department of Labor and Industry, Office of Demographic and Economic Analysis.

**TREND OF EMPLOYMENT AND UNEMPLOYMENT**

| <u>Year</u> |          | <u>Labor<br/>Force</u> | <u>Employment</u> | <u>Unemployment<br/>Rate-%</u> |
|-------------|----------|------------------------|-------------------|--------------------------------|
| 2023        | Township | 21,135                 | 20,354            | 3.7                            |
|             | County   | 397,420                | 375,401           | 5.5                            |
|             | State    | 4,829,671              | 4,615,722         | 4.4                            |
| 2022        | Township | 20,658                 | 20,061            | 2.9                            |
|             | County   | 388,290                | 369,991           | 4.7                            |
|             | State    | 4,736,213              | 4,552,563         | 3.9                            |
| 2021        | Township | 19,300                 | 18,100            | 5.9                            |
|             | County   | 369,300                | 333,100           | 9.8                            |
|             | State    | 4,478,000              | 4,126,600         | 7.8                            |
| 2020        | Township | 19,400                 | 18,000            | 7.2                            |
|             | County   | 373,900                | 330,300           | 11.7                           |
|             | State    | 4,495,200              | 4,055,300         | 9.8                            |
| 2019        | Township | 19,700                 | 19,200            | 2.7                            |
|             | County   | 368,700                | 352,300           | 4.5                            |
|             | State    | 4,535,000              | 4,367,300         | 3.7                            |
| 2018        | Township | 19,500                 | 18,900            | 3.0                            |
|             | County   | 364,300                | 345,500           | 5.2                            |
|             | State    | 4,422,900              | 4,239,600         | 4.1                            |
| 2017        | Township | 19,400                 | 18,800            | 3.6                            |
|             | County   | 370,500                | 349,500           | 5.7                            |
|             | State    | 4,518,800              | 4,309,700         | 4.6                            |

Source: State of New Jersey Department of Labor and Workforce Development, Planning and Demographic Reports.

## **TEN LARGEST TAXPAYERS**

| <b><u>PROPERTY OWNER/TAXPAYER</u></b> | <b><u>PROPERTY TYPE</u></b> | <b><u>2022 ASSESSED<br/>VALUE</u></b> |
|---------------------------------------|-----------------------------|---------------------------------------|
| Rockcliffe Apartments                 | 4C                          | 18,757,000                            |
| Bellclaire, LLC                       | 4C & 4A                     | 14,389,300                            |
| Hawthorne Towers, LLC                 | 4C & 4A                     | 14,209,100                            |
| Montclarion Assoc LP % Atlantic       | 4C                          | 10,823,800                            |
| Orange Pavilion, LLC                  | 4C                          | 10,764,800                            |
| First Montclair LLC % Empire MGMT     | 4A                          | 10,327,600                            |
| 45 Church St Assoc % Afflia MGMT      | 4A                          | 10,126,800                            |
| BDP Lackawanna LLC                    | 4A                          | 10,000,000                            |
| MKM Holdings LLC                      | 4C                          | 9,292,800                             |
| 147 Bloomfield Ave JV, LLC            | 4C                          | 8,951,000                             |

**ASSESSED VALUATION OF PROPERTY BY CLASS AND RELATED TAX BASE DATA**

| <b>PROPERTY<br/>CLASSIFICATION</b>               | <b>2023</b>            | <b>2022</b>            | <b>2021</b>            | <b>2020</b>            | <b>2019</b>               |
|--|------------------------|------------------------|------------------------|------------------------|---------------------------|
| Vacant Land                                      | \$28,920,700           | \$26,315,900           | \$26,461,900           | \$28,846,400           | \$27,821,000              |
| Residential                                      | \$6,090,214,000        | \$6,064,804,300        | \$6,038,567,900        | \$6,025,614,100        | \$6,008,889,700           |
| Commercial                                       | \$697,806,700          | \$697,834,200          | \$693,817,200          | \$690,123,600          | \$693,121,700             |
| Industrial                                       | \$5,023,000            | \$5,023,000            | \$5,023,000            | \$5,023,000            | \$7,212,800               |
| Apartments                                       | \$326,272,200          | \$326,194,900          | \$328,114,900          | \$321,723,500          | \$313,571,400             |
| Real Property Total                              | \$7,148,236,600        | \$7,120,175,300        | \$7,091,984,900        | \$7,071,390,600        | \$7,050,616,600           |
| Public Utility (6A)                              | \$8,369,200            | \$9,003,189            | \$9,629,400            | \$9,422,700            | \$9,411,300.00            |
| Net Taxable Value                                | \$7,156,665,800        | \$7,129,178,489        | \$7,101,614,300        | \$7,080,813,300        | \$7,060,027,900           |
| Exempt Property                                  | <u>\$833,916,400</u>   | <u>\$834,472,500</u>   | <u>\$779,715,500</u>   | <u>\$790,819,700</u>   | <u>\$910,875,000</u>      |
| <b>Total Real &amp; Exempt<br/>Property Only</b> | <b>\$7,990,583,200</b> | <b>\$7,963,650,989</b> | <b>\$7,881,329,800</b> | <b>\$7,871,633,000</b> | <b>\$7,961,491,600</b>    |
| County Equalized Ratio                           | 72.74%                 | 82.54%                 | 88.05%                 | 89.51%                 | 90.23%                    |
| Net Valuation for County<br>Tax Apportionment    | <b>\$9,886,603,937</b> | <b>\$8,649,180,767</b> | <b>\$8,077,971,840</b> | <b>\$7,923,346,758</b> | <b>\$7,836,749,193.00</b> |

**APPORTIONMENT OF THE TAX RATE-Per \$100 of Assessed Value**

|                       | <u>2023</u>    | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018*</u>   |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Municipal             | \$0.826        | \$0.814        | \$0.798        | \$0.783        | \$0.783        | \$0.783        |
| Municipal Library     | \$0.046        | \$0.040        | \$0.038        | \$0.037        | \$0.037        | \$0.035        |
| Local School          | \$0.110        | \$0.115        | \$0.116        | \$0.111        | \$0.111        | \$0.104        |
| District School       | \$1.805        | \$1.761        | \$1.733        | \$1.704        | \$1.675        | \$1.647        |
| County                | \$0.572        | \$0.540        | \$0.529        | \$0.527        | \$0.523        | \$0.509        |
| County Open<br>Space  | <u>\$0.021</u> | <u>\$0.018</u> | <u>\$0.017</u> | <u>\$0.017</u> | <u>\$0.017</u> | <u>0.016</u>   |
| <b>Total Tax Rate</b> | <b>\$3.380</b> | <b>\$3.288</b> | <b>\$3.231</b> | <b>\$3.179</b> | <b>\$3.146</b> | <b>\$3.094</b> |

\* Reassessment/Revaluation

Source: County of Essex Abstract of Ratables

**APPORTIONMENT OF TAX LEVY**

|           | <b><u>2023</u></b>   | <b><u>2022</u></b>   | <b><u>2021</u></b>   | <b><u>2020</u></b>   | <b><u>2019</u></b>   | <b><u>2018</u></b>   |
|-----------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Municipal | \$59,144,711         | \$58,014,756         | \$56,694,090         | \$55,433,295         | \$55,271,041         | \$55,095,563         |
| Library   | \$3,277,995          | \$2,867,267          | \$2,680,151          | \$2,628,769          | \$2,600,327          | \$2,436,053          |
| School    | \$137,056,091        | \$133,690,569        | \$131,280,813        | \$128,495,250        | \$126,123,497        | \$123,294,173        |
| County    | <u>\$42,403,263</u>  | <u>\$39,817,147</u>  | <u>\$38,785,036</u>  | <u>\$38,533,039</u>  | <u>\$38,081,138</u>  | <u>\$36,955,831</u>  |
| Total     | <b>\$241,882,062</b> | <b>\$234,389,739</b> | <b>\$229,440,090</b> | <b>\$225,090,353</b> | <b>\$222,076,003</b> | <b>\$217,781,619</b> |

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Source: The Township Financial Statements



**COMPARISON OF TAX LEVIES AND COLLECTIONS**

| <u>Year</u> | <u>Tax Levy</u> | <u>Current Year<br/>Tax Levy Collected</u> |                   |
|-------------|-----------------|--|-------------------|
|             |                 | <u>Amount</u>                              | <u>Percentage</u> |
| 2023        | 243,600,011     | 240,824,163                                | 98.86%            |
| 2022        | 236,093,437     | 233,835,251                                | 99.04%            |
| 2021        | 230,756,626     | 228,188,064                                | 98.89%            |
| 2020        | 226,447,947     | 223,477,608                                | 98.69%            |
| 2019        | 223,456,809     | 220,868,647                                | 98.84%            |
| 2018        | 218,984,784     | 215,969,003                                | 98.62%            |
| 2017        | 215,463,376     | 213,143,079                                | 98.92%            |

**TAX TITLE LIENS AND DELINQUENT TAXES**

| <u>Dec. 31</u> | <u>Amount<br/>of Tax<br/>Title Liens</u> | <u>Amount of<br/>Delinquent<br/>Taxes</u> | <u>Total<br/>Delinquent</u> | <u>Percentage<br/>of<br/>Tax Levy</u> |
|----------------|--|---|-----------------------------|---------------------------------------|
| 2023           | 317,151                                  | 2,864,464                                 | 3,181,615                   | 1.31%                                 |
| 2022           | 317,900                                  | 2,258,186                                 | 2,576,086                   | 1.09%                                 |
| 2021           | 292,593                                  | 2,566,882                                 | 2,859,476                   | 1.26%                                 |
| 2020           | 268,461                                  | 2,645,406                                 | 2,913,867                   | 1.29%                                 |
| 2019           | 250,387                                  | 2,501,644                                 | 2,752,031                   | 1.23%                                 |
| 2018           | 217,475                                  | 2,757,419                                 | 2,974,894                   | 1.36%                                 |
| 2017           | 189,381                                  | 2,184,852                                 | 2,374,234                   | 1.10%                                 |

Source: The Township Financial Statements

## **COMPARATIVE SCHEDULE OF FUND BALANCES**

### **Current Fund**

| <u>Year</u> | <u>Balance<br/>December 31</u> | <u>Utilized in<br/>Succeeding<br/>Years Budget</u> |
|-------------|--------------------------------|--|
| 2023        | \$18,185,008                   | \$9,000,000  |
| 2022        | 18,726,503                     | 7,550,000  |
| 2021        | 14,051,839                     | 6,700,000  |
| 2020        | 15,771,419                     | 9,450,000  |
| 2019        | 16,867,362                     | 7,950,000  |
| 2018        | 15,123,850                     | 7,300,000  |
| 2017        | 12,059,342                     | 4,750,000  |

### **Water Utility**

|      |             |             |
|------|-------------|-------------|
| 2023 | \$2,008,241 | \$1,069,100 |
| 2022 | 2,470,293   | 1,873,182   |
| 2021 | 1,902,309   | 1,592,153   |
| 2020 | 1,970,255   | 1,700,000   |
| 2019 | 1,528,123   | 1,400,726   |
| 2018 | 3,694,227   | 2,812,129   |
| 2017 | 3,155,233   | 1,846,694   |

### **Sewer Utility**

|      |             |           |
|------|-------------|-----------|
| 2023 | \$2,317,831 | \$926,565 |
| 2022 | 1,779,368   | 600,000   |
| 2021 | 2,437,173   | 1,000,000 |
| 2020 | 2,337,732   | 1,392,000 |
| 2019 | 2,126,579   | 620,472   |
| 2018 | 1,796,636   | 660,411   |
| 2017 | 1,536,220   | 1,084,639 |

### **Parking Utility**

|      |             |             |
|------|-------------|-------------|
| 2023 | \$2,424,592 | \$1,116,671 |
| 2022 | 1,812,905   | 943,908     |
| 2021 | 1,331,338   | 802,660     |
| 2020 | 1,538,133   | 1,500,000   |
| 2019 | 2,150,404   | 847,727     |
| 2018 | 1,889,175   | 1,300,000   |
| 2017 | 1,615,537   | 1,100,887   |

**DEBT STATEMENT AS OF DECEMBER 31, 2023**

Gross Debt

School Debt:

|   |                    |
|---|--------------------|
| Serial Bonds Issued and Outstanding                 | \$112,590,000      |
| Temporary Bonds and Notes Issued and Outstanding    | 0                  |
| Temporary Bonds and Notes Authorized but Not Issued | <u>117,730,769</u> |
|   | \$230,320,769      |

Self-Liquidating Purposes:

|   |                   |
|---|-------------------|
| N.J. Environmental Infrastructure Loan Program: |                   |
| Issued  | 2,235,318         |
| Serial Bonds Issued and Outstanding             | <u>13,635,000</u> |
|   | \$15,870,318      |

Municipal Purposes:

|  |                   |
|--|-------------------|
| Serial Bonds Issued and Outstanding                    | 43,805,000        |
| BANS Authorized but Not Issued                         | 25,530,496        |
| Green Acres and Infrastructure and other Loans Payable | <u>462,759</u>    |
|  | <u>69,798,256</u> |

Total Gross Debt 315,989,343

Statutory Deductions

School Debt:

|                           |                    |
|---------------------------|--------------------|
| Local School District:    |                    |
| Maximum                   | 230,320,769        |
| Self-Liquidating Purposes | 15,870,318         |
|                           | <u>246,191,087</u> |

Statutory Net Debt \$69,798,256

Average Equalized Valuation of Real Property for 2019 -2021 is \$9,709,248,507

Net Debt Percentage (Statutory Debt Limit - 3 ½%) 0.719%

**REMAINING STATUTORY BORROWING POWER**

|   |                      |
|---|----------------------|
| 3 1/2% of Equalized Valuation Basis                   | \$339,828,697        |
| Less: Statutory Net Debt                              | <u>\$69,978,256</u>  |
| Remaining Municipal Borrowing Power December 31, 2023 | <u>\$269,845,441</u> |

\*Statutory deductions are used for the purpose of determining municipal borrowing power under State Law. The Municipality is obligated to pay the full amount of its gross debt.

**UNDERLYING DEBT  
DECEMBER 31, 2023**

|   |                          |
|---|--------------------------|
| County of Essex   | \$718,991,688            |
| Essex County Improvement Authority:<br>Guarantee of Bonds Pursuant to N.J.S. 40:37A-80              | <u>292,901,258.73</u>    |
| Gross Debt December 31, 2023*   | <u>\$1,011,892,946</u>   |
| Apportionment to Township of Montclair  | <u>\$ 89,123,336</u>     |
| Basis of Debt Apportionment:<br>Ratio of Equalized Valuation Basis:<br>Township of Montclair - 2023 | <u>\$10,718,942,469</u>  |
| Essex County - 2023 Equalized Valuation Basis   | <u>\$121,701,258,678</u> |
| Ratio - Township of Montclair   | <u>8.81%</u>             |

**GROSS DEBT COMPARED WITH TRUE VALUE**

|  | <u>Municipal Debt</u> | Municipal Debt<br>Including<br>2023 Apportioned<br><u>underlying</u> |
|--|-----------------------|--|
| Gross Debt as of December 31, 2023                 | <u>\$69,978,256</u>   | <u>\$159,101,592</u>   |
| Gross Debt as a Percentage of True Value (YE 2022) | <u>0.719%</u>         | <u>1.48%</u>   |

\*Includes both the Guarantee of Essex County Improvement Authority Bonds as well as Bonds Issued and Bonds Authorized but Not Issued for Capital Projects of County Colleges.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE  
TOWNSHIP OF MONTCLAIR, IN THE COUNTY OF ESSEX, NEW JERSEY**

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**INDEPENDENT AUDITOR'S REPORT**

**AUDITED FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

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**SUPLEE, CLOONEY & COMPANY LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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E-mail [info@scenco.com](mailto:info@scenco.com)

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Township Council  
Township of Montclair  
County of Essex  
Montclair, New Jersey 07042

***Report on the Audit of the Financial Statements***

***Adverse and Unmodified Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Montclair (the "Township"), as of and for the year ended December 31, 2023, the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township as of December 31, 2023, or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2023.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2023, the regulatory basis statement of operations and changes in fund balance for the year then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

***Matter Giving Rise to Adverse Opinion***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

## SUPLEE, CLOONEY & COMPANY LLC

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

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

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

### ***Prior Period Financial Statements***

The financial statements of the Township as of December 31, 2022, were audited by other auditors whose report dated November 22, 2023, expressed an adverse opinion on the financial statements as to the conformity of the financial statements with accounting principles generally accepted in the United States of America and an unmodified opinion on those financial statements in accordance with the basis of financial reporting prescribed by the Division.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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 Township's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY LLC  
Certified Public Accountants

/s/ Robert W. Swisher  
Robert W. Swisher, C.P.A., R.M.A.

