

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 5, 2025**

**NEW ISSUE - BOOK-ENTRY-ONLY**

**Not Rated**

*In the opinion of Gibbons P.C., Bond Counsel to the Town (as defined herein), assuming continuing compliance by the Town with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act See “TAX MATTERS” herein.*

**\$4,002,000  
TOWN OF NEWTON  
IN THE COUNTY OF SUSSEX, NEW JERSEY  
BOND ANTICIPATION NOTES, SERIES 2025  
(NON-CALLABLE) (BANK-QUALIFIED)**

**Dated Date: August 26, 2025  
Maturity Date: August 25, 2026  
Interest Rate: \_\_\_\_ %  
Yield: \_\_\_\_ %  
CUSIP\*: \_\_\_\_\_**

The \$4,002,000 Bond Anticipation Notes, Series 2025 (the “Notes”) of the Town of Newton, New Jersey (the “Town”) will be issued in registered form, and, when issued, will be registered in the name of Cede & Co. (“Cede”), as nominee for The Depository Trust Company, New York, New York (“DTC”), an automated depository for securities and clearing house transactions, which will act as securities depository for the Notes. Individual purchases will be made in book-entry form (without certificates) through DTC Participants, as hereinafter defined, in the principal amount of \$5,000 each or any integral multiple thereof (except for one odd piece). See “THE NOTES – Book-Entry Only System” herein.

The principal of and interest on the Notes shall be paid on the maturity date to DTC by the Town, as paying agent (the “Paying Agent”), in accordance with the Notice of Sale. Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. Interest on the Notes will be credited to the participants of DTC as listed on its records as of the close of business on August 18, 2026 (the “Record Date” for the payment of interest on the Notes). See “THE NOTES – Book-Entry Only System” herein.

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

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

*The Notes are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Town, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Town in connection with the issuance of the Notes. It is anticipated that the Notes will be available for delivery through the facilities of DTC on or about August 26, 2025, in New York, New York, or at such other place and time as may be agreed to by the Town.*

**BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE  
ON AUGUST 12, 2025. FOR MORE DETAILS ON HOW TO BID, VIEW  
THE NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

\* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Town does not make any representation with respect to such number or undertake any responsibility for its 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 Notes 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 Notes.

**TOWN OF NEWTON,  
IN THE COUNTY OF SUSSEX, NEW JERSEY**

**MAYOR**

Helen R. Le Frois

**TOWN COUNCIL**

Matthew S. Dickson, Deputy Mayor

John-Paul E. Couce

Sandra Lee Diglio

Michelle J. Teets

**TOWN ADMINISTRATOR**

Thomas S. Russo, Jr.

**CHIEF FINANCIAL OFFICER**

Thomas M. Ferry, CPA/RMA/CMFO

**TOWN CLERK**

Teresa A. Oswin

**TOWN ATTORNEY**

Eric M. Bernstein, Esq.

Warren, New Jersey

**INDEPENDENT AUDITOR**

Nisivoccia LLP

Mount Arlington, New Jersey

**BOND COUNSEL**

Gibbons P.C.

Newark, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors,

a division of First Security Municipal Advisors, Inc.

Hamilton, New Jersey

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

References in this 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 Town during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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**OFFICIAL STATEMENT  
OF  
THE TOWN OF NEWTON,  
IN THE COUNTY OF SUSSEX, NEW JERSEY  
RELATING TO  
\$4,002,000 BOND ANTICIPATION NOTES, SERIES 2025  
(NON-CALLABLE) (BANK-QUALIFIED)**

**INTRODUCTION**

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the Town of Newton (the “Town”), in the County of Sussex (the “County”), State of New Jersey (the “State”), and provides certain information relating to the Town in connection with the sale and issuance of \$4,002,000 Bond Anticipation Notes, Series 2025 (the “Notes”). This Official Statement has been executed by and on behalf of the Town by the Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

**THE NOTES**

**Description of the Notes**

The Notes shall be dated their date of delivery and will mature on the date and in the amount shown on the front cover page hereof and will bear interest payable at the rate as set forth on the front cover page hereof. The Notes may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books of The Depository Trust Company, New York, New York (“DTC”), acting as securities depository, and its participants.

The principal of and interest due on the Notes will be paid to DTC by the Town or its designated paying agent (the “Paying Agent”). Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. Interest on the Notes will be credited to the Participants of DTC as listed on the records of DTC as of August 18, 2026 (the “Record Date” for the payment of interest on the Notes).

**Redemption**

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

**Book-Entry Only System**

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Town. Accordingly, the Town does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct 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. Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may

wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or its designated 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 Town, or the Town's designated paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or its designated paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

## **AUTHORIZATION AND PURPOSE OF THE NOTES**

The Notes have been authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law constituting Chapter 2 of Title 40A of the State Statutes, as amended (N.J.S.A. 40A:2-1 et seq.) (the "Local Bond Law") and the bond ordinances adopted by the Town Council as set forth below. The proceeds of the Notes will be used to (i) provide \$4,002,000 of new money to fund various capital projects in and by the Town; and (ii) pay certain costs incurred in connection with the authorization, sale and issuance of the Notes.

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
2024-04	Renovations to Firehouse No. 1.	\$760,000
2024-11	Various Capital Improvements.	539,000
2024-14	Resurfacing of Douma Dr., Douma Ct, Valleyview Ct, and Babbit Ct.	66,000
2024-18	Installation of HVAC System at Town Hall.	76,000
2024-30	Installation of HVAC System at Town Hall.	95,000
2025-10	Various Capital Improvements.	<u>2,466,000</u>
<b>Total:</b>		<b><u>\$4,002,000</u></b>

### **PAYMENT OF AND SECURITY FOR THE NOTES**

The Notes are general obligations of the Town and unless paid from other sources, the Town is authorized and required by law to levy ad valorem taxes on all property taxable by the Town for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Town is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission whose powers have been vested in the Local Finance Board.

### **INFECTIOUS DISEASE OUTBREAK - COVID-19**

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (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. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national 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 in effect.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$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.



Generally, according to the Plan, the allowable use of the funds provided to the Town include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Town that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Town, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Based on available information as of the date hereof, the Town has received \$839,338.14 from the Plan. The deadline to commit the funds was December 31, 2024 which has been satisfied and to spend the funds is December 31, 2026.

To date, the overall finances and operations of the Town have not been materially adversely affected due to the COVID-19 outbreak. 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 Town. The Town cannot quantify any such potential impacts at this time.