August 14, 2024

TOWNSHIP OF MONTCLAIR  
CURRENT AND GRANT FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

| <u>ASSETS</u>   | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|---|--|--|
| <u>Current Fund</u>                                   |  |  |
| Current Assets:                                       |  |  |
| Cash - Checking                                       | \$ 48,836,624.03                       | \$ 41,759,744.87                       |
| Change Funds  | 855.00                                 | 855.00                                 |
|   | <u>48,837,479.03</u>                   | <u>41,760,599.87</u>                   |
| Due from State of New Jersey:<br>(Ch. 129, P.L. 1976) | 250.00                                 | 250.00                                 |
|   | <u>48,837,729.03</u>                   | <u>41,760,849.87</u>                   |
| Receivables and Other Assets with Full Reserves:      |  |  |
| Delinquent Property Taxes Receivable                  | 2,774,936.67                           | 2,258,186.28                           |
| Tax Title Liens                                       | 270,630.94                             | 317,151.27                             |
| Property Acquired for Taxes - Assessed Valuation      | 317,900.00                             | 317,900.00                             |
| Other Liens Receivable                                | 7,500.00                               | 7,500.00                               |
| Other Accounts Receivable                             | 46,400.31                              | 143,946.63                             |
| Revenue Accounts Receivable                           | 84,606.22                              | 148,271.40                             |
|   | <u>3,501,974.14</u>                    | <u>3,192,955.58</u>                    |
|   | <u>52,339,703.17</u>                   | <u>44,953,805.45</u>                   |
| <u>Grant Fund</u>                                     |  |  |
| Cash  | 1,348,670.53                           | 3,477,254.54                           |
| Grants Receivable                                     | 1,874,402.40                           | 882,666.68                             |
|   | <u>3,223,072.93</u>                    | <u>4,359,921.22</u>                    |
|   | <u>\$ 55,562,776.10</u>                | <u>\$ 49,313,726.67</u>                |

The accompanying Note to the Financial Statement are an integral part of this statement

TOWNSHIP OF MONTCLAIR  
CURRENT AND GRANT FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

|  | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|--|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>      |  |  |
| <u>Current Fund</u>                                |  |  |
| Appropriated Reserves:                             |  |  |
| Encumbered   | \$ 2,016,628.88                        | \$ 2,211,440.14                        |
| Unencumbered                                       | 6,693,726.66                           | 4,346,449.05                           |
| County Taxes Payable                               | 122,434.44                             | 124,229.23                             |
| School Taxes Payable                               | 18,649,421.00                          | 13,994,435.00                          |
| Special District Tax Payable                       | 1,200.00                               |  |
| Reserve for Municipal Relief Fund                  | 309,481.38                             | 154,773.68                             |
| Due to State of New Jersey                         | 110,305.00                             | 38,702.00                              |
| Prepaid Taxes                                      | 1,089,110.06                           | 1,182,303.67                           |
| Prepaid PILOTS                                     | 30,443.80                              | 21,690.60                              |
| Accounts Payable                                   | 1,449,394.03                           | 853,542.94                             |
| Payment in Lieu of Taxes - Overpayments            | 5,467.34                               | 5,467.34                               |
| Tax Overpayments                                   | 134,822.29                             | 92,535.98                              |
| Interfunds Payable                                 |  | 8,777.00                               |
|  | <u>30,612,434.88</u>                   | <u>23,034,346.63</u>                   |
| Reserve for Receivables                            | 3,501,974.14                           | 3,192,955.58                           |
| Fund Balance                                       | <u>18,225,294.15</u>                   | <u>18,726,503.24</u>                   |
|  | <u>52,339,703.17</u>                   | <u>44,953,805.45</u>                   |
| <u>Grant Fund</u>                                  |  |  |
| Appropriated Reserves for Federal and State Grants | 2,567,945.33                           | 984,903.77                             |
| Reserve for Encumbrances                           | 453,860.96                             | 699,300.45                             |
| Reserve for Unappropriated Grants                  | 201,266.64                             | 2,675,717.00                           |
|  | <u>3,223,072.93</u>                    | <u>4,359,921.22</u>                    |
|  | <u>\$ 55,562,776.10</u>                | <u>\$ 49,313,726.67</u>                |

The accompanying Note to the Financial Statement are an integral part of this statement

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

|  | Budget          | N.J.S.<br>40A:4-87 | Realized        | Excess or<br>(Deficit) |
|--|-----------------|--------------------|-----------------|------------------------|
| Fund Balance Anticipated                       | \$ 7,550,000.00 |                    | \$ 7,550,000.00 |                        |
| <u>Miscellaneous Revenue</u>                   |                 |                    |                 |                        |
| Licenses:                                      |                 |                    |                 |                        |
| Alcoholic Beverages                            | 63,000.00       | \$                 | 65,500.00       | \$ 2,500.00            |
| Other Licenses                                 | 150,000.00      |                    | 154,225.25      | 4,225.25               |
| Fees and Permits                               | 880,000.00      |                    | 931,122.75      | 51,122.75              |
| Fines and Costs:                               |                 |                    |                 |                        |
| Municipal Court                                | 1,150,000.00    |                    | 1,032,652.90    | (117,347.10)           |
| Interest and Cost on Taxes                     | 750,000.00      |                    | 638,907.37      | (111,092.63)           |
| Interest on Investments and Deposits           | 620,000.00      |                    | 1,359,675.29    | 739,675.29             |
| Energy Receipts Tax                            | 2,987,575.00    |                    | 2,987,575.40    | 0.40                   |
| Municipal Relief Fund                          | 154,773.68      |                    | 154,773.68      |                        |
| Dedicated Uniform Construction Code Fees       |                 |                    |                 |                        |
| Offset with Appropriations:                    |                 |                    |                 |                        |
| (N.J.S.A. 40A:4.36 and N.J.A.C. 5:23-4.17):    | 1,527,000.00    |                    | 1,300,717.00    | (226,283.00)           |
| Interlocal Government Services:                |                 |                    |                 |                        |
| Interlocal Health Services - Cedar Grove       | 76,904.00       |                    | 76,904.00       |                        |
| Interlocal Health Services - Verona            | 90,408.00       |                    | 90,408.00       |                        |
| Interlocal Health Services - Nutley            | 48,595.00       |                    | 48,595.00       |                        |
| Interlocal Government Services - Fire Services | 850,000.00      |                    | 850,000.00      |                        |
| School Resources Officer Board of Education    | 150,000.00      |                    | 155,000.00      | 5,000.00               |
| State and Federal Revenues Offset with         |                 |                    |                 |                        |
| Appropriations:                                |                 |                    |                 |                        |
| ARP - Fire Fighter Grant                       | 24,000.00       |                    | 24,000.00       |                        |
| Bicycle & School Bus Safety Grant 1st Half     | 18,000.00       |                    | 18,000.00       |                        |
| Body Armor Grant                               | 6,355.18        |                    | 6,355.18        |                        |
| Bulletproof Vest                               | 7,942.20        |                    | 7,942.20        |                        |
| Childhood Lead Program Grant                   |                 | 188,144.00         | 188,144.00      |                        |
| Clean Communities Program                      |                 | 82,064.34          | 82,064.34       |                        |
| Click It or Ticket                             |                 | 10,500.00          | 10,500.00       |                        |
| ELC Grant                                      | 537,606.00      | 539,596.00         | 1,077,202.00    |                        |
| FEMA Grant - AFG                               | 307,969.16      |                    | 307,969.16      |                        |
| LGAP Grant 2023                                |                 | 39,900.00          | 39,900.00       |                        |
| Local Recreation Improvement Grant             |                 | 77,000.00          | 77,000.00       |                        |
| Mill Program Grant                             | 30,000.00       |                    | 30,000.00       |                        |
| National Opioid Settlement Grant               |                 | 245,709.88         | 245,709.88      |                        |
| Recycling Tonnage Grant                        | 41,479.20       |                    | 41,479.20       |                        |
| Safe and Secure Communities Program            | 8,100.00        |                    | 8,100.00        |                        |
| Small Business Grant                           | 450,000.00      |                    | 450,000.00      |                        |
| Stormwater Assistance Grant                    |                 | 25,000.00          | 25,000.00       |                        |
| Strengthening LPHCP 2024 Grant                 |                 | 406,046.00         | 406,046.00      |                        |
| Sustainable Jersey - PSE&G Partnership Program |                 | 7,500.00           | 7,500.00        |                        |
| Visiting Nurses Grant                          | 14,561.00       |                    | 14,561.00       |                        |

The accompanying Note to the Financial Statement are an integral part of this statement



TOWNSHIP OF MONTCLAIR  
CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

|   | Budget                  | N.J.S.<br>40A:4-87     | Realized                 | (Deficit) or<br>Excess |
|---|-------------------------|------------------------|--------------------------|------------------------|
| <u>Miscellaneous Revenue</u>                                  |                         |                        |                          |                        |
| Other Special Items:  |                         |                        |                          |                        |
| Payment In Lieu of Taxes                                      |                         |                        |                          |                        |
| PILOT - Montclair Senior Housing Corp. (Orange Road)          | \$ 120,000.00           | \$                     | \$ 92,265.09             | \$ (27,734.91)         |
| PILOT - First Montclair Housing Corp. (Walnut Street)         | 176,000.00              |                        | 168,403.41               | (7,596.59)             |
| PILOT - RTD Management Corp. (Lackawanna Plaza)               | 160,000.00              |                        | 159,365.00               | (635.00)               |
| PILOT - RTD Management Corp. (Union Gardens)                  | 110,000.00              |                        | 110,000.00               |                        |
| PILOT - United Methodist Homes (Pineridge of Montclair)       | 26,000.00               |                        | 26,440.80                | 440.80                 |
| PILOT - MAP/Centro Verde                                      | 1,490,000.00            |                        | 1,274,787.04             | (215,212.96)           |
| PILOT - MAG/Centro Verde (Garage)                             | 60,000.00               |                        | 59,156.69                | (843.31)               |
| PILOT - Siena   | 1,100,000.00            |                        | 1,226,474.78             | 126,474.78             |
| PILOT - 11 Pine Street  | 244,000.00              |                        | 325,584.32               | 81,584.32              |
| PILOT - Herod Redevelopment                                   | 97,000.00               |                        | 74,585.10                | (22,414.90)            |
| PILOT - 55 Glenridge  | 2,570.00                |                        | 2,571.47                 | 1.47                   |
| PILOT - MC Hotel  | 800,000.00              |                        | 803,400.57               | 3,400.57               |
| PILOT - Two South Willow (Wellmont East)                      | 607,000.00              |                        | 1,143,129.13             | 536,129.13             |
| PILOT - Two South Willow (Wellmont West)                      | 224,000.00              |                        | 475,668.57               | 251,668.57             |
| Wellmont Ground Lease   | 124,000.00              |                        | 123,999.96               | (0.04)                 |
| Reserve for Payment of Debt Service (School)                  | 199,148.89              |                        | 199,148.89               |                        |
| Rent Control Revenues   | 42,000.00               |                        | 68,280.00                | 26,280.00              |
| Alarm Registration Fees                                       | 100,000.00              |                        | 110,984.70               | 10,984.70              |
| Penalty on Delinquent Taxes (\$10,000.00 and Over)            | 120,000.00              |                        | 97,546.34                | (22,453.66)            |
| Administrative Fees - Police Off-Duty                         | 300,000.00              |                        | 383,852.90               | 83,852.90              |
| Rear Yard Refuse Collection                                   | 30,000.00               |                        | 35,950.00                | 5,950.00               |
| Hotel Tax   | 290,000.00              |                        | 357,656.62               | 67,656.62              |
| American Rescue Plan  | 2,018,219.07            |                        | 2,018,219.07             |                        |
| Cannabis Revenue  | 250,000.00              |                        | 274,629.05               | 24,629.05              |
| Wireless Edge - Cellular Lease                                | 75,000.00               |                        | 60,240.76                | (14,759.24)            |
| Cable Television Franchise Fees                               | 461,000.00              |                        | 436,968.98               | (24,031.02)            |
| <b>Total Miscellaneous Revenue</b>                            | <b>\$ 20,170,206.38</b> | <b>\$ 1,621,460.22</b> | <b>\$ 23,022,838.84</b>  | <b>\$ 1,231,172.24</b> |
| <b>Receipts From Delinquent Taxes</b>                         | <b>\$ 2,000,000.00</b>  | <b>\$</b>              | <b>\$ 2,128,461.95</b>   | <b>\$ 128,461.95</b>   |
| Amount to be Raised by Taxes for Support of Municipal Budget: |                         |                        |                          |                        |
| Local Tax for Municipal Purposes                              | \$ 59,144,711.54        | \$                     | \$ 60,231,914.23         | \$ 1,087,202.69        |
| Minimum Library Tax   | 3,277,995.00            |                        | 3,277,995.00             |                        |
| Addition to Local District School Tax                         | 7,847,551.11            |                        | 7,847,551.11             |                        |
|   | <u>70,270,257.65</u>    |                        | <u>71,357,460.34</u>     | <u>1,087,202.69</u>    |
| <b>BUDGET TOTALS</b>  | <b>\$ 99,990,464.03</b> | <b>\$ 1,621,460.22</b> | <b>\$ 104,058,761.13</b> | <b>2,446,836.88</b>    |
| Non-Budget Revenues   |                         |                        | 485,392.75               | 485,392.75             |
|   | <u>\$ 99,990,464.03</u> | <u>\$ 1,621,460.22</u> | <u>\$ 104,544,153.88</u> | <u>\$ 2,932,229.63</u> |

The accompanying Note to the Financial Statement are an integral part of this statement

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

Receipts from Delinquent Taxes

Collections of Delinquent Taxes

2023 Collections:

Taxes

\$ 2,128,461.95

\$ 2,128,461.95

Allocation of Current Tax Collections

Collection of Current Taxes:

2020 Collections

\$ 239,589,859.51

2019 Collections

1,182,303.67

Due from State of New Jersey

52,000.00

\$ 240,824,163.18

Allocated to:

County Taxes

42,525,698.84

Local School District Taxes

129,208,540.00

Special Improvement District Taxes

1,018,290.00

172,752,528.84

68,071,634.34

Plus: Appropriation for "Reserve for  
 Uncollected Taxes"

3,285,826.00

Realized for Support of Municipal Budget

\$ 71,357,460.34

The accompanying Note to the Financial Statement are an integral part of this statement

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

Other Licenses

|                   |                   |                      |
|-------------------|-------------------|----------------------|
| Township Clerk    | \$ 50,225.00      |                      |
| Health Department | <u>104,000.25</u> |                      |
|                   |                   | <u>\$ 154,225.25</u> |

Other Fees and Permits

|                     |                   |                      |
|---------------------|-------------------|----------------------|
| Township Clerk      | \$ 84,375.00      |                      |
| Animal Shelter      | 19,183.00         |                      |
| Board of Adjustment | 14,195.00         |                      |
| Community Services  | 67,125.22         |                      |
| Construction Code   | 29,315.03         |                      |
| Fire                | 133,000.00        |                      |
| Health Officer      | 34,820.00         |                      |
| Housing and Zoning  | 10,450.00         |                      |
| Planning Board      | 15,365.75         |                      |
| Police              | 28,793.00         |                      |
| Public Works        | 13,590.00         |                      |
| Recreation          | <u>480,910.75</u> |                      |
|                     |                   | <u>\$ 931,122.75</u> |

The accompanying Note to the Financial Statement are an integral part of this statement

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

Miscellaneous Revenue Not Anticipated

|  |              |               |
|--|--------------|---------------|
| Arena Commission                           | \$ 38,100.11 |               |
| Copies                                     | 260.00       |               |
| Cost of Sales                              | 12,286.77    |               |
| Division of Motor Vehicle Inspection Fines | 250.00       |               |
| Fee for Dumpster                           | 275.00       |               |
| FEMA                                       | 370,739.10   |               |
| Miscellaneous                              | 21,810.43    |               |
| MRNA- Cellular Lease (Wireless Edge)       | 6,786.64     |               |
| NSF Returned Check Charge                  | 2,580.00     |               |
| Planning                                   | 5,000.00     |               |
| Salvation Army Rent (68 N Full.)           | 14,020.00    |               |
| Senior and Vet Administrative Fee          | 1,040.00     |               |
| Special Charges (Tax Office)               | 5,208.70     |               |
| Special Program - Food Handler             | 6,500.00     |               |
| Towing - Administrative Costs              | 536.00       |               |
|  | <hr/>        |               |
|  |              | \$ 485,392.75 |

The accompanying Note to the Financial Statement are an integral part of this statement

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

A-3  
Sheet # 1

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation             | Appropriations      |                     | Paid or Charged     | Reserved          |                   | Balance Canceled |
|---------------------------|---------------------|---------------------|---------------------|-------------------|-------------------|------------------|
|                           | Budget              | Modified Budget     |                     | Encumbered        | Unencumbered      |                  |
| <b>GENERAL GOVERNMENT</b> |                     |                     |                     |                   |                   |                  |
| Mayor and Council:        |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | \$ 49,100.00        | \$ 49,100.00        | \$ 48,846.99        | \$                | 253.01            |                  |
| Other Expenses            | 48,000.00           | 48,000.00           | 16,637.09           | 3,741.55          | 27,621.36         |                  |
| Township and Manager:     |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 546,106.71          | 446,106.71          | 337,159.96          |                   | 108,946.75        |                  |
| Other Expenses            | 238,262.50          | 238,262.50          | 88,768.92           | 15,706.22         | 133,787.36        |                  |
| Human Resources           |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 169,805.90          | 169,805.90          | 104,734.87          | 38,494.55         | 65,071.03         |                  |
| Other Expenses            | 231,850.00          | 231,850.00          | 169,698.80          |                   | 23,656.65         |                  |
| Information Technology    |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 132,609.30          | 132,609.30          | 122,886.37          |                   | 9,722.93          |                  |
| Other Expenses            | 616,160.00          | 616,160.00          | 420,598.41          | 99,478.60         | 96,102.99         |                  |
| Township Clerk:           |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 215,480.92          | 215,480.92          | 175,785.10          |                   | 39,695.82         |                  |
| Other Expenses            | 44,489.00           | 44,489.00           | 21,561.29           | 8,828.25          | 14,099.46         |                  |
| Election Expenses:        |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 3,000.00            | 3,000.00            | 802.44              |                   | 2,197.56          |                  |
| Other Expenses            | 120,000.00          | 120,000.00          | 31,770.41           |                   | 88,229.59         |                  |
| Township Attorney:        |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 235,246.95          | 235,246.95          | 210,154.73          |                   | 25,092.22         |                  |
| Other Expenses            | 310,000.00          | 310,000.00          | 139,832.51          | 79,420.15         | 90,747.34         |                  |
| Municipal Court:          |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 682,375.75          | 682,375.75          | 563,879.22          |                   | 118,496.53        |                  |
| Other Expenses            | 69,350.00           | 69,350.00           | 48,267.43           | 11,816.72         | 9,265.85          |                  |
| Postage:                  |                     |                     |                     |                   |                   |                  |
| Other Expenses            | 70,000.00           | 70,000.00           | 47,944.11           | 21,134.85         | 921.04            |                  |
|                           | <u>3,761,857.03</u> | <u>3,661,857.03</u> | <u>2,549,326.65</u> | <u>278,620.89</u> | <u>853,907.49</u> |                  |
| <b>FINANCE DEPARTMENT</b> |                     |                     |                     |                   |                   |                  |
| Administration:           |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 122,184.80          | 122,184.80          | 111,298.94          |                   | 10,885.86         |                  |
| Other Expenses            | 57,000.00           | 57,000.00           | (23,630.77)         | 30,593.00         | 50,037.77         |                  |
| Accounting and Treasury:  |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 248,317.73          | 248,317.73          | 204,479.33          |                   | 43,838.40         |                  |
| Other Expenses            | 58,850.00           | 58,850.00           | 12,484.15           | 13,462.53         | 32,903.32         |                  |
| Tax Assessor:             |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 363,078.93          | 363,078.93          | 357,579.04          |                   | 5,499.89          |                  |
| Other Expenses:           | 389,289.00          | 389,289.00          | 196,738.41          | 95,390.28         | 97,160.31         |                  |
| Tax Collector:            |                     |                     |                     |                   |                   |                  |
| Salaries and Wages        | 231,548.31          | 231,548.31          | 188,678.38          |                   | 42,869.93         |                  |
| Other Expenses            | 44,000.00           | 44,000.00           | 28,390.94           | 10,106.07         | 5,502.99          |                  |
| Auditing:                 |                     |                     |                     |                   |                   |                  |
| Other Expenses            | 43,000.00           | 43,000.00           | 19,000.00           | 24,000.00         |                   |                  |
|                           | <u>1,557,266.77</u> | <u>1,557,266.77</u> | <u>1,095,018.42</u> | <u>173,551.88</u> | <u>288,696.47</u> |                  |

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

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

A-3  
Sheet # 2

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation  | Appropriations       |                      | Paid or Charged      | Reserved          |                   | Balance Canceled |
|--|----------------------|----------------------|----------------------|-------------------|-------------------|------------------|
|  | Budget               | Modified Budget      |                      | Encumbered        | Unencumbered      |                  |
| <b>APPROPRIATIONS WITHIN "CAPS:"</b>                     |                      |                      |                      |                   |                   |                  |
| <b>PLANNING AND COMMUNITY DEVELOPMENT</b>                |                      |                      |                      |                   |                   |                  |
| Municipal Land Use Law (N.J.S.A. 40:55D-1):              |                      |                      |                      |                   |                   |                  |
| Planning Administration:                                 |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | \$ 366,181.75        | \$ 366,181.75        | \$ 335,345.90        | \$                | \$ 30,835.85      |                  |
| Other Expenses   | 92,350.00            | 92,350.00            | 61,182.11            |                   | 16,534.22         |                  |
| Planning Board:  |                      |                      |                      |                   |                   |                  |
| Other Expenses   | 48,400.00            | 48,400.00            | 26,980.19            | 4,625.92          | 16,793.89         |                  |
| Board of Adjustment:                                     |                      |                      |                      |                   |                   |                  |
| Other Expenses   | 18,800.00            | 18,800.00            | 9,437.30             | 8,832.20          | 530.50            |                  |
| Rent Control Administration                              |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | 147,000.00           | 147,000.00           | 70,492.02            |                   | 76,507.98         |                  |
| Other Expenses   | 40,000.00            | 40,000.00            | 2,801.41             | 9,162.52          | 28,036.07         |                  |
|  | <u>712,731.75</u>    | <u>712,731.75</u>    | <u>506,238.93</u>    | <u>37,254.31</u>  | <u>169,238.51</u> |                  |
| <b>DEPARTMENT OF ADMINISTRATION AND CODE ENFORCEMENT</b> |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | 547,593.92           | 547,593.92           | 347,329.94           |                   | 200,263.98        |                  |
| Other Expenses   | 87,550.00            | 87,550.00            | 3,899.69             | 39,268.85         | 44,381.46         |                  |
|  | <u>635,143.92</u>    | <u>635,143.92</u>    | <u>351,229.63</u>    | <u>39,268.85</u>  | <u>244,645.44</u> |                  |
| <b>POLICE DEPARTMENT</b>                                 |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | 16,497,440.46        | 16,497,440.46        | 15,943,441.82        |                   | 553,998.64        |                  |
| ATB Service Police PD&Fire Alarm                         | 55,000.00            | 55,000.00            | 20,753.95            | 12,746.05         | 21,500.00         |                  |
| Other Expenses   | 587,000.00           | 587,000.00           | 371,556.32           | 185,296.47        | 30,147.21         |                  |
|  | <u>17,139,440.46</u> | <u>17,139,440.46</u> | <u>16,335,752.09</u> | <u>198,042.52</u> | <u>605,645.85</u> |                  |
| <b>FIRE DEPARTMENT</b>                                   |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | 10,921,083.66        | 10,921,083.66        | 10,451,552.49        |                   | 469,531.17        |                  |
| Other Expenses   | 310,550.00           | 310,550.00           | 207,583.94           | 42,331.51         | 60,634.55         |                  |
|  | <u>11,231,633.66</u> | <u>11,231,633.66</u> | <u>10,659,136.43</u> | <u>42,331.51</u>  | <u>530,165.72</u> |                  |
| <b>PUBLIC WORKS DEPARTMENT</b>                           |                      |                      |                      |                   |                   |                  |
| Community Services Administration:                       |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | 847,331.23           | 847,331.23           | 834,575.88           |                   | 12,755.35         |                  |
| Other Expenses   | 10,325.00            | 10,325.00            | 4,334.39             |                   | 5,990.61          |                  |
| Engineering:   |                      |                      |                      |                   |                   |                  |
| Other Expenses   | 225,000.00           | 225,000.00           | 171,568.90           | 1,233.86          | 52,197.24         |                  |
| Street Repairs and Maintenance:                          |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | 372,811.46           | 372,811.46           | 338,827.80           |                   | 33,983.66         |                  |
| Other Expenses   | 28,625.00            | 28,625.00            | 10,521.51            | 4,780.48          | 13,323.01         |                  |
| Storm Sewers Repairs and Maintenance                     |                      |                      |                      |                   |                   |                  |
| Salaries and Wages                                       | 224,506.34           | 174,506.34           | 163,988.81           |                   | 10,517.53         |                  |
| Other Expenses   | 12,750.00            | 12,750.00            | 9,511.95             | 617.05            | 2,621.00          |                  |

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

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

A-3  
Sheet # 3

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation  | Appropriations      |                     | Paid or Charged     | Reserved          |                   | Balance Canceled |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|------------------|
|  | Budget              | Modified Budget     |                     | Encumbered        | Unencumbered      |                  |
| <b>APPROPRIATIONS WITHIN "CAPS"</b>                      |                     |                     |                     |                   |                   |                  |
| <b>PUBLIC WORKS DEPARTMENT</b>                           |                     |                     |                     |                   |                   |                  |
| Refuse Collection and Disposal:                          |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | \$ 1,261,665.99     | \$ 1,011,665.99     | \$ 947,876.42       | \$ 1,820.53       | \$ 63,789.57      |                  |
| Other Expenses   | 30,650.00           | 30,650.00           | 16,640.65           |                   | 12,188.82         |                  |
| Storm Clearance:   |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 50,000.00           | 50,000.00           | 50,000.00           |                   | 55,482.18         |                  |
| Other Expenses   | 50,000.00           | 100,000.00          | 6,502.91            | 38,014.91         |                   |                  |
| Traffic:   |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 185,894.14          | 185,894.14          | 182,122.07          |                   | 3,772.07          |                  |
| Other Expenses   | 58,750.00           | 58,750.00           | 41,257.71           | 1,838.87          | 15,653.42         |                  |
| Central Garage Operation:                                |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 231,435.91          | 231,435.91          | 222,426.85          |                   | 9,009.06          |                  |
| Other Expenses   | 399,200.00          | 459,200.00          | 278,413.39          | 58,436.79         | 122,349.82        |                  |
| Building Maintenance:                                    |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 140,447.46          | 140,447.46          | 138,872.50          |                   | 1,574.96          |                  |
| Other Expenses   | 378,300.00          | 378,300.00          | 241,164.75          | 102,609.63        | 34,525.62         |                  |
| Parks Maintenance:                                       |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 371,239.28          | 371,239.28          | 362,326.57          |                   | 8,912.71          |                  |
| Other Expenses   | 145,000.00          | 185,000.00          | 122,894.62          | 16,809.94         | 45,295.44         |                  |
| Shade Trees:   |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 231,640.54          | 231,640.54          | 221,924.76          |                   | 9,715.78          |                  |
| Other Expenses   | 157,500.00          | 157,500.00          | 39,023.40           | 8,611.35          | 109,865.25        |                  |
|  | <u>5,413,072.35</u> | <u>5,263,072.35</u> | <u>4,404,775.84</u> | <u>234,773.41</u> | <u>623,523.10</u> |                  |
| <b>PARKS, RECREATION AND CULTURAL AFFAIRS DEPARTMENT</b> |                     |                     |                     |                   |                   |                  |
| Recreation Program:                                      |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 664,524.49          | 664,524.49          | 623,863.51          |                   | 40,660.98         |                  |
| Other Expenses   | 177,500.00          | 177,500.00          | 70,340.53           | 17,026.54         | 90,132.93         |                  |
|  | <u>842,024.49</u>   | <u>842,024.49</u>   | <u>694,204.04</u>   | <u>17,026.54</u>  | <u>130,793.91</u> |                  |
| <b>HEALTH AND HUMAN SERVICES DEPARTMENT</b>              |                     |                     |                     |                   |                   |                  |
| Health Services:   |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 654,770.48          | 654,770.48          | 348,032.05          |                   | 306,738.43        |                  |
| Other Expenses   | 144,741.00          | 144,741.00          | 135,623.00          | 1,006.77          | 8,111.23          |                  |
| Senior Services  |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 248,347.38          | 248,347.38          | 170,229.71          |                   | 78,117.67         |                  |
| Other Expenses   | 44,850.00           | 44,850.00           | 18,692.30           | 21,912.95         | 4,244.75          |                  |
| Nursing Services:  |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 299,876.94          | 299,876.94          | 5,725.98            |                   | 294,150.96        |                  |
| Other Expenses   |                     |                     |                     |                   |                   |                  |
| Animal Control:  |                     |                     |                     |                   |                   |                  |
| Salaries and Wages                                       | 451,963.64          | 451,963.64          | 441,139.04          |                   | 10,824.60         |                  |
| Other Expenses   | 112,234.00          | 112,234.00          | 86,349.17           | 12,735.98         | 13,148.85         |                  |
|  | <u>1,956,783.44</u> | <u>1,956,783.44</u> | <u>1,205,791.25</u> | <u>35,655.70</u>  | <u>715,336.49</u> |                  |

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

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

A-3  
Sheet # 4

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation                           | Appropriations |                 | Paid or Charged | Reserved     |              | Balance Canceled |
|---|----------------|-----------------|-----------------|--------------|--------------|------------------|
|   | Budget         | Modified Budget |                 | Encumbered   | Unencumbered |                  |
| <b>APPROPRIATIONS WITHIN "CAPS"</b>     |                |                 |                 |              |              |                  |
| <b>MISCELLANEOUS AND OTHER</b>          |                |                 |                 |              |              |                  |
| Unemployment Compensation Insurance:    |                |                 |                 |              |              |                  |
| Other Expenses                          | \$ 30,000.00   | \$ 30,000.00    |                 | \$ 30,000.00 |              |                  |
| Other Expenses                          | 1,470,000.00   | 1,470,000.00    | 963,425.22      | 97,318.34    | 409,256.44   |                  |
| Mandatory Recycling Act:                |                |                 |                 |              |              |                  |
| Salaries and Wages                      | 1,210,927.64   | 1,210,927.64    | 1,170,041.36    |              | 40,886.28    |                  |
| Other Expenses                          | 517,500.00     | 767,500.00      | 350,691.04      | 124,526.03   | 292,282.93   |                  |
| Montclair Early Childhood Corporation:  |                |                 |                 |              |              |                  |
| Other Expenses                          | 278,000.00     | 278,000.00      | 278,000.00      |              |              |                  |
| Operating Lease - Ladder Truck          | 212,576.53     | 212,576.53      | 212,575.53      |              | 1.00         |                  |
|   | 3,719,004.17   | 3,969,004.17    | 2,974,733.15    | 221,844.37   | 772,426.65   |                  |
| <b>Insurances:</b>                      |                |                 |                 |              |              |                  |
| Liability Insurance                     | 1,870,555.00   | 1,870,555.00    | 1,346,108.92    | 42,907.29    | 481,538.79   |                  |
| Health Benefit Waiver                   | 200,000.00     | 200,000.00      | 164,100.83      |              | 35,899.17    |                  |
| Employee Group Insurance                | 6,354,400.42   | 6,354,400.42    | 5,804,698.28    | 101,757.94   | 447,944.20   |                  |
|   | 8,424,955.42   | 8,424,955.42    | 7,314,908.03    | 144,665.23   | 965,382.16   |                  |
| <b>SPECIAL PROGRAMS AND ACTIVITIES</b>  |                |                 |                 |              |              |                  |
| Parks, Recreation and Cultural Affairs: |                |                 |                 |              |              |                  |
| Other Expenses                          | 183,000.00     | 183,000.00      | 144,935.53      | 5,819.79     | 32,244.68    |                  |
|   | 183,000.00     | 183,000.00      | 144,935.53      | 5,819.79     | 32,244.68    |                  |
| <b>UNIFORM CONSTRUCTION CODE -</b>      |                |                 |                 |              |              |                  |
| <b>APPROPRIATIONS OFFSET BY</b>         |                |                 |                 |              |              |                  |
| <b>DEDICATED REVENUES (N.J.A.C.</b>     |                |                 |                 |              |              |                  |
| <b>5:23-4.17)</b>                       |                |                 |                 |              |              |                  |
| Salaries and Wages                      | 965,006.90     | 965,006.90      | 866,647.78      | 2,804.54     | 98,359.12    |                  |
| Other Expenses                          | 21,725.00      | 21,725.00       | 4,448.09        | 2,804.54     | 14,472.37    |                  |
|   | 986,731.90     | 986,731.90      | 871,095.87      | 2,804.54     | 112,831.49   |                  |
| <b>UNCLASSIFIED</b>                     |                |                 |                 |              |              |                  |
| Utilities:                              |                |                 |                 |              |              |                  |
| Gasoline                                | 350,000.00     | 350,000.00      | 211,254.83      | 53,596.49    | 85,148.68    |                  |
| Fuel - Diesel                           | 325,000.00     | 325,000.00      | 184,426.78      | 56,472.93    | 84,100.29    |                  |
| Electricity                             | 515,000.00     | 515,000.00      | 380,226.05      | 127,815.67   | 6,958.28     |                  |
| Telephone                               | 345,000.00     | 345,000.00      | 177,583.09      | 37,686.23    | 129,730.68   |                  |
| Natural Gas                             | 160,000.00     | 160,000.00      | 115,899.58      | 43,044.16    | 1,056.26     |                  |

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



TOWNSHIP OF MONTCLAIR  
CURRENT FUND

A-3  
Sheet # 5

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation                                  | Appropriations |                 | Paid or Charged | Reserved     |               | Balance Canceled |
|--|----------------|-----------------|-----------------|--------------|---------------|------------------|
|  | Budget         | Modified Budget |                 | Encumbered   | Unencumbered  |                  |
| <b>APPROPRIATIONS WITHIN "CAPS"</b>            |                |                 |                 |              |               |                  |
| <b>UNCLASSIFIED</b>                            |                |                 |                 |              |               |                  |
| Utilities:                                     |                |                 |                 |              |               |                  |
| Street Lighting                                | \$ 490,000.00  | \$ 490,000.00   | \$ 459,727.00   | \$ 30,273.00 |               |                  |
| Building Maintenance                           | 200,000.00     | 200,000.00      | 51,074.10       | 10,205.82    | \$ 138,720.08 |                  |
| Copier Lease                                   | 40,000.00      | 40,000.00       | 15,673.94       | 6,897.93     | 17,428.13     |                  |
|  | 2,425,000.00   | 2,425,000.00    | 1,595,865.37    | 365,992.23   | 463,142.40    |                  |
| Total Operations Within CAPS                   | 59,008,647.36  | 59,008,647.36   | 50,703,013.23   | 1,797,651.77 | 6,507,982.36  |                  |
| Detail:  |                |                 |                 |              |               |                  |
| Salaries                                       | 39,743,544.91  | 39,343,544.91   | 36,592,576.61   | -            | 2,750,968.30  |                  |
| Other Expenses                                 | 19,265,102.45  | 19,665,102.45   | 14,110,436.62   | 1,797,651.77 | 3,757,014.06  |                  |
|  | 59,008,647.36  | 59,008,647.36   | 50,703,013.23   | 1,797,651.77 | 6,507,982.36  |                  |
| <b>STATUTORY EXPENDITURES</b>                  |                |                 |                 |              |               |                  |
| Contributions to:                              |                |                 |                 |              |               |                  |
| Public Employees' Retirement System of N.J.    | 1,635,613.89   | 1,635,613.89    | 1,606,869.10    |              | 28,744.79     |                  |
| Social Security System (OAS)                   | 1,385,897.63   | 1,385,897.63    | 1,285,027.93    |              | 100,869.70    |                  |
| Police and Firemen's Retirement System of N.J. | 7,284,883.53   | 7,284,883.53    | 7,284,883.53    |              |               |                  |
| Defined Contribution Retirement Plan           | 50,000.00      | 50,000.00       | 31,223.10       |              | 18,776.90     |                  |
| Total Statutory Expenditures                   | 10,356,395.05  | 10,356,395.05   | 10,208,003.66   |              | 148,391.39    |                  |
| Total Appropriations Within "CAPS"             | 69,365,042.41  | 69,365,042.41   | 60,911,016.89   | 1,797,651.77 | 6,656,373.75  |                  |
| <b>APPROPRIATIONS EXCLUDED FROM "CAPS"</b>     |                |                 |                 |              |               |                  |
| <b>OTHER OPERATIONS</b>                        |                |                 |                 |              |               |                  |
| Maintenance of Free Public Library             | 3,792,995.00   | 3,792,995.00    | 3,792,995.00    |              |               |                  |
|  | 3,792,995.00   | 3,792,995.00    | 3,792,995.00    |              |               |                  |
| <b>STATUTORY EXPENDITURES</b>                  |                |                 |                 |              |               |                  |
| Contributions to:                              |                |                 |                 |              |               |                  |
| Police and Firemen's Retirement System of N.J. | 366,859.00     | 366,859.00      | 366,859.00      |              |               |                  |
| Employee Group Health Insurance                | 46,698.00      | 46,698.00       | 46,698.00       |              |               |                  |
| Refuse Tipping Fees:                           |                |                 |                 |              |               |                  |
| Salaries and Wages                             | 294,629.00     | 294,629.00      | 294,629.00      |              |               |                  |
| Mandatory Recycling Act:                       |                |                 |                 |              |               |                  |
| Salaries and Wages                             | 16,681.29      | 16,681.29       | 16,681.29       |              |               |                  |
| Other Expenses                                 | 32,500.00      | 32,500.00       | 32,500.00       |              |               |                  |
|  | 757,367.29     | 757,367.29      | 757,367.29      |              |               |                  |