### **CYBER SECURITY**

The Town relies on a complex technology environment to conduct its various operations. As a result, the Town faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Town has invested in multiple forms of cybersecurity and operational safeguards. There can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Town could cause material disruption of the Town's finances and operations.

### **MARKET PROTECTION**

During the remainder of 2025, the Town does not anticipate issuing any bonds, tax anticipation notes or additional bond anticipation notes.

### **PROVISIONS WITH REGARD TO TOWN GENERAL OBLIGATION DEBT**

This summary does not purport to be a full and complete statement of all of the provisions referred to herein, and the cited statutes should be read in full for a complete understanding of all of said provisions.

## **Local Bond Law**

The Local Bond Law (N.J.S.A. 40A:2-1 et. seq.). The Local Bond Law generally governs the issuance of bonds and notes by local units to finance certain capital improvements and appropriations. The Local Bond Law requires 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 capital expenditures. All bonds and notes issued by the Town are general (“full faith and credit”) obligations.

## **Debt Limits**

Debt Limits. The net authorized debt of all local units which are municipalities in the State of New Jersey is generally limited by statute to an amount equal to 3.5% of its equalized valuation basis. The equalized valuation basis of the local unit is set by statute as the average for the last three years of the sum of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Department of the Treasury, Division of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions To Debt Limits - Extensions Of Credit. The debt limit of a local unit may be exceeded with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the local unit must 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 ability of a local unit to meet its obligations or to provide essential services, and the Local Finance Board makes other statutory determinations, approval is granted.

School Debt. In the State, in a Type II school district without a Board of School Estimate, school debt authorized by the board of education must be approved by the registered voters of that school district. When the amount authorized exceeds the school district’s limit, the district may use the municipality’s share of available borrowing capacity upon approval of the proposed debt by the State Commissioner of Education and the Local Finance Board, and subsequently by the registered voters of the district. School debt of a Type I school district is authorized by a Board of School Estimate and the governing body of a local unit.

## **Local Budget Law**

The Local Budget Law (N.J.S.A. 40A:4-1, et seq.). The foundation of the State local finance system is the annual budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the “Director”) prior to final adoption of the budget. 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 Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review focusing on anticipated revenues serves to protect the solvency of all local units. The budgets of local units must be in balance; i.e., total anticipated revenues must equal total appropriations.

If in any year a Local Unit’s expenditures exceed (or are less than) its realized revenues for that year, then such deficit (excess) must be raised (accounted for) in the succeeding year’s budget.

Real Estate Taxes. The same general principal that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The Local Budget Law (N.J.S.A. 40A:4-29) provides that the maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the Local Unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year.

The Local Budget Law (N.J.S.A. 40A:4-41) also provides with regard to current taxes that receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year.

This provision requires that an additional amount (the "Reserve For Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage collected of the prior year's tax levy is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The Reserve For Uncollected Taxes is calculated to be the levy required to balance a local unit's budget multiplied by the prior year's percentage of uncollected taxes (or a lesser percentage).

Miscellaneous Revenues. The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenue from any source shall 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 shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination in writing to the local unit.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation.

Appropriation and Tax Levy CAP Limitations. Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 et seq.), as amended and supplemented by P.L. 1983, c. 49, P.L. 1990, c.89, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in municipal appropriations over the previous year's appropriations to the lesser of 102.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5% an increase equal to 3.5% will be permitted by adoption of an ordinance. If the Cost-of Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments; (ii) the amount of revenue generated by the increase in valuations within the municipality based solely on applying the preceding year's municipal tax rate to the apportionment valuation of new construction or improvements within the municipality and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the municipality and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the municipal tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

Additionally, the Legislature of the State of New Jersey previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective April 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act has been amended by the provisions of P.L. 2010, c. 44 effective July 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met.

Deferral of Current Expenses. A local unit may make emergency appropriations after the adoption of a budget and the determination of the tax rate, but only to meet unforeseen pressing needs to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance. With limited exceptions set forth below, such appropriations must be included in full in the following year's budget. If such emergency appropriations exceed 3% of the adopted operating budget, consent of the Director is required (N.J.S.A. 40A:4-46, -47, -49). The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revision of ordinances, and master plan preparations, which may be amortized over five years (N.J.S.A. 40A:4-55, -55.3).

Under the CAP Law, emergency resolutions aggregating less than 3% of the previous year's final current operating appropriations may be raised in that portion of the budget outside its limitations if approved by at least two-thirds of the members of the governing body and the Director. Emergency resolutions that aggregate more than 3% of the previous year's final current operating appropriations must be raised within its limitations. Emergency resolutions for debt service, capital improvements, the Town's share of Federal or State grants and other statutorily permitted items are outside its limitation.

Budget Transfers. Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. Subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction; however, they are subject to internal review and approval.

Capital Budget. In accordance with the Local Budget Law, each local unit must adopt and annually revise a capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over a period of up to six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body of a local unit setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

Operation of Utilities. Municipal public utilities are supported, in addition to the general taxing power upon real property, by the revenues generated by the respective operations of the utilities.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the current or operating budget.

## **Local Fiscal Affairs Law**

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1, et seq.). This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of a local unit must file annually with the Director a verified statement of the financial condition of the local unit. The statements of the Town are on file with its Clerk.

An independent examination of a local unit's financial statements must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of a local unit's financial procedures and must be filed with the Clerk within six months after the close of its fiscal year and, within five days thereafter, a certified duplicate copy must be filed in the office of the Director (N.J.S.A. 40A:5-6). The filing date of an audit may be extended by the Director upon a showing of good cause. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion (N.J.S.A. 40A:5-7). The entire annual audit report is on file with the Town's Chief Financial Officer and is available for review during business hours.

## **Municipal Bankruptcy**

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the Federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained (N.J.S.A. 52:27-40). The powers of the Municipal Finance Commission of New Jersey have been vested in the Local Finance Board.

## **LITIGATION**

In the opinion of Eric M. Bernstein, Esq. (the "Town Attorney"), there is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Notes offered for sale or the levy or collection of any taxes to pay interest on or principal of the Notes, or in any manner questioning the authority of proceedings for the issuance of the Notes or for the levy or collection of said taxes. Moreover, to the knowledge of the Town Attorney no litigation is presently pending or threatened that, in the opinion of the Town Attorney, would have a material adverse impact on the financial condition of the Town if adversely decided.