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

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

A-3  
Sheet # 6

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation  | Appropriations  |                 | Paid or Charged | Reserved      |              | Balance Canceled |
|--|-----------------|-----------------|-----------------|---------------|--------------|------------------|
|  | Budget          | Modified Budget |                 | Encumbered    | Unencumbered |                  |
| UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY INCREASED FEE REVENUE (N.J.A.C. 5:23-4.17) Salaries and Wages | \$ 77,000.00    | \$ 77,000.00    | \$ 77,000.00    |               |              |                  |
| ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES (N.J.S.A. 40A:4-43.3b) Glen Ridge Fire Contract: Salaries and Wages   | 850,000.00      | 850,000.00      | 850,000.00      |               |              |                  |
| Interlocal Government Health Service Contract: Salaries and Wages  | 167,312.00      | 167,312.00      | 167,312.00      |               |              |                  |
| Interlocal Nursing Services - Nutley Salaries and Wages  | 48,595.00       | 48,595.00       | 48,595.00       |               |              |                  |
| Interlocal Animal Control Services - Senior Bus Ride Services with Essex County Other Expenses                     | 123,200.00      | 123,200.00      |                 | \$ 123,200.00 |              |                  |
| Interlocal Nursing Services - BOE Salaries and Wages   | 150,000.00      | 150,000.00      | 150,000.00      |               |              |                  |
|  | 1,339,107.00    | 1,339,107.00    | 1,215,907.00    | 123,200.00    |              |                  |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES   |                 |                 |                 |               |              |                  |
| Matching Funds for Grants  | 30,796.92       | 30,796.92       | 30,796.92       |               |              |                  |
| ARP - Fire Fighters Grant  | 24,000.00       | 24,000.00       | 24,000.00       |               |              |                  |
| Bicycle & School Bus Safety Grant 1st half   | 18,000.00       | 18,000.00       | 18,000.00       |               |              |                  |
| Body Armor Replacement Fund  | 6,355.18        | 6,355.18        | 6,355.18        |               |              |                  |
| BVP Award  | 7,942.20        | 7,942.20        | 7,942.20        |               |              |                  |
| Childhood Lead Program Grant 07/01/23-06/30/24 (NJSA 40A:4-87 \$188,144.00)  |                 | 188,144.00      | 188,144.00      |               |              |                  |
| Clean Communities Grant - 2023 (NJSA 4-87 \$82,064.34)   |                 | 82,064.34       | 82,064.34       |               |              |                  |
| Click It or Ticket 2022 (NJSA 40A:4-87 \$10,500.00)  |                 | 10,500.00       | 10,500.00       |               |              |                  |
| ELC Grant (NJSA 40A:4-87 \$539,596.00)   | 537,606.00      | 1,077,202.00    | 1,077,202.00    |               |              |                  |
| Federal Emergency Management Grant - AFG Grant LGAP Grant 2023 (NJSA 40A:4-87)                                     | 307,969.16      | 307,969.16      | 307,969.16      |               |              |                  |
| Local Recreation Improvement Grant (NJSA 40A:4-87 \$77,000.00)   |                 | 39,900.00       | 39,900.00       |               |              |                  |
| MILL Program Grant   | 30,000.00       | 30,000.00       | 30,000.00       |               |              |                  |
| National Opioid Settlement Grant (NJSA 40A:4-87 \$245,709.88)  |                 | 245,709.88      | 245,709.88      |               |              |                  |
| Recycling Grant  | 41,479.20       | 41,479.20       | 41,479.20       |               |              |                  |
| Safe and Secure Grant  | 8,100.00        | 8,100.00        | 8,100.00        |               |              |                  |
| Small Business Grant   | 450,000.00      | 450,000.00      | 450,000.00      |               |              |                  |
| Stormwater Assistance Grant (NJSA 40A:4-87 \$25,000.00)  |                 | 25,000.00       | 25,000.00       |               |              |                  |
| Strengthening LPHCP 2024 Grant (NJSA 40A:4-87 \$406,046.00)  |                 | 406,046.00      | 406,046.00      |               |              |                  |
| Sustainable Jersey - PSE&G Partnership Program (NJSA 40A:4-87 \$7,500.00)  |                 | 7,500.00        | 7,500.00        |               |              |                  |
| Visiting Nurses Grant  | 14,561.00       | 14,561.00       | 14,561.00       |               |              |                  |
|  | 1,476,809.66    | 3,098,269.88    | 3,098,269.88    |               |              |                  |
| Total Operations Excluded from "CAPS"  | \$ 7,443,278.95 | \$ 9,064,739.17 | \$ 8,941,539.17 | \$ 123,200.00 | \$ -         | \$ -             |

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

TOWNSHIP OF MONTCLAIR  
CURRENT FUND

A-3  
Sheet # 7

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation  | Appropriations          |                          | Paid or Charged         | Reserved               |                        | Balance Canceled   |
|--|-------------------------|--------------------------|-------------------------|------------------------|------------------------|--------------------|
|  | Budget                  | Modified Budget          |                         | Encumbered             | Unencumbered           |                    |
| <b>APPROPRIATIONS EXCLUDED FROM "CAPS"</b>             |                         |                          |                         |                        |                        |                    |
| <b>CAPITAL IMPROVEMENTS</b>                            |                         |                          |                         |                        |                        |                    |
| Capital Improvement Fund                               | \$ 200,000.00           | \$ 200,000.00            | \$ 200,000.00           |                        |                        |                    |
| Other Capital Projects                                 | 912,000.00              | 912,000.00               | 778,869.98              | \$ 95,777.11           | \$ 37,352.91           |                    |
|  | <u>1,112,000.00</u>     | <u>1,112,000.00</u>      | <u>978,869.98</u>       | <u>95,777.11</u>       | <u>37,352.91</u>       |                    |
| <b>DEBT SERVICE</b>                                    |                         |                          |                         |                        |                        |                    |
| Payment of Bond Principal                              | 8,965,000.00            | 8,965,000.00             | 8,965,000.00            |                        |                        |                    |
| Interest on Bonds                                      | 1,645,000.00            | 1,645,000.00             | 1,645,000.00            |                        |                        |                    |
| Loan Repayments-Downtown Business Improvement District | 32,666.67               | 32,666.67                | 32,666.67               |                        |                        |                    |
| Green Trust Loan Program:                              |                         |                          |                         |                        |                        |                    |
| Loan Repayments for Principal                          | 41,450.00               | 41,450.00                | 41,450.00               |                        |                        |                    |
| Loan Repayments for Interest                           | 1,000.00                | 1,000.00                 | 1,000.00                |                        |                        |                    |
| Environmental Trust - Principal                        | 50,000.00               | 50,000.00                | 50,000.00               |                        |                        |                    |
| Environmental Trust - Interest                         | 2,500.00                | 2,500.00                 | 618.84                  |                        |                        |                    |
|  | <u>10,737,616.67</u>    | <u>10,737,616.67</u>     | <u>10,735,735.51</u>    |                        |                        | \$ 1,881.16        |
|  |                         |                          |                         |                        |                        | <u>1,881.16</u>    |
| <b>FOR LOCAL SCHOOL DISTRICT PURPOSES</b>              |                         |                          |                         |                        |                        |                    |
| Type I School District Debt Service:                   |                         |                          |                         |                        |                        |                    |
| Payment of Bond Principal                              | 6,225,000.00            | 6,225,000.00             | 6,225,000.00            |                        |                        |                    |
| Interest on Bonds                                      | 1,821,700.00            | 1,821,700.00             | 1,821,700.00            |                        |                        |                    |
|  | <u>8,046,700.00</u>     | <u>8,046,700.00</u>      | <u>8,046,700.00</u>     |                        |                        |                    |
|  | <u>27,339,595.62</u>    | <u>28,961,055.84</u>     | <u>28,702,844.66</u>    | <u>218,977.11</u>      | <u>37,352.91</u>       | <u>1,881.16</u>    |
| Total Appropriations Excluded from "CAPS"              |                         |                          |                         |                        |                        |                    |
| Sub-total Appropriations                               | 96,704,638.03           | 96,326,098.25            | 89,613,861.55           | 2,016,628.88           | 6,693,726.66           | 1,881.16           |
| Reserve for Uncollected Taxes                          | 3,285,826.00            | 3,285,826.00             | 3,285,826.00            |                        |                        |                    |
| Total Appropriations                                   | <u>\$ 99,990,464.03</u> | <u>\$ 101,611,924.25</u> | <u>\$ 92,899,687.55</u> | <u>\$ 2,016,628.88</u> | <u>\$ 6,693,726.66</u> | <u>\$ 1,881.16</u> |
| Budget Amendment by (N.J.S.A. 40A:4-87)                |                         |                          |                         | A                      | A                      |                    |
|  |                         |                          |                         |                        |                        |                    |
| Reserve for Uncollected Taxes Disbursements            |                         |                          | \$ 3,285,826.00         |                        |                        |                    |
| Reserve for Grants Appropriated                        |                         |                          | 86,515,591.67           |                        |                        |                    |
|  |                         |                          | <u>3,098,269.88</u>     |                        |                        |                    |
|  |                         |                          | <u>\$ 92,899,687.55</u> |                        |                        |                    |

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

TOWNSHIP OF MONTCLAIR  
TRUST FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

|  | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|--|--|--|
| <u>ASSETS</u>  |  |  |
| <u>Assessment Trust Fund</u>   |  |  |
| Cash - Checking  | \$ 33,867.43                           | \$ 31,184.95                           |
| Assessments Receivable:  | 1,055.67                               | 3,738.15                               |
|  | <u>34,923.10</u>                       | <u>34,923.10</u>                       |
| <u>Animal Control Trust Fund</u>   |  |  |
| Cash - Checking  | <u>157,371.02</u>                      | <u>151,196.47</u>                      |
| <u>General Trust Fund</u>  |  |  |
| Cash - General   | 9,536,879.76                           | 11,621,269.60                          |
| Cash - State Unemployment Insurance                                      | 570,923.94                             | 555,705.57                             |
| Cash - Section 8 Housing   | 181,568.30                             | 164,437.28                             |
| Cash - Forfeited Assets  | 35,673.16                              | 37,652.78                              |
| Due from County of Essex - Community<br>Development Block Grant Programs | 357,919.83                             | 599,726.80                             |
| Interfunds Receivable  | <u>1,000,000.00</u>                    | <u>433,777.00</u>                      |
|  | <u>11,682,964.99</u>                   | <u>13,412,569.03</u>                   |
| <u>Payroll Account</u>   |  |  |
| Cash   | <u>418,511.66</u>                      | <u>392,334.95</u>                      |
|  | <u>\$ 12,293,770.77</u>                | <u>\$ 13,991,023.55</u>                |

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

TOWNSHIP OF MONTCLAIR  
TRUST FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

|   | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|---|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |  |  |
| <u>Assessment Trust Fund</u>                  |  |  |
| Reserve for:                                  |  |  |
| Assessments and Assessment Liens              | \$ 1,055.67                            | \$ 3,738.15                            |
| Fund Balance                                  | <u>33,867.43</u>                       | <u>31,184.95</u>                       |
|   | <u>34,923.10</u>                       | <u>34,923.10</u>                       |
| <u>Animal Control Trust Fund</u>              |  |  |
| Due to State of New Jersey                    | 9.60                                   | 13.20                                  |
| Reserve for:                                  |  |  |
| Animal Shelter Expenditures                   | 142,019.87                             | 126,718.27                             |
| Animal Control Trust Fund Expenditures        | <u>15,341.55</u>                       | <u>24,465.00</u>                       |
|   | <u>157,371.02</u>                      | <u>151,196.47</u>                      |
| <u>General Trust Fund</u>                     |  |  |
| Special Deposits                              | 10,247,261.80                          | 11,684,942.77                          |
| Accounts Payable                              | 135,381.26                             | 104,311.00                             |
| Encumbrances Payable - Special Deposits       | 343,302.96                             | 494,454.95                             |
| Encumbrances Payable - CDBG                   | 93,750.00                              | 39,782.90                              |
| Reserve for:                                  |  |  |
| Police Forfeiture Expenditures                | 35,673.16                              | 37,652.78                              |
| State Unemployment Trust Fund Expenditures    | 570,923.94                             | 555,705.57                             |
| Community Development Block Grant             | 210,484.83                             | 435,592.78                             |
| Section 8 Voucher Program                     | <u>46,187.04</u>                       | <u>60,126.28</u>                       |
|   | <u>11,682,964.99</u>                   | <u>13,412,569.03</u>                   |
| <u>Payroll Account</u>                        |  |  |
| Flexible Spending Account                     | 10,888.81                              | 3,700.06                               |
| Payroll Deductions and Other Payables         | <u>407,622.85</u>                      | <u>388,634.89</u>                      |
|   | <u>418,511.66</u>                      | <u>392,334.95</u>                      |
|   | <u>\$ 12,293,770.77</u>                | <u>\$ 13,991,023.55</u>                |

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

TOWNSHIP OF MONTCLAIR  
ASSESSMENT TRUST FUND

STATEMENT OF FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2023

|                            |                            |
|----------------------------|----------------------------|
| Balance, December 31, 2022 | \$ 31,184.95               |
| Increased by:              |                            |
| Cash Receipts              | <u>2,682.48</u>            |
| Balance, December 31, 2023 | <u><u>\$ 33,867.43</u></u> |

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

TOWNSHIP OF MONTCLAIR  
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

|   | BALANCE<br>DECEMBER<br>31, 2023 | BALANCE<br>DECEMBER<br>31, 2022 |
|---|---------------------------------|---------------------------------|
| <u>ASSETS AND DEFERRED CHARGES</u>                |                                 |                                 |
| Cash - Checking                                   | \$ 715,038.45                   | \$ 158,867.05                   |
| Grants Receivable                                 | 1,132,701.84                    | 746,263.36                      |
| Deferred Charges to Future Taxation:              |                                 |                                 |
| Funded  | 86,857,759.86                   | 102,170,457.53                  |
| Unfunded  | 26,616,659.99                   | 18,644,058.51                   |
|   | <u>\$ 115,322,160.14</u>        | <u>\$ 121,719,646.45</u>        |
| <br><u>LIABILITIES, RESERVES AND FUND BALANCE</u> |                                 |                                 |
| General Serial Bonds                              | \$ 43,805,000.00                | \$ 52,770,000.00                |
| School Serial Bonds                               | 42,590,000.00                   | 48,815,000.00                   |
| Environmental Infrastructure Loan Payable         | 55,482.36                       | 104,089.42                      |
| Interfunds Payable                                | 7,000,000.00                    | 425,000.00                      |
| Green Acres Loans Payable                         | 276,610.87                      | 318,034.81                      |
| Business District Loan Payable                    | 130,666.63                      | 163,333.30                      |
| Encumbrances Payable                              | 2,020,531.89                    | 2,127,857.32                    |
| Improvement Authorizations:                       |                                 |                                 |
| Funded  | 1,244,763.35                    | 1,891,400.08                    |
| Unfunded  | 16,174,723.90                   | 13,149,149.97                   |
| Capital Improvement Fund                          | 541,832.83                      | 840,582.83                      |
| Reserve for:                                      |                                 |                                 |
| Grants Receivable                                 | 1,132,701.84                    | 746,263.36                      |
| Debt Service                                      | 169,977.46                      | 189,066.35                      |
| Fund Balance                                      | 179,869.01                      | 179,869.01                      |
|   | <u>\$ 115,322,160.14</u>        | <u>\$ 121,719,646.45</u>        |
| <br>Bonds and Notes Authorized but Not Issued:    |                                 |                                 |
| General   | \$ 24,357,007.80                | \$ 16,384,406.32                |
| School  | 2,259,652.19                    | 2,259,652.19                    |
|   | <u>\$ 26,616,659.99</u>         | <u>\$ 18,644,058.51</u>         |

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

TOWNSHIP OF MONTCLAIR  
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Balance, December 31, 2022  
and Balance, December 31, 2023

\$ 179,869.01

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



TOWNSHIP OF MONTCLAIR  
WATER UTILITY

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

| <u>ASSETS</u>                              | BALANCE<br>DEC. 31,<br><u>2023</u> | BALANCE<br>DEC. 31,<br><u>2022</u> |
|--|------------------------------------|------------------------------------|
| <u>Operating Fund</u>                      |                                    |                                    |
| Cash                                       | \$ 3,298,466.74                    | \$ 3,613,963.05                    |
| Change Fund                                | 200.00                             | 200.00                             |
| Interfunds Receivable                      | <u>2,000,000.00</u>                | <u>                    </u>        |
|  | <u>5,298,666.74</u>                | <u>3,614,163.05</u>                |
| Receivables with Full Reserves:            |                                    |                                    |
| Consumer Accounts Receivable               | 427,250.86                         | 452,508.71                         |
|  | <u>427,250.86</u>                  | <u>452,508.71</u>                  |
|  | <u>5,725,917.60</u>                | <u>4,066,671.76</u>                |
| <u>Capital Fund</u>                        |                                    |                                    |
| Cash - Checking                            | 2,996,670.34                       | 5,083,770.44                       |
| Interfunds Receivable                      | 2,000,000.00                       |                                    |
| Fixed Capital                              | 42,862,300.47                      | 42,862,300.47                      |
| Fixed Capital - Authorized and Uncompleted | 9,675,000.00                       | 8,475,000.00                       |
|  | <u>57,533,970.81</u>               | <u>56,421,070.91</u>               |
|  | <u>\$ 63,259,888.41</u>            | <u>\$ 60,487,742.67</u>            |

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

TOWNSHIP OF MONTCLAIR  
WATER UTILITY

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

| <u>LIABILITIES, RESERVES AND FUND BALANCES</u> | BALANCE<br>DEC. 31,<br><u>2023</u> | BALANCE<br>DEC. 31,<br><u>2022</u> |
|--|------------------------------------|------------------------------------|
| <u>Operating Fund</u>                          |                                    |                                    |
| Appropriation Reserves:                        |                                    |                                    |
| Encumbered                                     | \$ 1,458,464.12                    | \$ 489,013.86                      |
| Unencumbered                                   | 1,538,343.91                       | 561,918.92                         |
| Accrued Interest on Bonds                      | 34,175.00                          | 58,650.00                          |
| Accrued Interest on Loans                      | 1,145.83                           | 1,312.50                           |
| Accounts Payable                               | 206,512.00                         |                                    |
| Water Overpayments                             | 51,784.22                          | 32,974.39                          |
|  | <u>3,290,425.08</u>                | <u>1,143,869.67</u>                |
| Reserve for Receivables                        | 427,250.86                         | 452,508.71                         |
| Fund Balance                                   | <u>2,008,241.66</u>                | <u>2,470,293.38</u>                |
|  | <u>5,725,917.60</u>                | <u>4,066,671.76</u>                |
| <br><u>Capital Fund</u>                        |                                    |                                    |
| Serial Bonds                                   | 3,185,000.00                       | 3,950,000.00                       |
| N.J. Environmental Infrastructure Trust        |                                    |                                    |
| Loan Payable                                   | 190,635.63                         | 228,652.31                         |
| Improvement Authorizations:                    |                                    |                                    |
| Funded   | 3,608,758.95                       | 3,184,284.22                       |
| Encumbrances Payable                           | 817,164.47                         | 1,728,739.30                       |
| Capital Improvement Fund                       | 472,256.53                         | 72,256.53                          |
| Reserves for:                                  |                                    |                                    |
| Amortization                                   | 39,486,664.84                      | 38,683,648.16                      |
| Deferred Amortization                          | 9,675,000.00                       | 8,475,000.00                       |
| Fund Balance                                   | 98,490.39                          | 98,490.39                          |
|  | <u>57,533,970.81</u>               | <u>56,421,070.91</u>               |
|  | <u>\$ 63,259,888.41</u>            | <u>\$ 60,487,742.67</u>            |

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

TOWNSHIP OF MONTCLAIR  
WATER UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE - OPERATING FUND  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

|  | BALANCE<br>DEC. 31,<br><u>2023</u> | BALANCE<br>DEC. 31,<br><u>2022</u> |
|--|------------------------------------|------------------------------------|
| <u>Revenue and Other Income</u>              |                                    |                                    |
| Fund Balance Utilized                        | \$ 1,873,182.39                    | \$ 1,592,153.50                    |
| Rents  | 8,749,635.61                       | 9,160,755.99                       |
| Miscellaneous Revenue                        | 708,503.27                         | 269,215.22                         |
| Unexpended Balance of Appropriation Reserves | 559,841.70                         | 759,536.11                         |
|  | <u>11,891,162.97</u>               | <u>11,781,660.82</u>               |
| <u>Expenditures</u>                          |                                    |                                    |
| Budgets Expenditures:                        |                                    |                                    |
| Operating                                    | 7,469,417.65                       | 5,634,153.50                       |
| Capital Improvements                         | 1,711,363.75                       | 2,600,000.00                       |
| Debt Service                                 | 945,849.91                         | 1,062,370.22                       |
| Statutory Expenditures                       | 353,400.99                         | 325,000.00                         |
|  | <u>10,480,032.30</u>               | <u>9,621,523.72</u>                |
| Excess in Revenue                            | 1,411,130.67                       | 2,160,137.10                       |
| <u>Fund Balance</u>                          |                                    |                                    |
| Balance, Beginning of Year                   | 2,470,293.38                       | 1,902,309.78                       |
|  | <u>3,881,424.05</u>                | <u>4,062,446.88</u>                |
| Decreased by:                                |                                    |                                    |
| Utilized as Anticipated Revenue:             |                                    |                                    |
| Water Operating Fund Budget                  | 1,873,182.39                       | 1,592,153.50                       |
|  | <u>1,873,182.39</u>                | <u>1,592,153.50</u>                |
| Balance, End of Year                         | <u>\$ 2,008,241.66</u>             | <u>\$ 2,470,293.38</u>             |

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

TOWNSHIP OF MONTCLAIR  
WATER UTILITY

STATEMENT OF WATER CAPITAL FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

|                            |                     |
|----------------------------|---------------------|
| Balance, December 31, 2022 | \$ 98,490.39        |
| Balance, December 31, 2023 | <u>\$ 98,490.39</u> |

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

TOWNSHIP OF MONTCLAIR  
WATER UTILITY

STATEMENT OF REVENUE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| <u>Source</u>                           | <u>Budget</u>           | <u>Realized</u>         | <u>Excess</u>        |
|---|-------------------------|-------------------------|----------------------|
| Fund Balance Utilized                   | \$ 1,873,182.39         | \$ 1,873,182.39         |                      |
| Rents                                   | 8,460,000.00            | 8,749,635.61            | \$ 289,635.61        |
| Miscellaneous Revenue                   | 150,000.00              | 708,503.27              | 558,503.27           |
|   | <u>\$ 10,483,182.39</u> | <u>\$ 11,331,321.27</u> | <u>\$ 848,138.88</u> |
| <br><u>Analysis of Realized Revenue</u> |                         |                         |                      |
| Miscellaneous Revenue:                  |                         |                         |                      |
| Interest on Delinquent Rents            | \$ 82,667.51            |                         |                      |
| Glen Ridge Management Fee               | 66,158.30               |                         |                      |
| New Service Fees                        | 409,803.00              |                         |                      |
| Interest on Investments - Operating     | 71,087.91               |                         |                      |
| Interest on Investments - Capital       | 76,047.84               |                         |                      |
| Return Check Fees                       | 2,460.00                |                         |                      |
| Miscellaneous                           | 278.71                  |                         |                      |
|   |                         | <u>\$ 708,503.27</u>    |                      |
| Collections:                            |                         |                         |                      |
| Treasurer                               |                         | <u>\$ 708,503.27</u>    |                      |

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

TOWNSHIP OF MONTCLAIR  
WATER UTILITY

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation                        | Budget           | Modified Budget  | Paid or Charged | Expended        |                         | Balance Canceled |
|--------------------------------------|------------------|------------------|-----------------|-----------------|-------------------------|------------------|
|                                      |                  |                  |                 | Encumbered      | Reserved / Unencumbered |                  |
| <b>Operating</b>                     |                  |                  |                 |                 |                         |                  |
| Salaries and Wages                   | \$ 1,375,040.64  | \$ 1,375,040.64  | \$ 1,250,457.44 |                 | \$ 124,583.20           |                  |
| Other Expenses                       | 2,105,017.52     | 2,105,017.52     | 1,230,940.61    | \$ 532,519.18   | 341,557.73              |                  |
| Purchased Water                      | 2,100,000.00     | 2,100,000.00     | 1,863,749.00    | 236,251.00      |                         |                  |
| <b>Commercial</b>                    |                  |                  |                 |                 |                         |                  |
| Salaries and Wages                   | 140,723.24       | 140,723.24       | 96,363.02       |                 | 44,360.22               |                  |
| Other Expenses                       | 60,000.00        | 60,000.00        | 31,099.55       | 2,803.76        | 26,096.69               |                  |
|                                      | 5,780,781.40     | 5,780,781.40     | 4,472,609.62    | 771,573.94      | 536,597.84              |                  |
| <b>Capital Improvements</b>          |                  |                  |                 |                 |                         |                  |
| Capital Improvements                 | 1,600,000.00     | 1,600,000.00     | 1,600,000.00    |                 |                         |                  |
| Capital Outlay                       | 1,800,000.00     | 1,800,000.00     | 111,363.75      | 686,890.18      | 1,001,746.07            |                  |
|                                      | 3,400,000.00     | 3,400,000.00     | 1,711,363.75    | 686,890.18      | 1,001,746.07            |                  |
| <b>Debt Service</b>                  |                  |                  |                 |                 |                         |                  |
| Payment on Bond Principal            | 765,000.00       | 765,000.00       | 765,000.00      |                 |                         |                  |
| Interest on Bonds                    | 140,000.00       | 140,000.00       | 140,000.00      |                 |                         |                  |
| Environmental Trust Fund - Principal | 40,000.00        | 40,000.00        | 38,016.58       |                 | 1,983.42                |                  |
| Environmental Trust Fund - Interest  | 4,000.00         | 4,000.00         | 2,833.33        |                 | 1,166.67                |                  |
|                                      | 949,000.00       | 949,000.00       | 945,849.91      |                 | 3,150.09                |                  |
| <b>Statutory Expenditures</b>        |                  |                  |                 |                 |                         |                  |
| Contribution to:                     |                  |                  |                 |                 |                         |                  |
| Public Employees' Retirement System  | 233,436.68       | 233,436.68       | 233,436.68      |                 |                         |                  |
| Social Security System               | 119,964.31       | 119,964.31       | 119,964.31      |                 |                         |                  |
|                                      | 353,400.99       | 353,400.99       | 353,400.99      |                 |                         |                  |
|                                      | \$ 10,483,182.39 | \$ 10,483,182.39 | \$ 7,483,224.27 | \$ 1,458,464.12 | \$ 1,538,343.91         | \$ 3,150.09      |

Cash Disbursed \$ 7,340,390.94  
Accrued Interest on Bonds 140,000.00  
Accrued Interest on Loans 2,833.33

\$ 7,483,224.27

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

TOWNSHIP OF MONTCLAIR  
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

|  | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|--|--|--|
| <u>ASSETS</u>                            |  |  |
| <u>Operating Fund</u>                    |  |  |
| Cash - Checking                          | \$ 3,228,667.37                        | \$ 2,340,772.96                        |
| Change Fund                              | 200.00                                 | 200.00                                 |
|  | <u>3,228,867.37</u>                    | <u>2,340,972.96</u>                    |
| Receivables with Full Reserves:          |  |  |
| Consumer Accounts Receivable             | <u>936,229.11</u>                      | <u>991,049.26</u>                      |
|  | <u>4,165,096.48</u>                    | <u>3,332,022.22</u>                    |
| <u>Capital Fund</u>                      |  |  |
| Cash                                     | 3,452,290.46                           | 4,960,476.12                           |
| Interfund Receivable                     | 2,000,000.00                           |  |
| Fixed Capital                            | 7,201,097.09                           | 7,201,097.09                           |
| Fixed Capital Authorized and Uncompleted | <u>7,035,000.00</u>                    | <u>5,885,000.00</u>                    |
|  | <u>19,688,387.55</u>                   | <u>18,046,573.21</u>                   |
|  | <u>\$ 23,853,484.03</u>                | <u>\$ 21,378,595.43</u>                |

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

TOWNSHIP OF MONTCLAIR  
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

|   | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|---|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |  |  |
| <u>Operating Fund</u>                         |  |  |
| Appropriation Reserves:                       |  |  |
| Encumbered                                    | \$ 324,387.32                          | \$ 27,819.35                           |
| Unencumbered                                  | 552,897.71                             | 501,655.11                             |
| Accrued Interest on Loans                     | 7,507.29                               | 8,028.13                               |
| Sewer Overpayments                            | 24,735.71                              | 24,102.07                              |
|   | <u>909,528.03</u>                      | <u>561,604.66</u>                      |
| Reserve for Receivables                       | 936,229.11                             | 991,049.26                             |
| Fund Balance                                  | 2,319,339.34                           | 1,779,368.30                           |
|   | <u>4,165,096.48</u>                    | <u>3,332,022.22</u>                    |
| <u>Capital Fund</u>                           |  |  |
| Environmental Infrastructure Loan Payable     | 2,044,683.02                           | 2,154,451.15                           |
| Improvement Authorizations:                   |  |  |
| Funded  | 4,199,077.65                           | 3,201,678.37                           |
| Capital Improvement Fund                      | 200,500.00                             | 195,500.00                             |
| Encumbrances Payable                          | 865,875.14                             | 1,376,460.08                           |
| Reserve for:                                  |  |  |
| Amortization                                  | 5,156,414.07                           | 5,046,645.94                           |
| Deferred Amortization                         | 7,035,000.00                           | 5,885,000.00                           |
| Fund Balance                                  | 186,837.67                             | 186,837.67                             |
|   | <u>19,688,387.55</u>                   | <u>18,046,573.21</u>                   |
|   | <u>\$ 23,853,484.03</u>                | <u>\$ 21,378,595.43</u>                |

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



TOWNSHIP OF MONTCLAIR  
SEWER UTILITY OPERATING FUND

COMPARATIVE STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

|  | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|--|--|--|
| <u>Revenues and Other Income Realized</u>    |  |  |
| Fund Balance Utilized                        | \$ 600,000.00                          | \$ 1,000,000.00                        |
| Sewer Charges                                | 8,143,122.65                           | 7,807,088.57                           |
| Sewer Flow Usage Fees - Reservoir Ridge      | 137,559.92                             | 92,525.88                              |
| Miscellaneous                                | 343,589.19                             | 154,920.83                             |
| Other Credits to Income:                     |  |  |
| Unexpended Balance of Appropriation Reserves | <u>511,191.34</u>                      | <u>291,650.53</u>                      |
|  | <u>9,735,463.10</u>                    | <u>9,346,185.81</u>                    |
| <br><u>Expenditures</u>                      |  |  |
| Budget Expenditures:                         |  |  |
| Operating                                    | 7,087,172.03                           | 6,574,672.97                           |
| Debt Service                                 | 127,492.06                             | 123,991.44                             |
| Statutory Expenditures                       | 225,827.97                             | 205,327.03                             |
| Capital Expenditures                         | <u>1,155,000.00</u>                    | <u>2,100,000.00</u>                    |
|  | 8,595,492.06                           | 9,003,991.44                           |
| <br>Excess in Revenue                        | 1,139,971.04                           | 342,194.37                             |
| <br><u>Fund Balance</u>                      |  |  |
| Balance, Beginning of Year                   | <u>1,779,368.30</u>                    | <u>2,437,173.93</u>                    |
|  | <u>2,919,339.34</u>                    | <u>2,779,368.30</u>                    |
| <br>Decreased by:                            |  |  |
| Utilized as Anticipated Revenue:             |  |  |
| Sewer Operating Fund Budget                  | <u>600,000.00</u>                      | <u>1,000,000.00</u>                    |
| <br>Balance, End of Year                     | <u><u>\$ 2,319,339.34</u></u>          | <u><u>\$ 1,779,368.30</u></u>          |

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

TOWNSHIP OF MONTCLAIR  
SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Ref.

Balance, December 31, 2022  
and Balance, December 31, 2023

\$ 186,837.67

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

TOWNSHIP OF MONTCLAIR  
SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023

|                       | <u>Budget</u>          | <u>Realized</u>        | <u>Excess or<br/>(Deficit)</u> |
|-----------------------|------------------------|------------------------|--------------------------------|
| Fund Balance Utilized | \$ 600,000.00          | \$ 600,000.00          |                                |
| Sewer Charges         | 7,800,000.00           | 8,143,122.65           | \$ 343,122.65                  |
| Sewer Flow Usage Fee  | 67,000.00              | 137,559.92             | 70,559.92                      |
| Miscellaneous         | 130,000.00             | 343,589.19             | 213,589.19                     |
|                       | <u>\$ 8,597,000.00</u> | <u>\$ 9,224,271.76</u> | <u>\$ 627,271.76</u>           |

Miscellaneous Revenue

Interest on Deposits:

|                              |                   |                      |
|------------------------------|-------------------|----------------------|
| Operating Fund               | \$ 36,017.64      |                      |
| Capital Fund                 | 83,071.03         |                      |
|                              | <u>119,088.67</u> | \$ 119,088.67        |
| Interest on Delinquent Rents | 58,502.68         |                      |
| New Services                 | 160,374.00        |                      |
| Other                        | 5,623.84          |                      |
|                              | <u>224,500.52</u> |                      |
| Above                        |                   | <u>\$ 343,589.19</u> |

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

TOWNSHIP OF MONTCLAIR  
SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

| Appropriation                       | Budget                 | Modified Budget        | Paid                   | Expended             |                      | Balance Canceled   |
|-------------------------------------|------------------------|------------------------|------------------------|----------------------|----------------------|--------------------|
|                                     |                        |                        |                        | Encumbered           | Unencumbered         |                    |
| <u>Operating</u>                    |                        |                        |                        |                      |                      |                    |
| Salaries and Wages                  | \$ 982,136.26          | \$ 982,136.26          | \$ 878,549.61          |                      | \$ 103,586.65        |                    |
| Other Expenses                      | 975,035.77             | 975,035.77             | 441,540.32             | \$ 90,047.67         | 443,447.78           |                    |
| Passaic Valley Sewer Commission     | 5,000,000.00           | 5,000,000.00           | 4,765,660.35           | 234,339.65           | 0.00                 |                    |
| Third River Sewer                   | 5,000.00               | 5,000.00               | 2,668.72               |                      | 2,331.28             |                    |
| Second River Sewer                  | 125,000.00             | 125,000.00             | 121,468.00             |                      | 3,532.00             |                    |
|                                     | <u>7,087,172.03</u>    | <u>7,087,172.03</u>    | <u>6,209,887.00</u>    | <u>324,387.32</u>    | <u>552,897.71</u>    |                    |
| <u>Capital Improvements</u>         |                        |                        |                        |                      |                      |                    |
| Capital Improvement Fund            | 1,155,000.00           | 1,155,000.00           | 1,155,000.00           |                      |                      |                    |
|                                     | <u>110,000.00</u>      | <u>110,000.00</u>      | <u>109,768.13</u>      |                      |                      | \$ 231.87          |
| <u>Debt Service</u>                 |                        |                        |                        |                      |                      |                    |
| Payment on Loan                     | 19,000.00              | 19,000.00              | 17,723.93              |                      |                      | 1,276.07           |
| Payment of Interest on Loan         | 129,000.00             | 129,000.00             | 127,492.06             |                      |                      | 1,507.94           |
|                                     | <u>156,054.79</u>      | <u>156,054.79</u>      | <u>156,054.79</u>      |                      |                      |                    |
| <u>Statutory Expenditures</u>       |                        |                        |                        |                      |                      |                    |
| Contribution to:                    |                        |                        |                        |                      |                      |                    |
| Public Employees' Retirement System | 69,773.18              | 69,773.18              | 69,773.18              |                      |                      |                    |
| Social Security System              | 225,827.97             | 225,827.97             | 225,827.97             |                      |                      |                    |
|                                     | <u>\$ 8,597,000.00</u> | <u>\$ 8,597,000.00</u> | <u>\$ 7,718,207.03</u> | <u>\$ 324,387.32</u> | <u>\$ 552,897.71</u> | <u>\$ 1,507.94</u> |
| Cash Disbursed                      |                        |                        | \$ 7,700,483.10        |                      |                      |                    |
| Accrued Interest on Loans           |                        |                        | 17,723.93              |                      |                      |                    |
|                                     |                        |                        | <u>\$ 7,718,207.03</u> |                      |                      |                    |