## **LEGAL MATTERS**

The legality of the Notes will be subject to the final approving opinion of Gibbons P.C., Bond Counsel to the Town, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix D. Certain legal matters will be passed on for the Town by the Town Attorney.

## **TAX MATTERS**

### **Exclusion of Interest on the Notes from Gross Income for Federal Income Tax Purposes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the

Notes in order to assure that interest on the Notes will be excluded from gross income for purposes of Federal income taxation under Section 103 of the Code. Failure of the Town to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Notes. The Town will make certain representations in its tax certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Town has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause the interest on the Notes to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the Town, has relied upon the representations of the Town made in the tax certificate and has assumed continuing compliance by the Town with the above covenants in rendering its Federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Town observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the Town, is of the opinion that, under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

### **Tax Treatment of Original Issue Premium**

The initial public offering price of the Notes is greater than the principal amount of the Notes payable at maturity. An amount equal to the excess of the purchase price of the Notes over their stated redemption price at maturity constitutes premium on the Notes. A purchaser of the Notes must amortize any premium over the Notes' term using constant yield principles, based on the Notes' yield to maturity. As premium is amortized, the purchaser's basis of the Notes and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of the Notes prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of the Notes, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning the Notes.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Notes should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Notes have been designated by the Town as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code. The Town intends that, by such designation of the Notes, the Notes will not be subject to Section 265(6)(1) of the Code, which relates to the complete disallowance of

deduction for interest expense of certain financial institutions that is allocable to interest on certain tax-exempt obligations acquired by a financial institution after August 7, 1986. The interest expense of certain financial institutions allocable to Qualified Tax-Exempt Obligations is subject to Sections 291(a)(3) and 291(e)(1)(B) of the Code, relating to the non-deductibility of twenty (20) percent of the interest expense allocable to such tax-exempt obligations.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code, interest on the Notes not constituting an item of tax preference under Section 57 of the Code, and interest on the Notes being included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

### **State Taxation**

Bond Counsel is of the opinion that, under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

### **Miscellaneous**

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Notes, the exclusion of interest on the Notes from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Notes or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES.**

### **SECONDARY MARKET DISCLOSURE**

The Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (“Rule 15c2-12”) effective July 3, 1995 which generally prohibits a broker, dealer or municipal securities dealer (“Participating Underwriter”) from purchasing or selling municipal securities, such as the Notes, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board (“MSRB”) (the “Continuing Disclosure Requirements”).

On the date of delivery of the Notes, the Town will enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Notes pursuant to which the Town will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Town will covenant for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the Town with the MSRB. The specific nature of the enumerated events is set forth in Appendix C. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

In accordance with Rule 15c2-12 and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Town failed to timely file its annual operating data for the year ended December 31, 2019 in connection with its obligation with the Morris County Improvement Authority's County of Morris Guaranteed Loan Program Bonds, Series 2009 (Town of Newton Project). More specifically, while the Town filed its operating data for the year ended December 31, 2019, as required by Rule 15c2-12, certain information was omitted or incomplete. Additionally, the Town failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with the MSRB. The Town appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information with the MSRB as required under its prior secondary market disclosure undertakings.

## **LEGALITY FOR INVESTMENT**

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

## **UNDERWRITING**

The Notes have been purchased at a public sale from the Town for reoffering by \_\_\_\_\_ (the "Underwriter") at an aggregate purchase price of \$\_\_\_\_\_ (representing the par amount of the Notes plus a bid premium in the amount of \$\_\_\_\_\_). The Underwriter has purchased the Notes in accordance with the Notice of Sale.

The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Notes. The public offering yield of the Notes may be changed from time to time by the Underwriter.

## **RATING**

The Notes have not been rated.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Town in connection with the issuance of the Notes (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.



## **FINANCIAL STATEMENTS**

Excerpts from the audited financial statements of the Town as of and for the years ended December 31, 2024, and 2023, together with the Notes to the Financial Statements for the years then ended, are presented in Appendix B to this Official Statement. The audited financial statements referred to above have been audited by Nisivoccia LLP, Mount Arlington, New Jersey, independent auditors (the “Auditor”), as stated in their Independent Auditor’s Report appearing in Appendix B hereto.

## **PREPARATION OF OFFICIAL STATEMENT**

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

All other information has been obtained from sources which the Town considers to be reliable and they make no warranty, guaranty of other representation with respect to the accuracy and completeness of such information.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Town and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Nisivoccia LLP, takes responsibility for the audited financial information contained in Appendix B to the extent specified in the Independent Auditor’s Report, has not participated in the review or preparation of this Official Statement and has not verified the accuracy or completeness thereof and accordingly, expresses no opinion or other assurance or assumes any responsibility with respect thereto.

Gibbons P.C. has not verified the accuracy, completeness or fairness of the information contained herein, except under the heading “TAX MATTERS” and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be directed to Thomas M. Ferry, Chief Financial Officer, 39 Trinity Street, Newton, New Jersey 07860-1800, (973) 383-3521, or to its Municipal Advisor at 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, 08691, telephone (609) 291-0130.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes. This Official Statement has been duly executed and delivered by the Chief Financial Officer for and on behalf of the Town.

**TOWN OF NEWTON,  
COUNTY OF SUSSEX, NEW JERSEY**

By: \_\_\_\_\_  
Thomas M. Ferry,  
Chief Financial Officer

Dated: August \_\_, 2025

## **APPENDIX A**

### **GENERAL INFORMATION OF THE TOWN OF NEWTON**

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## **INFORMATION REGARDING THE TOWN<sup>1</sup>**

The following material presents certain economic and demographic information of the Town of Newton (the “Town”), in the County of Sussex (the “County”), State of New Jersey (the “State”).

### **General Information**

The Town is located in the picturesque County, the fourth (4<sup>th</sup>) largest county in the State by land area. Settled in 1751 and incorporated in 1864, the Town is the County Seat of the County and serves as a regional employment and services center. During the workweek, the daily population increases to between 16,000 and 20,000 people.

The Town, with 3.1 square miles, has a long history of planning for compact development in coordination with the State Planning Commission, the County, and other local municipalities. The Town became the State’s first designated Regional Center in 1993, which confirmed the Town’s dedication to coordinated and thoughtful planning efforts to promote quality ratables in the community.