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

TOWNSHIP OF MONTCLAIR  
PARKING UTILITY

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

|   | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|---|--|--|
| <u>ASSETS</u>                                     |  |  |
| <u>Operating Fund</u>                             |  |  |
| Cash - Checking                                   | \$ 4,264,798.71                        | \$ 2,868,660.38                        |
|   | <u>4,264,798.71</u>                    | <u>2,868,660.38</u>                    |
| <u>Capital Fund</u>                               |  |  |
| Cash  | 1,583,063.68                           | 1,582,752.47                           |
| Fixed Capital                                     | 16,720,856.80                          | 16,720,856.80                          |
| Fixed Capital Authorized and Uncomplete           | 2,591,000.00                           | 2,441,000.00                           |
|   | <u>20,894,920.48</u>                   | <u>20,744,609.27</u>                   |
|   | <u>\$ 25,159,719.19</u>                | <u>\$ 23,613,269.65</u>                |
| <br><u>LIABILITIES, RESERVES AND FUND BALANCE</u> |  |  |
| <u>Operating Fund</u>                             |  |  |
| Appropriation Reserves - Committed                | \$ 165,485.85                          | \$ 333,916.21                          |
| Appropriation Reserves - Reserved                 | 1,405,022.96                           | 467,765.99                             |
| Accounts Payable                                  | 25,500.00                              | 10,500.00                              |
| Accrued Interest on Bonds                         | 230,802.33                             | 243,572.63                             |
|   | <u>1,826,811.14</u>                    | <u>1,055,754.83</u>                    |
| Fund Balance                                      | <u>2,437,987.57</u>                    | <u>1,812,905.55</u>                    |
|   | <u>4,264,798.71</u>                    | <u>2,868,660.38</u>                    |
| <br><u>Capital Fund</u>                           |  |  |
| Serial Bonds                                      | 10,450,000.00                          | 10,980,000.00                          |
| Capital Improvement Fund                          | 9,000.00                               | 9,000.00                               |
| Improvement Authorization - Funded                | 1,080,647.35                           | 1,303,537.26                           |
| Encumbrances Payable                              | 418,416.33                             | 195,215.21                             |
| Reserve for Amortization                          | 6,270,856.80                           | 5,740,856.80                           |
| Deferred Reserve for Amortization                 | 2,591,000.00                           | 2,441,000.00                           |
| Reserve for Crescent Parking Deck                 | 25,000.00                              | 25,000.00                              |
| Fund Balance                                      | 50,000.00                              | 50,000.00                              |
|   | <u>20,894,920.48</u>                   | <u>20,744,609.27</u>                   |
|   | <u>\$ 25,159,719.19</u>                | <u>\$ 23,613,269.65</u>                |

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

TOWNSHIP OF MONTCLAIR  
PARKING UTILITY OPERATING FUND

COMPARATIVE STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

|   | BALANCE<br>DECEMBER<br><u>31, 2023</u> | BALANCE<br>DECEMBER<br><u>31, 2022</u> |
|---|--|--|
| <u>Revenues and Other Income Realized</u> |  |  |
| Fund Balance Utilized                     | \$ 943,908.02                          | \$ 802,660.54                          |
| ARP Revenue                               |  | 818,219.07                             |
| Permit Fees                               | 1,419,355.90                           | 1,692,553.03                           |
| Meter Fees                                | 1,605,798.30                           | 1,323,732.64                           |
| Transient Fees                            | 1,654,623.31                           | 1,037,769.79                           |
| PATS Revenue                              | 181,989.39                             | 161,796.02                             |
| Miscellaneous Revenue                     | 205,647.12                             | 165,000.44                             |
| Appropriation Reserves Canceled           | 558,180.68                             | 385,520.54                             |
|   | <u>6,569,502.72</u>                    | <u>6,387,252.07</u>                    |
| <u>Expenditures</u>                       |  |  |
| Budget Appropriations:                    |  |  |
| Operating                                 | 3,591,164.55                           | 3,100,462.83                           |
| Capital Improvements                      | 150,000.00                             | 760,000.00                             |
| Debt Service                              | 991,604.66                             | 1,002,145.26                           |
| Statutory Expenditures                    | 267,743.47                             | 240,416.78                             |
|   | <u>5,000,512.68</u>                    | <u>5,103,024.87</u>                    |
| Excess in Revenue                         | 1,568,990.04                           | 1,284,227.20                           |
| <u>Fund Balance</u>                       |  |  |
| Balance, Beginning of Year                | 1,812,905.55                           | 1,331,338.89                           |
|   | <u>3,381,895.59</u>                    | <u>2,615,566.09</u>                    |
| Decreased by:                             |  |  |
| Utilized as Anticipated Revenue           | 943,908.02                             | 802,660.54                             |
|   | <u>943,908.02</u>                      | <u>802,660.54</u>                      |
| Balance, End of Year                      | <u>\$ 2,437,987.57</u>                 | <u>\$ 1,812,905.55</u>                 |

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

TOWNSHIP OF MONTCLAIR  
PARKING UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Ref.

Balance, December 31, 2022  
and Balance, December 31, 2023

\$ 50,000.00

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

TOWNSHIP OF MONTCLAIR  
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2023 AND 2022

| <u>ASSETS</u>                      | <u>BALANCE</u><br><u>DEC. 31, 2023</u> | <u>BALANCE</u><br><u>DEC. 31, 2022</u> |
|------------------------------------|--|--|
| Land                               | \$ 49,954,200.00                       | \$ 49,954,200.00                       |
| Buildings and Contents             | 46,503,300.00                          | 46,503,300.00                          |
| Vehicles and Other Equipment       | <u>21,119,348.00</u>                   | <u>20,853,987.00</u>                   |
|                                    | <u>\$ 117,576,848.00</u>               | <u>\$ 117,311,487.00</u>               |
| <br><u>RESERVE</u>                 |  |  |
| Investment in General Fixed Assets | <u>\$ 117,576,848.00</u>               | <u>\$ 117,311,487.00</u>               |

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



TOWNSHIP OF MONTCLAIR

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Montclair, Essex County, New Jersey (the "Township") is organized as a Council- Manager municipality under the provisions of N.J.S.A. 40:69A-81 et seq. The Township is "governed by an elected Mayor and Council and by an appointed Municipal Manager, and by such other officers and employees as may be duly appointed. The Council shall consist of four members elected by ward and two members elected at large by voters of the municipality and shall serve for a term of four years beginning on the first day of July next following their election".

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division of Local Government Services (the "Division") requires the financial statements of the Township of Montclair to be reported separately.

The financial statements of the Township of Montclair include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by the provisions of N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the Library and local school district, inasmuch as its activities are administered by a separate Board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Township of Montclair conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Montclair are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Township accounts for its financial transactions through the following individual funds and account groups:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Assessment Trust Fund, Animal Control Trust Fund, General Trust Fund, and Payroll Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

Water Utility Operating and Capital Funds - These Funds reflect revenue, expenditures, stewardship, acquisition of utility infrastructure and other capital facilities, as well as long-term debt, debt service and other related activity of the municipally-owned Water Utility.

Sewer Utility Operating and Capital Funds - These Funds reflect revenue, expenditures, stewardship, acquisition of utility infrastructure and other capital facilities, as well as long-term debt, debt service and other related activity of the municipally-owned Sewer Utility.

Parking Utility Operating and Capital Funds - These Funds reflect revenue, expenditures, stewardship, acquisition of utility infrastructure and other capital facilities, as well as long-term debt, debt service and other related activity of the municipally-owned Parking Utility.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

C. Basis of Accounting and Measurement Focus

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

General Fixed Assets - N.J.A.C. 5:30-5.6 Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage system are not capitalized.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of the purchase and are not capitalized in their own respective funds. The Township has valued its land and buildings at assessed values. GAAP requires capital assets to be recorded at their historical cost or estimated historical cost. Additionally, GAAP requires depreciation to be calculated on capital assets, with the exception of land.

General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Water Utility, Sewer Utility, Parking Utility - Accounting for utility fund "fixed capital" is done in compliance with N.J.A.C. 5:30-5.6. Property and equipment purchased by the Water Utility Fund, Sewer Utility Fund and Parking Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized.

The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents changes to operations for the cost of acquisitions of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Leases (Continued)

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

Recently Adopted Accounting Pronouncements

Beginning with the year ended December 31, 2023, the Township implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB Statement No. 96 defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability; provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosure regarding SBITAs.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Montclair had the following cash and cash equivalents at December 31, 2023:

| <u>Fund</u>                    | <u>Change Fund</u> | <u>Cash on Deposit</u>  | <u>Reconciling Items</u> | <u>Reconciled Total</u> |
|--------------------------------|--------------------|-------------------------|--------------------------|-------------------------|
| Current Fund                   | \$ 855.00          | \$ 48,889,816.28        | \$ (53,192.25)           | \$ 48,837,479.03        |
| Grant Fund                     |                    | 1,348,670.53            |                          | 1,348,670.53            |
| Trust - Assessment             |                    | 33,995.71               | (128.28)                 | 33,867.43               |
| Trust - Animal Control Fund    |                    | 158,115.06              | (744.04)                 | 157,371.02              |
| Trust Fund                     |                    | 10,392,409.66           | (67,364.50)              | 10,325,045.16           |
| Trust - Payroll                |                    | 442,077.24              | (23,565.58)              | 418,511.66              |
| General Capital Fund           |                    | 916,497.76              | (201,459.31)             | 715,038.45              |
| Water Operating Fund           | 200.00             | 3,337,522.91            | (39,056.17)              | 3,298,666.74            |
| Water Capital Fund             |                    | 3,013,638.11            | (16,967.77)              | 2,996,670.34            |
| Sewer Operating Fund           | 200.00             | 3,173,583.80            | 55,083.57                | 3,228,867.37            |
| Sewer Capital Fund             |                    | 3,473,407.10            | (21,116.64)              | 3,452,290.46            |
| Parking Operating Fund         |                    | 4,258,414.40            | 6,384.31                 | 4,264,798.71            |
| Parking Capital Fund           |                    | 1,588,711.55            | (5,647.87)               | 1,583,063.68            |
| <u>Total December 31, 2023</u> | <u>\$ 1,255.00</u> | <u>\$ 81,026,860.11</u> | <u>\$ (367,774.53)</u>   | <u>\$ 80,660,340.58</u> |



NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance in the bank was exposed to custodial credit risk. Of the cash balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$80,776,860.11 was covered by NJGUDPA. The New Jersey Cash Management Fund is an investment pool and is not insured by either FDIC or GUDPA.

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by local units.

NOTE 2: CASH AND CASH EQUIVALENT (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Concentration of Credit Risk: The Township places no limit on the amount the Township may invest in any one issuer.

Credit Risk: The Township does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires disclosures be made to the credit rating of all debt security investments except for obligations for the U.S. Government or investments guaranteed by the U.S. government.

Interest Rate Risk: The Township does not have a policy to limit interest rate risk; however, its practice is typically to invest in investments with short maturities.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, are included in the below Summary of Municipal Debt and Summary of Statutory Debt Condition Annual Debt Statement:

|   | <u>YEAR 2023</u>        | <u>YEAR 2022</u>        | <u>YEAR 2021</u>        |
|---|-------------------------|-------------------------|-------------------------|
| Issued:   |                         |                         |                         |
| General:  |                         |                         |                         |
| Bonds, Notes and Loans  | \$ 44,267,759.86        | \$ 53,355,457.53        | \$ 61,300,326.18        |
| Water Utility:  |                         |                         |                         |
| Bonds, Notes and Loans  | 3,375,635.63            | 4,178,652.31            | 5,051,966.62            |
| Sewer Utility:  |                         |                         |                         |
| Bonds, Notes and Loans  | 2,044,683.02            | 2,154,451.15            | 2,259,621.28            |
| Parking Utility:  |                         |                         |                         |
| Bonds, Notes and Loans  | <u>10,450,000.00</u>    | <u>10,980,000.00</u>    | <u>11,495,000.00</u>    |
| Net Debt Issued   | 60,138,078.51           | 70,668,560.99           | 80,106,914.08           |
| <u>Authorized but not Issued</u>                                |                         |                         |                         |
| General:  |                         |                         |                         |
| Bonds, Notes and Loans  | <u>24,357,007.80</u>    | <u>16,384,406.32</u>    | <u>9,378,709.40</u>     |
| Total Authorized but not Issued                                 | <u>24,357,007.80</u>    | <u>16,384,406.32</u>    | <u>9,378,709.40</u>     |
| Net Bonds and Notes Issued and<br>and Authorized but not issued | <u>\$ 84,495,086.31</u> | <u>\$ 87,052,967.31</u> | <u>\$ 89,485,623.48</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.707%:

|                            | <u>GROSS DEBT</u>        | <u>DEDUCTIONS</u>        | <u>NET DEBT</u>         |
|----------------------------|--------------------------|--------------------------|-------------------------|
| Local School District Debt | \$ 230,320,769.00        | \$ 230,320,769.00        | -0-                     |
| Utility Debt               | 15,870,318.65            | 15,870,318.65            | -0-                     |
| General Debt               | 68,624,767.66            |                          | <u>\$ 68,624,767.66</u> |
|                            | <u>\$ 314,815,855.31</u> | <u>\$ 246,191,087.65</u> | <u>\$ 68,624,767.66</u> |

Net debt \$68,624,767.66 divided by equalized valuation basis per N.J.S. 40A:2-2, \$9,709,248,507.33 equals 0.707%

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

|   |                            |
|---|----------------------------|
| Equalized Valuation Basis - December 31, 2023 | <u>\$ 9,709,248,507.33</u> |
| 3 1/2% of Equalized Valuation Basis           | \$ 339,823,697.76          |
| Net Debt                                      | <u>68,624,767.66</u>       |
| Remaining Borrowing Power                     | <u>\$ 271,198,930.10</u>   |

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

**School Debt Deductions**

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

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

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

Water Utility

|  |    |                     |
|--|----|---------------------|
| Surplus Anticipated and Total Cash Receipts from |    |                     |
| Fees, Rents, or Other Charges for the Year       | \$ | 11,331,321.27       |
| Deductions:                                      |    |                     |
| Operating and Maintenance Cost                   | \$ | 7,822,818.64        |
| Debt Service                                     |    | 945,849.91          |
|  |    | <u>8,768,668.55</u> |
| Excess in Revenue                                | \$ | <u>2,562,652.72</u> |

Sewer Utility

|  |    |                     |
|--|----|---------------------|
| Surplus Anticipated and Total Cash Receipts from |    |                     |
| Fees, Rents, or Other Charges for the Year       | \$ | 9,224,271.26        |
| Deductions:                                      |    |                     |
| Operating and Maintenance Cost                   | \$ | 7,313,000.00        |
| Debt Service                                     |    | 127,492.06          |
|  |    | <u>7,440,492.06</u> |
| Excess in Revenue                                | \$ | <u>1,783,779.20</u> |

Parking Utility

|  |    |                     |
|--|----|---------------------|
| Surplus Anticipated and Total Cash Receipts from |    |                     |
| Fees, Rents, or Other Charges for the Year       | \$ | 6,011,322.04        |
| Deductions:                                      |    |                     |
| Operating and Maintenance Cost                   | \$ | 3,858,908.02        |
| Debt Service                                     |    | 991,604.66          |
|  |    | <u>4,850,512.68</u> |
| Excess in Revenue                                | \$ | <u>1,160,809.36</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING**

| CALENDAR<br>YEAR | GENERAL CAPITAL        |                       | WATER UTILITY CAPITAL |                     | PARKING UTILITY        |                       | TOTAL                  |
|------------------|------------------------|-----------------------|-----------------------|---------------------|------------------------|-----------------------|------------------------|
|                  | PRINCIPAL              | INTEREST              | PRINCIPAL             | INTEREST            | PRINCIPAL              | INTEREST              |                        |
| 2024             | 9,335,000.00           | 1,314,900.00          | 770,000.00            | 131,400.00          | \$565,000.00           | \$447,943.76          | \$12,564,243.76        |
| 2025             | 6,680,000.00           | 1,009,525.00          | 770,000.00            | 96,950.00           | 590,000.00             | 419,786.36            | 9,566,261.36           |
| 2026             | 6,835,000.00           | 756,025.00            | 810,000.00            | 60,000.00           | 615,000.00             | 390,185.26            | 9,466,210.26           |
| 2027             | 5,325,000.00           | 547,450.00            | 530,000.00            | 23,950.00           | 650,000.00             | 359,117.96            | 7,435,517.96           |
| 2028             | 5,675,000.00           | 375,500.00            | 305,000.00            | 6,100.00            | 670,000.00             | 331,445.68            | 7,363,045.68           |
| 2029-2033        | 9,955,000.00           | 354,900.00            |                       |                     | 3,735,000.00           | 1,262,119.15          | 15,307,019.15          |
| 2034-2037        |                        |                       |                       |                     | 3,625,000.00           | 369,657.00            | 3,994,657.00           |
|                  | <u>\$43,805,000.00</u> | <u>\$4,358,300.00</u> | <u>\$3,185,000.00</u> | <u>\$318,400.00</u> | <u>\$10,450,000.00</u> | <u>\$3,580,255.17</u> | <u>\$65,696,955.17</u> |

**Green Acres Trust Loans Payable – General Capital Fund**

The Township has three loans from the State of New Jersey, Department of Environmental Protection, at an interest rate of 0.00% to 2.00% for Project Youth Sports.

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| <b><u>Project Youth Sports:</u></b><br>\$250,000, loan due in semi-annual installments of \$7,432.63 to \$7,695.96 through May 2026, interest at 2.00%. | \$ 37,724.62         | \$ 52,297.59         |
| <b><u>Project Youth Sports II:</u></b><br>\$250,000, loan due in semi-annual installments of \$6,410.26 to \$6,410.12 through June 2029, interest free. | 70,512.72            | 83,333.24            |
| <b><u>Project Youth Sports III:</u></b><br>\$273,606, loan due in semi-annual installments of \$7,015.54 through August 2035, interest free.            | <u>168,373.53</u>    | <u>182,403.98</u>    |
|   | <u>\$ 276,610.87</u> | <u>\$ 318,034.81</u> |

The following is a schedule of annual principal and interest payments for Green Acres Trust Loans:

| <u>Year</u> | <u>Principal</u>     | <u>Interest</u>   | <u>Total</u>         |
|-------------|----------------------|-------------------|----------------------|
| 2024        | \$ 41,716.85         | \$ 680.56         | \$ 42,397.41         |
| 2025        | 42,015.64            | 381.77            | 42,397.41            |
| 2026        | 34,547.56            | 76.96             | 34,624.52            |
| 2027        | 26,851.60            |                   | 26,851.60            |
| 2028        | 26,851.60            |                   | 26,851.60            |
| 2029-2033   | 76,565.52            |                   | 76,565.52            |
| 2034-2035   | 28,062.10            |                   | 28,062.10            |
|             | <u>\$ 276,610.87</u> | <u>\$1,139.29</u> | <u>\$ 277,750.16</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Environmental Infrastructure Loans Payable – General Capital Fund

The Township was awarded a loan in 2004 from New Jersey Environmental Infrastructure Trust in the sum of \$878,438.00. The loan portion of \$443,438.00 was issued interest free, while the trust loan portion of \$435,000.00 was issued at interest rates ranging from 4.25% to 5.00%.

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
| Payments are made through the year 2024 | <u>\$55,482.36</u> | <u>\$104,89.42</u> |

The following is a schedule of annual principal and interest payments for the Environmental Infrastructure Loan – General Capital Fund.

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|--------------|
| 2024        | \$55,482.36      | \$1,271.36      | \$56,753.72  |

Business District Loan Payable

The Township has taken over the repayment of a business district loan issued by the State Department of Community Affairs in the sum of \$490,000.00. The loan is interest free and payable over fifteen years. Payments are \$32,666.67 a year. The balance remaining at December 31, 2023 is \$130,666.63 and at December 31, 2022 is \$163,333.30.

Environmental Infrastructure Loans Payable – Water Utility Fund

The Township was awarded four loans from the New Jersey Environmental Infrastructure Trust. The Fund Loan portion was issued interest free, while the Trust Loan portion was issued at interest ranging from 4.00% to 5.70%.

|  | <u>2023</u>  | <u>2022</u>  |
|--|--------------|--------------|
| 2010 Loan:                                     |              |              |
| Payments are semi-annual through the year 2029 | \$190,635.63 | \$228,652.31 |

The following is a schedule of annual principal and interest payments for the Environmental Infrastructure Loan – Water Capital Fund:

| <u>Year</u> | <u>Principal</u>     | <u>Interest</u>    | <u>Total</u>         |
|-------------|----------------------|--------------------|----------------------|
| 2024        | \$ 38,016.58         | \$ 2,600.00        | \$ 40,616.58         |
| 2025        | 37,016.58            | 2,200.00           | 39,216.58            |
| 2026        | 37,016.58            | 1,840.00           | 38,856.58            |
| 2027        | 37,016.58            | 1,480.00           | 38,496.58            |
| 2028-2029   | <u>41,569.31</u>     | <u>1,680.00</u>    | <u>43,249.31</u>     |
|             | <u>\$ 190,635.63</u> | <u>\$ 9,800.00</u> | <u>\$ 200,435.63</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Environmental Infrastructure Loans Payable – Sewer Utility Fund

The Township was awarded a loan from the New Jersey Environmental Infrastructure Trust. The Fund Loan portion was issued interest free, while the Trust Loan portion was issued at interest ranging from 3.00% to 5.00%. Payments are semi-annual through the year 2049. The balance at December 31, 2023 was \$2,044,683.02 and for December 31, 2022 is \$2,154,451.15.

The following is a schedule of annual debt service for principal and interest for the Environmental Infrastructure Loan – Sewer Capital Fund:

| <u>Year</u> | <u>Principal</u>       | <u>Interest</u>      | <u>Total</u>           |
|-------------|------------------------|----------------------|------------------------|
| 2024        | \$ 109,650.13          | \$ 17,258.90         | \$ 126,909.03          |
| 2025        | 109,528.13             | 16,181.02            | 125,709.15             |
| 2026        | 109,402.13             | 15,108.02            | 124,510.15             |
| 2027        | 109,270.13             | 14,040.06            | 123,310.19             |
| 2028        | 109,272.13             | 13,118.04            | 122,390.17             |
| 2029-2033   | 459,965.65             | 51,415.74            | 511,381.39             |
| 2034-2038   | 305,498.15             | 38,506.26            | 344,004.41             |
| 2039-2043   | 325,498.15             | 27,993.76            | 353,491.91             |
| 2044-2048   | 335,498.15             | 13,500.00            | 348,998.15             |
| 2049        | 71,100.27              | 750.00               | 71,850.27              |
|             | <u>\$ 2,044,683.02</u> | <u>\$ 207,871.80</u> | <u>\$ 2,252,554.82</u> |



NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

As of December 31, 2023 and 2022, the Township's long-term debt is as follows:

|   | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2023</u> | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2022</u> |
|---|--|--|
| <u>General Capital Bonds:</u>   |  |  |
| \$10,500,000.00 2013 Bonds, due in annual installments of \$1,270,000.00 through March 1, 2024, interest at a rate of 5.00%.                                | \$ 1,270,000.00                                    | \$ 2,480,000.00                                    |
| \$14,960,000.00 2014 Bonds, due in annual installments of \$1,785,000.00 to \$1,915,000.00 through January 1, 2026, interest at a rate of 5.00%.            | 5,610,000.00                                       | 7,520,000.00                                       |
| \$5,305,000.00 2017 Refunding Bonds, due in annual installments of \$1,830,000.00 through March 1, 2024, interest at a rate of 4.00%.                       | 1,830,000.00                                       | 3,610,000.00                                       |
| \$9,000,000.00 2018 Bonds, due in annual installments of \$940,000.00 to \$1,200,000.00 through April 1, 2028, interest at rates from 4.00% to 5.00%.       | 5,500,000.00                                       | 6,340,000.00                                       |
| \$32,395,000.00 2020 Bonds, due in annual installments of \$2,890,000.00 to \$4,415,000.00 through October 15, 2030, interest at rates from 2.00%.to 3.00%. | 25,065,000.00                                      | 27,815,000.00                                      |
| \$5,460,000.00 2021 Bonds, due in annual installments of \$495,000.00 to \$615,000.00 through October 15, 2031, interest at a rate of 3.00%.                | <u>4,530,000.00</u>                                | <u>5,005,000.00</u>                                |
|   | <u>\$ 43,805,000.00</u>                            | <u>\$ 52,770,000.00</u>                            |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT, CONTINUED

|  | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2023</u> | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2022</u> |
|--|--|--|
| <u>Water Utility Serial Bonds:</u>   |  |  |
| \$1,200,000 in Water Improvement Bonds dated October 21, 2014 due in annual remaining installments of \$140,000.00 due on October 1 of each year with interest rates at 3.000%.                                  | \$ 950,000.00                                      | \$ 1,185,000.00                                    |
| \$500,000 in Water Improvement Bonds dated October 27, 2015, due in annual remaining installments of \$50,000 due on November 1 of each year with interest rates at 2.000%.                                      | 830,000.00   | 1,110,000.00                                       |
| \$1,572,000 in General Improvement Bonds dated November 3, 2022, due in annual remaining installments ranging between \$75,000.00 and \$142,000.00 due on November 1 of each year with interest rates at 4.000%. | <u>1,405,000.00</u>                                | <u>1,655,000.00</u>                                |
|  | <u>\$ 3,185,000.00</u>                             | <u>\$ 3,950,000.00</u>                             |

|  | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2023</u> | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2022</u> |
|--|--|--|
| <u>Parking Utility Serial Bonds:</u>   |  |  |
| \$1,200,000 in Water Improvement Bonds dated October 21, 2014 due in annual remaining installments of \$140,000.00 due on October 1 of each year with interest rates at 3.000%.                                  | \$ 1,325,000.00                                    | \$ 1,390,000.00                                    |
| \$1,572,000 in General Improvement Bonds dated November 3, 2022, due in annual remaining installments ranging between \$75,000.00 and \$142,000.00 due on November 1 of each year with interest rates at 4.000%. | <u>9,125,000.00</u>                                | <u>9,590,000.00</u>                                |
|  | <u>\$ 10,450,000.00</u>                            | <u>\$ 10,980,000.00</u>                            |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHOOL DEBT

The Board of Education of the Township of Montclair was a Type I School District until November 2021. School debt, under Type I system were authorized by the Board of School Estimate. Obligations of the Type I school debt service continue to be raised as part of the school tax levy until it is retired. School debt is reported on the balance sheet of the General Capital Fund and is detailed as follows:

|   | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2023</u> | OUTSTANDING<br>BALANCE DECEMBER<br><u>31, 2022</u> |
|---|--|--|
| \$22,000,000.00 2013 Bonds, due in annual installments of \$1,675,000.00 to \$1,960,000.00 through March 1, 2028, interest rates at 2.50% to 5.00%.     | \$ 9,080,000.00                                    | \$ 10,685,000.00                                   |
| \$11,855,000.00 2014 Refunding Bonds, due in annual installments of \$945,000.00 to \$1,225,000.00 through January 2028, interest at 5.00%.             | 5,235,000.00                                       | 6,180,000.00                                       |
| \$14,840,000.00 2016 Refunding Bonds, due in annual installments of \$680,000.00 to \$720,000.00 through October 2030, interest at 3.75% to 5.00%       | 9,270,000.00                                       | 10,590,000.00                                      |
| \$12,415,000.00 2017 Refunding Bonds due in annual installments of \$1,110,000.00 to \$1,385,000.00 through September 2031, interest at 3.00% to 4.00%. | 10,235,000.00                                      | 11,345,000.00                                      |
| \$3,000,000.00 2018 Bonds due in annual installments of \$300,000.00 to \$375,000.00 through April 2028, interest at 4.00% to 5.00%.                    | 1,675,000.00                                       | 1,975,000.00                                       |
| \$6,030,000.00 2020 Bonds due in annual installments of \$620,000.00 to \$550,000.00 through October 2030, interest at 2.00% to 3.00%.                  | 4,100,000.00                                       | 4,720,000.00                                       |
| \$3,640,000.00 2021 Bonds due in annual installments of \$325,000.00 to \$400,000.00 through October 2031, interest at 2.00% to 3.00%.                  | <u>\$2,995,000.00</u>                              | <u>3,320,000.00</u>                                |
|   | <u>\$ 42,590,000.00</u>                            | <u>\$ 48,815,000.00</u>                            |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHOOL DEBT, CONTINUED

A schedule of annual debt service for principal and interest for School Serial Bonds are as follows:

| <u>Year</u> | <u>Principal</u>        | <u>Interest</u>        | <u>Total</u>            |
|-------------|-------------------------|------------------------|-------------------------|
| 2024        | \$ 6,475,000.00         | \$ 1,553,975.00        | \$ 8,028,975.00         |
| 2025        | 6,655,000.00            | 1,280,862.50           | 7,935,862.50            |
| 2026        | 6,895,000.00            | 1,023,303.13           | 7,918,303.13            |
| 2027        | 7,275,000.00            | 751,265.63             | 8,026,265.63            |
| 2028        | 7,535,000.00            | 462,675.00             | 7,997,675.00            |
| 2029-2031   | <u>7,755,000.00</u>     | <u>434,100.00</u>      | <u>8,189,100.00</u>     |
|             | <u>\$ 42,590,000.00</u> | <u>\$ 5,506,181.25</u> | <u>\$ 48,096,181.25</u> |

Bonds and Notes Authorized but Not Issued for School purposes in the following amount:

| <u>Notes</u>         | <u>2023</u>     | <u>2022</u>     |
|----------------------|-----------------|-----------------|
| General Capital Fund | \$ 2,259,652.19 | \$ 2,259,652.19 |

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance, at December 31, 2023, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2024, was \$9,000,000.00 for the Current Fund, \$1,069,100.49 for the Water Utility Operating Fund, \$926,565.34 for the Sewer Utility Operating Fund and \$1,116,671.74 for the Parking Utility Operating Fund.

NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

|               | Balance<br>December<br><u>31, 2023</u> | Balance<br>December<br><u>31, 2022</u> |
|---------------|--|--|
| Prepaid Taxes | \$ <u>1,089,110.06</u>                 | \$ <u>1,182,303.67</u>                 |

NOTE 6: PENSION PLANS

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

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

*Police and Firemen's Retirement System (PFRS)* - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

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

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

The Township's share of pension, which is based upon the annual billings received from the State, amounted to \$9,854,225.00 for 2023, \$9,056,732.00 for 2022, and \$8,721,907.00 for 2021.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2022. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2022.

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$24,674,823.00 for the Township’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township’s proportion of the net pension liability was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 202, the Township’s proportion was 0.1703547746 percent, which was a decrease of 0.0043840110 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension benefit of \$504,515.00 for the Township’s proportionate share of the total pension expense. The pension expense recognized in the Township’s financial statements based on the April 1, 2023 billing was \$2,203,540.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|   | <u>Deferred<br/>Outflow of<br/>Resources</u> | <u>Deferred<br/>Inflow of<br/>Resources</u> |
|---|--|---|
| Differences between expected and actual experience  | \$ 235,923.00                                | \$ 100,863.00                               |
| Changes of assumptions  | 54,206.00                                    | 1,495,400.00                                |
| Net difference between projected and actual earnings on pension plan investments                              | 113,631.00                                   |   |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | <u>602,551.00</u>                            | <u>630,926.00</u>                           |
|   | <u>\$ 1,006,311.00</u>                       | <u>\$ 2,227,189.00</u>                      |

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

| <u>Year Ended<br/>June 30,</u> | <u>Amount</u>           |
|--------------------------------|-------------------------|
| 2024                           | (\$1,308,413.00)        |
| 2025                           | (732,814.00)            |
| 2026                           | 1,010,452.00            |
| 2027                           | (187,522.00)            |
| 2028                           | <u>(2,581.00)</u>       |
|                                | <u>(\$1,220,878.00)</u> |



NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. These actuarial valuations used the following assumptions:

Inflation rate:

|       |       |
|-------|-------|
| Price | 2.75% |
| Wage  | 3.25% |

|                   |                  |
|-------------------|------------------|
| Salary Increases: | 2.75-6.55%       |
|                   | Based on         |
|                   | Years of Service |

|                           |       |
|---------------------------|-------|
| Investment Rate of Return | 7.00% |
|---------------------------|-------|

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2023 asset are summarized in the following table:

| <u>Assets Class</u>              | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Equity                        | 28.00%                   | 8.98%   |
| Non-U.S. Developed Market Equity | 12.75%                   | 9.22%   |
| International Small CAP Equity   | 1.25%                    | 9.22%   |
| Emerging Market 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. Treasury's                  | 4.00%                    | 3.31%   |
| Risk Mitigation Strategies       | 3.00%                    | 6.21%   |

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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Township's proportionate share of the collective net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the collective net pension liability of the participating employers as of June 30, 2023 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|   | June 30, 2023   |                 |                 |
|---|-----------------|-----------------|-----------------|
|   | 1%              | At Current      | 1%              |
|   | Decrease        | Discount Rate   | Increase        |
|   | <u>6.00%</u>    | <u>7.00%</u>    | <u>8.00%</u>    |
| Township's proportionate share of the pension liability | \$32,121,369.00 | \$24,674,823.00 | \$18,336,827.00 |

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2023, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of June 30, 2023 was 0.1710015610%, which is a decrease of 0.0044353337 percent from 0.1754368947% as of June 30, 2022. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2023 and June 30, 2022 was \$76,952.00 and \$ 55,485.00 respectively.

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the State reported a net pension liability of \$64,700,970.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the Township's proportion was 0.5855936500 percent, which was a decrease of 0.0026701900 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension benefit of \$3,579,389.00. The pension expense recognized in the Township's financial statements based on the April 1, 2023 billing was \$7,650,685.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

|   | <u>Deferred<br/>Outflow of<br/>Resources</u> | <u>Deferred<br/>Inflow of<br/>Resources</u> |
|---|--|---|
| Differences between expected and actual experience  | \$ 2,770,366.00                              | \$ 3,085,662.00                             |
| Changes of assumptions  | 139,647.00                                   | 4,368,866.00                                |
| Net difference between projected and actual earnings on pension plan investments                              | 3,295,098.00                                 |   |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | <u>405,983.00</u>                            | <u>2,346,671.00</u>                         |
|   | <u>\$ 6,611,094.00</u>                       | <u>\$ 9,801,199.00</u>                      |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended     | <u>Amount</u>            |
|----------------|--------------------------|
| <u>June 30</u> |                          |
| 2024           | (\$2,906,073.60)         |
| 2025           | (2,804,542.60)           |
| 2026           | 3,499,612.40             |
| 2027           | (722,514.60)             |
| 2028           | (268,790.60)             |
| Thereafter     | <u>12,204.00</u>         |
|                | <u>\$ (3,190,105.00)</u> |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

Inflation rate:

|       |       |
|-------|-------|
| 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

| <u>Assets Class</u>              | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Equity                        | 28.00%                   | 8.98%   |
| Non-U.S. Developed Market Equity | 12.75%                   | 9.22%   |
| International Small CAP Equity   | 1.25%                    | 9.22%   |
| Emerging Market 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. Treasury's                  | 4.00%                    | 3.31%   |
| Risk Mitigation Strategies       | 3.00%                    | 6.21%   |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (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 and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Township's proportionate share of the collective net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2023 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|   | June 30, 2023                  |   |                                |
|---|--------------------------------|---|--------------------------------|
|   | 1%<br>Decrease<br><u>6.00%</u> | At Current<br>Discount Rate<br><u>7.00%</u> | 1%<br>Increase<br><u>8.00%</u> |
| Township's proportionate share<br>of the PFRS pension liability | \$90,149,473.00                | \$64,700,970.00                             | \$43,508,448.00                |



NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

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

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2023 and 2022 is 0.58559372% and 0.58826392% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2023 and 2022 was \$1,363,407.00 and \$1,491,902.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2023 and 2022 was \$1,356,092.00 and \$1,382,592.00 respectively.

At June 30, 2023 and 2022, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$11,921,906.00 and \$11,983,616.00, respectively.

At June 30, 2023, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

|   |                        |
|---|------------------------|
| Township's Proportionate Share of Net Pension Liability                                       | \$64,700,970.00        |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township | <u>11,921,906.00</u>   |
|   | <u>\$76,622,876.00</u> |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

**NOTE 7: COMPENSATED ABSENCES**

The Township's policy for accrued sick and vacation benefits is summarized as follows:

Employees can only accrue one year of vacation days. Vacation must be taken within one year of accrual, unless authorized by the Township Manager.