The Town could be considered a scaled-down city with the largest medical facility in the County, Newton Medical Center, a daily newspaper, social services, and the Sussex County Community College, in addition to all the County facilities, courts, jail, and administrative offices, all within the three (3) square miles.

### **Type of Government**

In 1956, the residents of the Town adopted, by referendum, the Council-Manager form of government known as Plan B of the Faulkner Act established by New Jersey statute. Under this form, the residents are represented by an elected non-partisan five (5) member Town Council each serving four (4) year terms. Elections for the Council members are held during November of even numbered years. Each January 1, a Mayor is elected to serve for a one (1) year period by the Town Council. The individual may succeed himself or herself according to statute but in the Town, it has been customary to rotate the mayor’s post.

The Town Manager and the Town Clerk are statutory employees under this form. Most other full-time employees enjoy New Jersey State Civil Service Commission status. The Town Manager is the Chief Executive Officer of the Town and is charged with the executive and administrative responsibilities of the municipal government.

### **Education Facilities**

In the 3.1 square miles of the Town, there are four (4) educational facilities. The first three (3) are part of the Newton Public School District and are Merriam Avenue Elementary School (K-4), Halsted Middle School (5-8), and Newton High School (9-12). The unique part of

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<sup>1</sup> Source: The Town, unless otherwise indicated.

Newton High School is the inclusion of two (2) sending districts from Andover Township and Andover Borough and Green Township.

The final educational facility is Sussex County Community College (SCCC). This facility is a two (2) year community college, which is attended by many residents of the County.

### **Healthcare Facilities**

The Town is home to the largest health care facility in the County. Newton Medical Center, which is part of the Atlantic Health System, employs over 1,000 people. Newton Medical Center works very closely with the community with various programs offered. The medical center has upgraded the surgery wing, emergency room, and single room maternity. In 2008, the Charles L. Tice Center was opened for cardiac procedures.

### **Municipal Services**

The Town is served by a Police Department consisting of full time police officers, including superior officers and detectives, with a support staff of special police officers. The Department operates marked and unmarked vehicles. The Town's dispatch services consist of full-time 9-1-1 operators and part-time dispatchers. The Town's Fire Department is comprised of volunteers and maintain the most up-to-date equipment and training. The Department maintains a ladder truck, pumper, pumper/tanker, pumper/nozzle, rescue truck, and command vehicle.

The municipal government has distinguished itself since 1970 by its ability to attract substantial amounts of Federal, State and County funds. An Urban Renewal Program, two (2) housing projects, the Community Development Block Grant Program, and the Economic Development Administration's Public Works Program have all resulted in Federal funding for the community. The Town has also been successful in attracting State funding through such programs as Green Acres and Neighborhood Preservation, amongst others.

Supporting the Town Manager and Town Council are several Boards and Commissions meeting on a varied basis. They are:

Advisory Board of Health  
Advisory Recreation Commission  
Economic Development Commission  
Historic Preservation Advisory Commission  
Planning Board  
Shade Tree Commission  
Utility Advisory Board

In addition, the Town has a Parking Authority and a Housing Authority, both of which are autonomous bodies whose members are appointed by the Town Council and/or the Town Manager, pursuant to State Law and/or Town Code.

## **Water and Sewer Utility**

The municipal government also operates a Water and Sewer Utility, which operates under a separate budget and is self-liquidating. Its assets include the Morris Lake reservoir located in Sparta Township and a wastewater treatment plant located in the Town. A \$7,000,000 water filtration plant was constructed in 2004 at the reservoir in Sparta Township and was funded through a U.S. Department of Agriculture loan/grant program.

## **Transportation Facilities**

Bus transportation is provided daily to and from Manhattan by Lakeland Bus Company. The County Transit System provides public transportation within the County. Also, the Town provides a free shuttle bus for senior citizens for destinations within Town borders as well as the Ledgewood and Rockaway Malls.

## **Shopping**

The 3.1 square miles of the Town boasts many shopping facilities. The Central Business District houses unique stores such as antique stores, pet shops, delis, gift stores, boutiques and multiple restaurants. Along Route 206, there are two (2) supermarkets, a Home Depot, Kohl's, Applebee's, Holiday Inn Express, and other types of retail establishments. Starbucks, Chipotle and Panera Bread have also opened fast-casual restaurants in the Town.

## **Pension and Retirement Systems**

Substantially, all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan, which 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. Membership is mandatory for substantially all full-time employees of the State 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.

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

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund, which 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.

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## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Town, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Town</u></b>				
2024	4,066	3,856	210	5.2%
2023	4,028	3,841	187	4.6
2022	4,004	3,848	156	3.9
2021	3,927	3,683	244	6.2
2020	3,900	3,554	346	8.9
<b><u>County</u></b>				
2024	81,046	77,594	3,452	4.3%
2023	80,527	77,286	3,241	4.0
2022	78,827	75,868	2,959	3.8
2021	76,917	72,132	4,785	6.2
2020	76,418	69,506	6,912	9.0
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3
2022	4,756,002	4,572,879	183,123	3.9
2021	4,654,243	4,342,075	312,168	6.7
2020	4,643,700	4,204,301	439,399	9.5

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2023)**

	<b><u>Town</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$73,679	\$114,316	\$101,050
Median Family Income	120,129	134,187	123,892
Per Capita Income	38,866	56,471	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

## **Population**

The following tables summarize population increases and the decreases for the Town, the County, and the State.

<b><u>Year</u></b>	<b><u>Town</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2024 est.	8,435	0.73%	147,444	2.23%	9,500,851	2.28%
2020	8,374	4.71	144,221	-3.38	9,288,994	5.65
2010	7,997	-3.00	149,265	3.54	8,791,894	4.49
2000	8,244	9.61	144,166	10.10	8,414,350	8.85
1990	7,521	-2.93	130,943	12.77	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

## **Largest Taxpayers**

The ten (10) largest taxpayers in the Town and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2024</u></b>	<b><u>% of Total</u></b>
	<b><u>Assessed Valuation</u></b>	<b><u>Assessed Valuation</u></b>
Martin, Kenneth D & Assoc II, LLC	\$10,666,300	1.02%
Route 519 & North Park Drive, LLC	8,161,000	0.78
100 Swartswood/SELA Realty Invest.	8,150,000	0.78
Newton 213, LLC C/O Ronetco	7,141,300	0.69
Weis Markets, Inc	7,100,000	0.68
Barn Hill Prop, LLC/Peace Capital	7,000,000	0.67
The Cobblers Loft, LLC	5,962,700	0.57
Newtonian Associates, LLC	4,850,000	0.47
Holiday Inn Express c/o Patel	4,740,000	0.45
North Jersey Health Care Properties	<u>4,164,100</u>	<u>0.40</u>
<b>Total</b>	<b><u>\$67,935,400</u></b>	<b><u>6.52%</u></b>