For all full-time Township employees hired after May 21, 2010, the total compensation for unused accumulated sick leave shall not exceed \$15,000.00 and shall solely be payable upon the employee's retirement from a State or locally administered retirement system at their then-current salary.

For all Township employees whose initial appointment date occurs prior to May 21, 2010, and who have accumulated unused sick leave in an amount up to or exceeding \$15,000.00 as of December 31, 2023, shall be entitled to retain and solely upon the employee's retirement from a State or locally administered retirement system be compensated for any remaining amount up to cap of 130 days at their then-current salary.

Employees hired before May 21, 2010, shall continue to accrue sick days, and those days are to be used first. In the event that an employee exhausts their sick days after January 1, 2024, they may use their banked sick days. However, the sick day bank does not replenish. Employees shall not be paid for sick days accrued after December 31, 2023, at the time of retirement.

The sick day bank established as of December 31, 2023, shall include all sick days accrued as of that day. For the purposes of payment at retirement the cap is 130 days. However, in the event that the employee exhausts their current accrued sick days and have to use sick days from their bank, they can use all sick days in the bank, even those in excess of 130 days.

It is estimated that the \$11,184,604.53 computed internally at the 2023 salary rates would be payable to officials and employees of the Township as of December 31, 2023, for accumulated sick and vacation days. This amount was not verified by the audit. The Township has established a reserve for accumulated absences of \$2,929,700.30 as of December 31, 2023.

Provision for the above are not reflected in the financial statements of the Township.

**NOTE 8: DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

**NOTE 8: DEFERRED COMPENSATION PLAN (CONTINUED)**

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan is fully contributory and the Township has no liabilities in conjunction with the plan.

**NOTE 9: LITIGATION**

The Township's is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Township.

**NOTE 10: TAX APPEALS**

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2023. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from current tax revenues, through the establishment of a reserve, or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

**NOTE 11: CONTINGENT LIABILITIES**

The Township participated in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2023, the Township does not believe that any material liabilities will result from such audits.

**NOTE 12: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township participates in the Garden State Joint Insurance Fund ("GSJIF"), which provides coverage for the above type of claims. There have been no provisions included in the financial statements for claims incurred but not reported (IBNR) for the above coverage as of December 31, 2023. The Township is not aware of any claims pending that have a demand in excess of coverages provided under the JIF. In addition, there were no significant reductions in insurance coverage from prior year coverage and there were no amounts settled which exceeded insurance coverage for each of the past three years.

NOTE 12: RISK MANAGEMENT (CONTINUED)

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

| <u>Year</u> | <u>Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|----------------------|--------------------------|-----------------------|
| 2023        | \$ 62,606.03         | \$ 47,387.66             | \$ 570,923.94         |
| 2022        | 52,329.49            | 34,880.62                | 555,705.57            |
| 2021        | 112,588.69           |                          | 538,256.70            |

NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other post-employment obligations for the year ended June 30, 2023. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2022.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan.

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
(CONTINUED)

Plan Description and Benefits Provided (Continued)

The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

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

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

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

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

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

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
(CONTINUED)

Contributions

The Township's contributions to SHBP for the years ended December 31, 2023, 2022 and 2021 were \$414,403.91, \$424,023.69 and \$398,131.28 respectively, which equaled the required contributions for the year.

Total Net OPEB Liability

At June 30, 2022, the Plan reported a Liability of \$44,684,962.00 for the Township's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The Township's proportion of the Net OPEB Liability was 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.

At June 30, 2022, the Township's proportion was 0.276694 percent, which was an increase of 0.033204 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State reported OPEB expense of \$7,933,954.00. This OPEB expense was based on the OPEB plans June 30, 2022 measurement date.

At June 30, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred<br/>Outflow of<br/>Resources</u> | <u>Deferred<br/>Inflow of<br/>Resources</u> |
|---|--|---|
| Differences between expected and actual experience                            | \$2,307,579.00                               | \$8,282,692.00                              |
| Changes of assumptions  | 5,963,393.00                                 | 15,250,116.00                               |
| Net difference between projected and actual earnings on OPEB plan investments | 11,764.00                                    |   |
| Changes in proportion   | <u>22,718,924.00</u>                         | <u>2,159,259.00</u>                         |
|   | <u>\$31,001,660.00</u>                       | <u>\$25,692,067.00</u>                      |

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
(CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

| Year Ended      | Amount                |
|-----------------|-----------------------|
| <u>June 30,</u> |                       |
| 2023            | \$62,847.00           |
| 2024            | 59,272.00             |
| 2025            | 911,607.00            |
| 2026            | 2,682,649.00          |
| 2027            | 3,791,492.00          |
| Thereafter      | <u>(2,198,274.00)</u> |
|                 | <u>\$5,309,593.00</u> |

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all period measurements:

Salary Increases\*:

Public Employees Retirement System (PERS):  
 Rate for all future years 2.75% to 6.55%  
 Based on years of service

Police and Firemen's Retirement System (PFRS):  
 Rate for all future years 3.25% to 16.25%  
 Based on years of service

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

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

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

NOTE 13: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
(CONTINUED)

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Township's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Township's as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|                      | June 30, 2022                   |                                   |                                  |
|----------------------|---------------------------------|-----------------------------------|----------------------------------|
|                      | 1.00%<br><u>Decrease (2.54)</u> | At Discount<br><u>Rate (3.54)</u> | 1.00%<br><u>Increase (4.54%)</u> |
| Total OPEB Liability | \$51,798,866.00                 | \$44,684,962.00                   | \$38,961,160.00                  |

Sensitivity of the Township's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Township's as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|            | June 30, 2022            |                                      |                   |
|------------|--------------------------|--------------------------------------|-------------------|
|            | 1.00%<br><u>Decrease</u> | Healthcare Cost<br><u>Trend Rate</u> | 1.00%<br>Increase |
| Total OPEB | \$37,907,598.00          | \$44,684,692.00                      | \$53,364,856.00   |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.



NOTE 14: DEFERRED SCHOOL TAXES

School taxes raised in the calendar year for the school fiscal year (July 1 to June 30) which remain unpaid at December 31 may be deferred to current fund balance in an amount not exceeding fifty percent (50%) of the levy providing the school district has not requisitioned the funds. The balance of unpaid local school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2023, are as follows:

|                       | BALANCE<br>DECEMBER<br>31, 2023 | BALANCE<br>DECEMBER<br>31, 2022 | 2023<br>INCREASE      | BALANCE<br>DECEMBER<br>31, 2021 | 2022<br>INCREASE      |
|-----------------------|---------------------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|
| Balance of School Tax | \$67,404,270.00                 | \$62,749,284.00                 | \$4,654,986.00        | \$61,518,906.00                 | \$1,230,378.00        |
| Deferred Taxes        | <u>48,754,849.00</u>            | <u>48,754,849.00</u>            |                       | <u>48,754,849.00</u>            |                       |
| School Taxes Payable  | <u>\$18,649,421.00</u>          | <u>\$13,994,435.00</u>          | <u>\$4,654,986.00</u> | <u>\$12,764,057.00</u>          | <u>\$1,230,378.00</u> |

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2023 and 2022:

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

| Fund                         | 2023                    |                       | 2022                    |                      |
|------------------------------|-------------------------|-----------------------|-------------------------|----------------------|
|                              | Interfund<br>Receivable | Interfund<br>Payable  | Interfund<br>Receivable | Interfund<br>Payable |
| Current Fund                 |                         |                       |                         | \$8,777.00           |
| General Trust Fund           | \$1,000,000.00          |                       | \$ 433,777.00           |                      |
| General Capital Fund         |                         | \$ 7,000,000.00       |                         | \$ 425,000.00        |
| Water Utility Operating Fund | 2,000,000.00            |                       |                         |                      |
| Water Utility Capital Fund   | 2,000,000.00            |                       |                         |                      |
| Sewer Utility Capital Fund   | <u>2,000,000.00</u>     |                       |                         |                      |
|                              | <u>\$7,000,000.00</u>   | <u>\$7,000,000.00</u> | <u>\$ 433,777.00</u>    | <u>\$433,777.00</u>  |

NOTE 16: FIXED ASSETS

The Township's governmental fixed assets are reported as follows:

|                                      | Balance<br>December 31,<br><u>2022</u> | <u>Additions</u>       | <u>Deletions</u>     | Balance<br>December 31,<br><u>2023</u> |
|--------------------------------------|--|------------------------|----------------------|--|
| Land                                 | \$ 49,954,200.00                       |                        |                      | \$ 49,954,200.00                       |
| Building and<br>Improvements         | 46,503,300.00                          |                        |                      | 46,503,300.00                          |
| Machinery, Vehicles and<br>Equipment | <u>20,853,987.00</u>                   | <u>1,006,174.00</u>    | <u>740,813.00</u>    | <u>21,119,348.00</u>                   |
|                                      | <u>\$ 117,311,487.00</u>               | <u>\$ 1,006,174.00</u> | <u>\$ 740,813.00</u> | <u>\$ 117,576,848.00</u>               |

NOTE 17: LONG TERM TAX EXEMPTIONS

The Township provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes, N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemption provided by the Township are predominately for affordable housing projects. Taxes are abated include municipal, local, school and county taxes. The Township is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Township PILOT billings in 2023 were \$5,555,688.00 and taxes in 2023 that otherwise would have been due on these long-term tax exemptions amount to \$7,545,555.94 based upon the assessed valuations of the long-term tax exemption properties.

NOTE 18: LESSOR REVENUE

The Township entered into a lease agreement with Wellmont West Urban Renewal, LLC for the lease of Township property. The agreement was approved September 2018 for a term of 99 years with a possible extension of 25 years thereafter. Wellmont began paying \$124,000.00 annually in monthly installments due on the first day of each month following the acceptance of the agreement. The following is a projected benefit for future years:

Projected Lease Revenue

|            |                         |
|------------|-------------------------|
| 2024       | \$124,000.00            |
| 2025       | 124,826.67              |
| 2026       | 126,480.00              |
| 2027       | 126,480.00              |
| 2028       | 126,480.00              |
| Thereafter | <u>12,121,396.98</u>    |
|            | <u>\$ 12,749,663.65</u> |

NOTE 19: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through August 14, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following subsequent event needed to be disclosed: The Township has adopted the following ordinances which include bonds and notes authorized but not issued:

| <u>Date</u> | <u>Ordinance</u> | <u>Description</u>                                      | <u>Amount</u>   | <u>Bonds and Notes</u> |
|-------------|------------------|---|-----------------|------------------------|
| 05/23/24    | 24-18            | Various Capital Improvements                            | \$ 7,918,000.00 | \$ 7,518,000.00        |
| 06/11/24    | 24-24            | Various Capital Improvements to<br>Clary Anderson Arena | 6,000,000.00    | 5,714,000.00           |

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**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL  
FOR THE GENERAL OBLIGATION BONDS**

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**WATERS, McPHERSON, McNEILL**

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ATTORNEYS AT LAW

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300 LIGHTING WAY

P.O. BOX 1560

SECAUCUS, NEW JERSEY 07096

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**[ FORM OF APPROVING OPINION ]**

October \_\_, 2024

Township of Montclair  
Montclair, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$10,384,000 General Obligation Bonds, Series 2024 (the “Bonds”) of the Township of Montclair, a municipal corporation of the State of New Jersey (the “Township”) dated October \_\_, 2024. The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey. The Bonds are authorized by Resolution No. 24-179 of the Township finally adopted on July 30, 2024 and the bond ordinances referred to therein, each of which is in all respects duly approved and published and required by law, and Resolution No. 24-178 of the Township adopted on July 30, 2024 (the “Authorization Proceedings

The Bonds are issued in fully registered form to The Depository Trust Company, New York, New York (“DTC”), and registered in the name of DTC’s nominee, Cede & Co. One bond certificate is issued for each year of maturity of the Bonds, numbered GO-1 to GO-11.

The Bonds mature in the principal amounts on January 1 of each year until maturity, and bear interest at the interest rates per annum payable on January 1, 2024 and semiannually thereafter on July 1 and January 1 of each year until maturity, as follows:

| Maturity<br>(Jan. 1) | General<br>Obligation<br>Refunding<br>Bonds,<br>Series 2024 | Interest<br>Rate | Yield | CUSIP |
|----------------------|---|------------------|-------|-------|
| 2025                 | \$ 765,000  | %                | %     |       |
| 2026                 | \$ 760,000  |                  |       |       |
| 2027                 | \$ 800,000  |                  |       |       |
| 2028                 | \$ 840,000  |                  |       |       |
| 2029                 | \$ 885,000  |                  |       |       |
| 2030                 | \$ 930,000  |                  |       |       |
| 2031                 | \$ 975,000  |                  |       |       |
| 2032                 | \$1,025,000   |                  |       |       |
| 2033                 | \$1,080,000   |                  |       |       |
| 2034                 | \$1,135,000   |                  |       |       |
| 2035                 | \$1,189,000   |                  |       |       |

The Bonds maturing on or after January 1, 2034 will be redeemable at the option of the Township in whole or in part on any date on or after January 1, 2033 at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption..

In our opinion, the Authorization Proceedings have been validly adopted, executed and delivered, and are in full force and effect. The Bonds are valid and legally binding general obligations of the Township, enforceable in accordance with its terms and the Authorization Proceedings, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights. The Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the tax exempt status of the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"). In the event that the Township continuously complies with its covenant, it is our opinion that interest on the Bonds is not includable in gross income for federal income tax purposes under the current law. It is also our opinion that interest on the Bonds is also not an item of tax preference under Section 57 of the Code when calculating the federal alternative minimum tax on individuals. However, interest on the Bonds is included in computing adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. The Bonds are not "private activity bonds" as defined in the Code. We express no opinion regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.



Further, in our opinion, under current law interest on the Bonds, and any gain on the sale thereof, is not includable as gross income under the New Jersey Gross Income Tax Act.

Very truly yours,

WATERS, McPHERSON, McNEILL, P.C.

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**APPENDIX D**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL  
FOR THE REFUNDING BONDS**

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**[ FORM OF APPROVING OPINION ]**

October \_\_, 2024

Township of Montclair  
Montclair, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$12,085,000\* General Obligation Refunding Bonds, Series 2024 consisting of \$7,875,000\* Parking Utility Refunding Bonds, Series 2024A (the “Series 2024A Refunding Bonds”) and \$4,210,000\* School Refunding Bonds, Series 2024B (the “Series 2024B Refunding Bonds, and together with the Series 2024A Refunding Bonds, the “Bonds”) of the Township of Montclair, a municipal corporation of the State of New Jersey (the “Township”) dated October \_\_, 2024. The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey. The Bonds are authorized by Refunding Bond Ordinance No. O-24-23 of the Township finally adopted on June 11, 2024 and in all respects duly approved and published and required by law. and Resolution No. 24-177 of the Township adopted on July 30, 2024 (the “Authorization Proceedings”).

The Bonds are issued in fully registered form to The Depository Trust Company, New York, New York (“DTC”), and registered in the name of DTC’s nominee, Cede & Co. One bond certificate is issued for each year of maturity of the Bonds, numbered PURB-1 to PURB-12 in order of maturity for the Series 2024A Refunding Bonds and SRB-1 to SRB-4 in order of maturity for the Series 2024B Refunding Bonds.

The Bonds mature in the principal amounts on January 1 of each year until maturity, and bear interest at the interest rates per annum payable on January 1, 2024 and semiannually thereafter on July 1 and January 1 of each year until maturity, as follows:

| <u>Maturity<br/>(Jan. 1)</u> | <u>General<br/>Obligation<br/>Refunding<br/>Bonds,<br/>Series 2024</u> | <u>Parking Utility<br/>Refunding<br/>Bonds, Series<br/>2024A</u> | <u>School<br/>Refunding<br/>Bonds,<br/>Series 2024B</u> | <u>Interest<br/>Rate</u> | <u>Yield</u> | <u>CUSIP</u> |
|------------------------------|--|--|---|--------------------------|--------------|--------------|
| 2025                         | \$1,500,000  | \$530,000  | \$ 970,000  | %                        | %            |              |
| 2026                         | \$1,385,000  | \$460,000  | \$ 925,000  |                          |              |              |
| 2027                         | \$1,610,000  | \$485,000  | \$1,125,000   |                          |              |              |
| 2028                         | \$1,695,000  | \$505,000  | \$1,190,000   |                          |              |              |
| 2029                         | \$ 535,000   | \$535,000  |   |                          |              |              |
| 2030                         | \$ 560,000   | \$560,000  |   |                          |              |              |
| 2031                         | \$ 585,000   | \$585,000  |   |                          |              |              |
| 2032                         | \$ 620,000   | \$620,000  |   |                          |              |              |
| 2033                         | \$ 645,000   | \$645,000  |   |                          |              |              |
| 2034                         | \$ 685,000   | \$685,000  |   |                          |              |              |
| 2035                         | \$ 720,000   | \$720,000  |   |                          |              |              |
| 2036                         | \$ 750,000   | \$750,000  |   |                          |              |              |
| 2037                         | \$ 795,000   | \$795,000  |   |                          |              |              |

The Bonds maturing on or after January 1, 2034 will be redeemable at the option of the Township in whole or in part on any date on or after January 1, 2033 at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption..

In our opinion, the Authorization Proceedings have been validly adopted, executed and delivered, and are in full force and effect. The Bonds are valid and legally binding general obligations of the Township, enforceable in accordance with its terms and the Authorization Proceedings, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights. The Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount. The Series 2024B Refunding Bonds are further secured under the provisions of the New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.).

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the tax exempt status of the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"). In the event that the Township continuously complies with its covenant, it is our opinion that interest on the Bonds is not includable in gross income for federal income tax purposes under the current law. It is also our opinion that interest on the Bonds is also not an item of tax preference under Section 57 of the Code when calculating the federal alternative minimum tax on individuals. However, interest on the Bonds is included in computing adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. The Bonds are not "private activity bonds" as defined in the Code. We express no opinion regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

Further, in our opinion, under current law interest on the Bonds, and any gain on the sale thereof, is not includable as gross income under the New Jersey Gross Income Tax Act.

Very truly yours,

WATERS, McPHERSON, McNEILL, P.C.

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