Source: Annual Comprehensive Financial Report of the School District and Municipal Tax Assessor

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2024	\$28,423,623	\$27,986,816	98.46%
2023	27,453,887	27,108,991	98.74
2022	27,366,007	27,008,996	98.70
2021	26,781,342	26,227,067	97.93
2020	26,354,730	25,832,728	98.02

Source: Annual Audit Reports of the Town

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2024	\$242,218	\$373,810	\$616,028	2.17%
2023	223,973	303,292	527,265	1.92
2022	196,968	322,733	519,701	1.90
2021	237,218	470,635	707,852	2.64
2020	200,347	447,230	647,578	2.46

Source: Annual Audit Reports of the Town

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2024	\$453,900
2023	515,850
2022	515,850
2021	515,850
2020	515,850

Source: Annual Audit Reports of the Town

## **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for Town residents for the past five (5) years.

		<b>Local</b>		
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
2025	\$0.931	N/A	N/A	N/A
2024	0.920	1.368	0.439	2.727
2023	1.561	2.248	0.685	4.494
2022	1.531	2.314	0.667	4.512
2021	1.500	2.331	0.661	4.492

Source: Abstract of Ratables and State of New Jersey – Property Taxes

## **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2024	\$1,041,881,700	\$963,634,573	108.12%	\$544	\$963,635,117
2023	610,512,100	881,096,984	69.29	420	881,097,404
2022	599,007,500	786,408,691	76.17	424	786,409,115
2021	594,249,000	699,363,305	84.97	488	699,363,793
2020	595,022,000	665,200,671	89.45	453	665,201,124

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

## **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Town for the past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2024	\$11,406,900	\$644,331,700	\$600,400	\$270,574,900	\$26,078,300	\$88,889,500	\$1,041,881,700
2023	7,485,400	373,498,500	419,200	177,436,400	13,491,100	38,181,500	610,512,100
2022	11,416,700	371,136,300	417,900	164,364,000	13,491,100	38,181,500	599,007,500
2021	8,283,300	368,844,300	714,500	164,734,300	13,491,100	38,181,500	594,249,000
2020	8,764,300	369,283,900	690,000	164,736,800	13,343,900	38,203,100	595,022,000

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes the Town's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$1,425,200	\$1,869,200	\$2,050,791	\$2,291,671	\$2,140,560
Miscellaneous Revenues	2,616,724	2,800,691	4,561,465	3,543,086	3,259,417
Receipts from Delinquent Taxes	450,000	457,311	235,000	185,000	356,800
Amount to be Raised by Taxation	<u>8,916,873</u>	<u>9,175,866</u>	<u>9,535,046</u>	<u>9,593,181</u>	<u>10,330,800</u>
Total Revenue:	<u>\$13,408,797</u>	<u>\$14,303,068</u>	<u>\$16,382,302</u>	<u>\$15,612,938</u>	<u>\$16,087,577</u>

### **Appropriations**

General Appropriations	\$10,150,267	\$10,789,655	\$11,596,377	\$12,187,443	\$12,531,558
Operations (Excluded from CAPS)	247,995	454,054	2,021,473	686,832	820,646
Deferred Charges and Statutory Expenditures	0	0	12,000	34,950	50,000
Judgments	0	0	0	0	0
Capital Improvement Fund	238,610	215,000	265,000	437,299	402,170
Municipal Debt Service	2,226,700	2,288,451	1,932,661	1,793,018	1,781,221
Reserve for Uncollected Taxes	<u>545,225</u>	<u>555,908</u>	<u>554,791</u>	<u>473,396</u>	<u>501,982</u>
Total Appropriations:	<u>\$13,408,797</u>	<u>\$14,303,068</u>	<u>\$16,382,302</u>	<u>\$15,612,938</u>	<u>\$16,087,577</u>

Source: Annual Adopted Budgets of the Town

## **Fund Balance**

### **Current Fund**

The following table lists the Town's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024	\$4,273,232	\$2,140,560
2023	4,477,149	2,291,671
2022	3,788,838	2,050,791
2021	3,476,030	1,869,200
2020	2,922,132	1,425,200

Source: Annual Audit Reports of the Town

Water/Sewer Utility Operating Fund

The following table lists the Town's fund balance and the amount utilized in the succeeding year's budget for the Water/Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Water/Sewer Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024	\$3,477,961	\$1,206,000
2023	3,620,740	1,265,000
2022	2,500,785	614,900
2021	2,150,041	643,262
2020	2,064,276	593,703

Source: Annual Audit Reports of the Town

*[Remainder of Page Intentionally Left Blank]*

## **Town Indebtedness as of December 31, 2024**

### **General Purpose Debt**

Serial Bonds	\$13,244,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	2,965,387
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$16,209,387

### **Local School District Debt**

Serial Bonds	\$3,590,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$3,590,000

### **Self-Liquidating Debt**

Serial Bonds	\$5,886,135
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	14,496,629
Other Bonds, Notes and Loans	<u>756,733</u>
Total:	\$21,139,498

### **TOTAL GROSS DEBT**

**\$40,938,885**

Less: Statutory Deductions	
General Purpose Debt	\$2,665,000
Local School District Debt	3,590,000
Self-Liquidating Debt	<u>21,139,498</u>
Total:	\$27,394,498

### **TOTAL NET DEBT**

**\$13,544,387**

Source: Annual Debt Statement of the Town

*[Remainder of Page Intentionally Left Blank]*

**Overlapping Debt (as of December 31, 2024)<sup>3</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Town Percentage</u></b>	<b><u>Town Share</u></b>
Local School District	\$3,590,000	100.00%	\$3,590,000
County	85,914,061	3.71%	<u>3,190,486</u>
Net Indirect Debt			\$6,780,486
Net Direct Debt			<u>13,544,387</u>
Total Net Direct and Indirect Debt			<b><u>\$20,324,873</u></b>

**Debt Limit (as of December 31, 2024)**

Average Equalized Valuation Basis (2022, 2023, 2024)	\$877,046,749
Permitted Debt Limitation (3 1/2%)	30,696,636
Less: Net Debt	<u>13,544,387</u>
Remaining Borrowing Power	<b><u>\$17,152,249</u></b>
Percentage of Net Debt to Average Equalized Valuation	1.544%
Gross Debt Per Capita based on 2023 population of 8,435	\$4,853
Net Debt Per Capita based on 2023 population of 8,435	\$1,606

Source: Annual Debt Statement of the Town

<sup>3</sup>Town percentage of County debt is based on the Town's share of the total equalized valuation in the County.



**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWN OF NEWTON**

TOWN OF NEWTON  
APPENDIX B  
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## Independent Auditors' Report

The Honorable Mayor and Members  
of the Town Council  
Town of Newton  
Newton, New Jersey

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

#### ***Opinions***

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Town of Newton, in the County of Sussex (the "Town") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Town as of December 31, 2024 and 2023, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Town as of December 31, 2024 and 2023, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards 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 Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Town on the basis of the financial reporting provisions prescribed or permitted 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 the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 22 to the financial statements, the Town implemented GASB Statement No. 101, Compensated Absences, during the year ended December 31, 2024. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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*, 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.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

The Honorable Mayor and Members  
of the Town Council  
Town of Newton  
Page 3

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.

Mount Arlington, New Jersey  
June 3, 2025

NISIVOCCIA LLP

*Nisivoccia LLP*

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TOWN OF NETWON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

	December 31,	
	2024	2023
<u>ASSETS</u>		
Regular Fund:		
Cash and Cash Equivalents:		
Cash - Treasurer	\$ 5,562,161.95	\$ 6,247,734.15
Change Fund - Collector	610.00	610.00
	<u>5,562,771.95</u>	<u>6,248,344.15</u>
Receivables and Other Assets With Full Reserves:		
Delinquent Property Taxes Receivable	373,809.56	303,292.46
Tax Title Liens Receivable	242,218.33	223,972.56
Promissory Note Receivable	45,000.00	45,000.00
Property Acquired for Taxes at Assessed Valuation	453,900.00	515,850.00
Due from:		
Animal Control Trust Fund	10,631.07	
	<u>1,125,558.96</u>	<u>1,088,115.02</u>
Total Receivables and Other Assets with Full Reserves	<u>1,125,558.96</u>	<u>1,088,115.02</u>
Total Regular Fund	<u>6,688,330.91</u>	<u>7,336,459.17</u>
Federal and State Grant Fund:		
Cash and Cash Equivalents	106,128.78	112,694.96
Federal and State Grants Receivable	331,917.32	901,568.42
	<u>438,046.10</u>	<u>1,014,263.38</u>
Total Federal and State Grant Fund	<u>438,046.10</u>	<u>1,014,263.38</u>
TOTAL ASSETS	<u>\$ 7,126,377.01</u>	<u>\$ 8,350,722.55</u>

TOWN OF NETWON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

	December 31,	
	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Appropriation Reserves:		
Unencumbered	\$ 595,547.49	\$ 926,300.83
Encumbered	384,981.82	427,192.25
	<u>980,529.31</u>	<u>1,353,493.08</u>
Prepaid Taxes	183,233.48	192,791.79
Due State of New Jersey:		
Senior Citizens and Veterans Deductions	23,403.40	21,627.38
Burial Fees		
Marriage License Fees	250.00	300.00
Accounts Payable - Vendors	13,000.00	13,000.00
Due to County for Added Taxes		2,660.54
Prepaid Employee Insurance Contributions	9,093.63	9,618.41
Tax Overpayments	35,773.29	35,753.21
Reserve for Encumbrance - Tax Overpayment		
Reserve for Municipal Relief Fund Aid		106,118.50
Reserve for Sale of Municipal Assets		9,575.00
Reserve for Pending Tax Appeals	44,256.88	26,256.88
	<u>1,289,539.99</u>	<u>1,771,194.79</u>
Reserve for Receivables and Other Assets	1,125,558.96	1,088,115.02
Fund Balance	<u>4,273,231.96</u>	<u>4,477,149.36</u>
Total Regular Fund	<u>6,688,330.91</u>	<u>7,336,459.17</u>
Federal and State Grant Fund:		
Appropriated Reserves	339,447.66	1,004,472.77
Unappropriated Reserves	2,110.92	2,035.71
Reserve for Encumbrances	96,487.52	7,754.90
	<u>438,046.10</u>	<u>1,014,263.38</u>
Total Federal and State Grant Fund	<u>438,046.10</u>	<u>1,014,263.38</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 7,126,377.01</u></u>	<u><u>\$ 8,350,722.55</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE

	Year Ended December 31,	
<u>Revenue and Other Income Realized</u>	<u>2024</u>	<u>2023</u>
Fund Balance Utilized	\$ 2,291,671.00	\$ 2,050,791.00
Miscellaneous Revenue Anticipated	3,761,821.37	4,981,659.41
Receipts from:		
Delinquent Taxes	312,248.10	327,018.06
Current Taxes	27,986,816.46	27,108,990.78
Nonbudget Revenue	955,100.87	984,244.71
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	868,877.83	1,050,344.42
Cancellation of:		
Tax Overpayments		
Accounts Payable		5,981.97
County Added and Omitted Taxes Payable		50.69
Other Trust Funds Forfeited Property Balance		243.63
Police Escrow Balances		
Federal and State Grant Fund Appropriated Reserves	3,777.81	154.25
Prior Year Voided Checks		
Total Income	<u>36,180,313.44</u>	<u>36,509,478.92</u>
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	15,258,481.01	15,871,253.58
County Taxes	4,561,955.86	4,174,265.84
Local School District Taxes	14,256,488.00	13,724,107.56
Prior Year Senior Citizens Deductions Disallowed	1,103.42	750.00
Refund of Prior Year Revenue	270.00	
Cancellation Federal and State Grant Fund Receivables	3,630.48	
Interfunds Advanced	10,631.07	
Total Expenditures	<u>34,092,559.84</u>	<u>33,770,376.98</u>
Excess in Revenue/Statutory Excess to Fund Balance	2,087,753.60	2,739,101.94
<u>Fund Balance</u>		
Balance January 1	<u>4,477,149.36</u>	<u>3,788,838.42</u>
	6,564,902.96	6,527,940.36
Decreased by:		
Utilized as Anticipated Revenue	<u>2,291,671.00</u>	<u>2,050,791.00</u>
Balance December 31	<u>\$ 4,273,231.96</u>	<u>\$ 4,477,149.36</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



TOWN OF NEWTON  
CURRENT FUND  
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,		
	2024	2023	
	Budget After Modification	Realized	Budget After Modification      Realized
Fund Balance Anticipated	\$ 2,291,671.00	\$ 2,291,671.00	\$ 2,050,791.00      \$ 2,050,791.00
Total Miscellaneous Revenue	3,662,478.25	3,761,821.37	4,605,919.40      4,981,659.41
Receipts from Delinquent Taxes	185,000.00	312,248.10	235,000.00      327,018.06
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	9,593,181.00	9,641,768.60	9,535,046.00      9,765,408.38
Nonbudget Revenue		955,100.87	
Total Income	\$ 15,732,330.25	\$ 16,962,609.94	\$ 16,426,756.40      \$ 18,109,121.56

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
CURRENT FUND  
COMPARATIVE STATEMENT OF EXPENDITURES

For the Years Ended December 31,						
2024				2023		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Operations for Municipal Purposes:						
Salaries and Wages	\$ 5,895,365.00	\$ 5,637,998.78	\$ 257,366.22	\$ 5,498,917.00	\$ 5,261,656.27	\$ 237,260.73
Other Expenses	7,115,252.22	6,818,209.07	297,043.15	8,175,387.40	7,532,516.88	642,870.52
Capital Improvements	455,299.00	414,160.61	41,138.39	265,000.00	218,830.42	46,169.58
Debt Service	1,793,018.00	1,792,565.06		1,932,661.00	1,931,949.18	
Total Operations for Municipal Purposes	15,258,934.22	14,662,933.52	595,547.76	15,871,965.40	14,944,952.75	926,300.83
Reserve for Uncollected Taxes	473,396.00	473,396.00		554,791.00	554,791.00	
	<u>\$ 15,732,330.22</u>	<u>\$ 15,136,329.52</u>	<u>\$ 595,547.76</u>	<u>\$ 16,426,756.40</u>	<u>\$ 15,499,743.75</u>	<u>\$ 926,300.83</u>
Adopted Budget	\$ 15,612,938.00			\$ 16,382,302.00		
Added by NISA 40A:4-87	119,392.25			44,454.40		
	<u>\$ 15,732,330.25</u>			<u>\$ 16,426,756.40</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF NEWTON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET

	December 31,	
	2024	2023
<u>ASSETS</u>		
Animal Control Fund:		
Cash and Cash Equivalents	\$ 33,976.67	\$ 16,782.93
Other Trust Funds:		
Cash and Cash Equivalents	2,048,197.38	1,807,316.33
Promissory Note Receivable	50,000.00	50,000.00
	<u>2,098,197.38</u>	<u>1,857,316.33</u>
TOTAL ASSETS	<u>\$ 2,132,174.05</u>	<u>\$ 1,874,099.26</u>
<u>LIABILITIES AND RESERVES</u>		
Animal Control Fund:		
Due to Current Fund	\$ 10,631.07	
Reserve for Animal Control Fund Expenditures	23,345.60	\$ 16,782.93
	<u>33,976.67</u>	<u>16,782.93</u>
Other Trust Funds:		
Reserve for:		
Accumulated Absences	362,178.05	209,688.08
Payroll	112,497.71	
Storm Recovery	177,550.15	106,497.65
Recreation Trust	26,193.36	22,959.87
Recycling	6,468.57	9,810.57
Fire Prevention Fees	3,509.20	3,509.20
Parking Offenses Adjudication Act	2,201.34	2,684.34
National Night Out	112.13	112.13
Public Defender	9,068.80	5,220.80
Police Escrow	113,243.06	72,098.45
Donations	6,611.65	4,097.48
Municipal Video Record System	1,400.00	975.00
Forfeiture Property	3,598.43	3,598.43
Performance Bonds	92,578.80	116,578.80
Council on Affordable Housing (COAH)	665,463.84	645,943.30
Review Fees	82,723.10	76,321.83
Redevelopment Escrow Fees	4,370.05	4,370.05
Unemployment	164,993.27	142,617.43
Performance Deposits	50,669.31	52,556.98
Housing Rehabilitation Revenue Trust	75,496.92	75,496.92
Tax Sale Premiums	131,800.00	247,100.00
Outside Liens	648.65	48,367.32
Water/Sewer Escrow	1,448.99	1,448.99
Tree Bank	3,372.00	3,372.00
Encumbrances		1,890.71
	<u>2,098,197.38</u>	<u>1,857,316.33</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 2,132,174.05</u>	<u>\$ 1,874,099.26</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

	December 31,	
	2024	2023
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 32,128.70	\$ 2,736,051.41
Grants Receivable	1,760,643.63	1,033,773.63
JCP&L Rebate Receivable		41,000.00
Deferred Charge:		
Overexpenditure of Capital Ordinance		20,733.97
Deferred Charges to Future Taxation:		
Funded	14,218,143.00	14,775,309.00
Unfunded	2,965,387.00	2,301,530.73
 TOTAL ASSETS	 \$ 18,976,302.33	 \$ 20,908,398.74
 <u>LIABILITIES AND FUND BALANCE</u>		
Serial Bonds Payable	\$ 13,244,000.00	\$ 14,639,000.00
NJIB Loan Payable - In Progress	974,143.00	136,309.00
Bond Anticipation Notes Payable		
Improvement Authorizations:		
Funded	1,022,331.09	1,809,588.75
Unfunded	1,602,372.21	1,173,481.26
Capital Improvement Fund	23,391.01	23,919.04
Due to Water & Sewer Utility Capital Fund	1,065,000.00	
Encumbrances Payable	969,562.75	2,898,594.45
Reserve for:		
Road Improvements	6,568.74	6,568.74
Redevelopment	24,357.66	24,357.66
Police Alcotest		25,000.00
Fire Turnout Gear	1,492.72	1,492.72
Furniture/Equipment	1,450.00	3,172.97
Demo 4A Barrett Avenue	0.12	0.12
Security Improvements	11,600.99	11,600.99
Recreation Improvements		
Playground Equipment	19,719.00	
Payment of Debt Service		
Fund Balance	10,313.04	155,313.04
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 18,976,302.33	 \$ 20,908,398.74

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

	Year Ended December 31,	
	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 238,313.04	\$ 234,995.24
Increased by:		
Premium on Sale of Bonds		3,317.80
Reimbursement of Prior Year Project		
	<u>238,313.04</u>	<u>238,313.04</u>
Decreased by:		
Appropriated as Current Fund Revenue	<u>145,000.00</u>	<u></u>
Ending Balance	<u><u>\$ 93,313.04</u></u>	<u><u>\$ 238,313.04</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
WATER/SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET

	December 31,	
	2024	2023
<u>ASSETS</u>		
Operating Fund:		
Cash - Treasurer	\$ 4,442,404.41	\$ 5,179,586.91
Change Fund	200.00	200.00
	<u>4,442,604.41</u>	<u>5,179,786.91</u>
Receivables and Inventory with Full Reserves:		
Water/Sewer Rents Receivable	183,805.48	191,266.36
Inventory	<u>50,287.00</u>	<u>50,287.00</u>
	<u>234,092.48</u>	<u>241,553.36</u>
Deferred Charges:		
Special Emergency Authorization (N.J.S.A. 40A:4-54)	<u>582,900.00</u>	
Total Operating Fund	<u>5,259,596.89</u>	<u>5,421,340.27</u>
Assessment Trust Fund:		
Assessments Receivable	<u>178,864.57</u>	<u>202,198.92</u>
Total Assessment Trust Fund	<u>178,864.57</u>	<u>202,198.92</u>
Capital Fund:		
Cash and Cash Equivalents	1,924,173.29	2,595,238.63
Due From General Capital Fund	1,065,000.00	
Fixed Capital	42,503,218.37	40,945,257.97
Fixed Capital Authorized and Uncompleted	<u>18,640,233.34</u>	<u>14,704,865.80</u>
Total Capital Fund	<u>64,132,625.00</u>	<u>58,245,362.40</u>
TOTAL ASSETS	<u><u>\$69,571,086.46</u></u>	<u><u>\$63,868,901.59</u></u>

TOWN OF NEWTON  
WATER/SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

	December 31,	
	2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities		
Unencumbered	\$ 352,541.44	\$ 356,250.46
Encumbered	615,229.61	635,124.46
	<u>967,771.05</u>	<u>991,374.92</u>
Accounts Payable		54,930.27
Water/Sewer Rent Overpayments	11,805.74	15,369.63
Accrued Interest on Bonds	60,894.07	54,766.25
Accrued Interest on Loans	6,781.80	6,781.80
Prepaid Sewer Hook-Up Fees	290,377.00	290,377.00
Reserve for Water Capital Fees	109,090.00	75,540.00
Reserve for Sewer Capital Fees	100,823.90	69,906.55
	<u>1,547,543.56</u>	<u>1,559,046.42</u>
Reserve for Receivables and Inventory	234,092.48	241,553.36
Fund Balance	<u>3,477,960.85</u>	<u>3,620,740.49</u>
Total Operating Fund	<u>5,259,596.89</u>	<u>5,421,340.27</u>
Assessment Trust Fund:		
Serial Bonds Payable	<u>178,864.57</u>	<u>202,198.92</u>
Total Assessment Trust Fund	<u>178,864.57</u>	<u>202,198.92</u>
Capital Fund:		
Serial Bonds Payable	5,886,135.43	6,307,801.08
USDA Loan Payable	756,733.39	770,359.55
NJIB Loan Payable - Project in Progress	1,567,963.00	
Improvement Authorizations:		
Funded	1,017,521.68	1,552,101.15
Unfunded	11,931,100.42	11,585,991.39
Various Reserves	723,792.20	771,366.29
Capital Improvement Fund	271,328.15	206,037.15
Reserve for Encumbrances	3,541,990.98	347,465.79
Reserve for Amortization	35,840,118.80	33,846,866.59
Reserve for Deferred Amortization	2,595,872.09	2,830,504.55
Fund Balance	<u>68.86</u>	<u>26,868.86</u>
Total Capital Fund	<u>64,132,625.00</u>	<u>58,245,362.40</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 69,571,086.46</u></u>	<u><u>\$ 63,868,901.59</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
WATER/SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE

	Year Ended December 31,	
	2024	2023
<u>Revenue and Other Income Realized</u>		
Operating Surplus Anticipated	\$ 1,265,000.00	\$ 614,900.00
Water/Sewer Rents	4,479,358.71	4,388,339.35
Miscellaneous Revenue	354,173.53	910,664.93
Interest and Costs on Assessments	4,590.00	5,108.00
Water/Sewer Utility Capital Surplus		
Water/Sewer Utility Capital Fund Balance	26,800.00	
Reserve for Water Capital Fees	75,540.00	
Reserve for Sewer Capital Fees	69,906.00	
Nonbudget Revenue	426,212.96	444,028.14
Other Credits to Income:		
Cancellation of Accounts Payable	35,769.37	22,185.00
Unexpended Balance of Appropriation Reserves	610,559.44	302,103.74
Total Income	7,347,910.01	6,687,329.16
<u>Expenditures</u>		
Budget and Emergency Expenditures:		
Operating	4,711,023.00	3,896,200.00
Capital Improvements	1,352,291.00	322,546.00
Debt Service	599,397.65	600,047.60
Deferred Charges and Statutory Expenditures	145,878.00	133,680.00
Refund of Prior Year Revenue		
Total Expenditures	6,808,589.65	4,952,473.60
Excess in Revenue/Statutory Excess to Fund Balance	539,320.36	1,734,855.56
Adjustment to Excess Before Fund Balance:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	582,900.00	
Statutory Excess to Fund Balance	1,122,220.36	1,734,855.56
<u>Fund Balance</u>		
Balance January 1	3,620,740.49	2,500,784.93
	4,742,960.85	4,235,640.49
Decreased by:		
Utilization as Anticipated Revenue:	1,265,000.00	614,900.00
Balance December 31	\$ 3,477,960.85	\$ 3,620,740.49

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



TOWN OF NEWTON  
WATER/SEWER UTILITY CAPITAL FUND  
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE

	Year Ended December 31,	
	2024	2023
Beginning Balance	\$ 26,868.86	\$ 25.66
Increased by:		
Reserve for Morris Lake Fence Canceled		26,843.20
	<u>26,868.86</u>	<u>26,868.86</u>
Decreased by:		
Anticipated Revenue	<u>26,800.00</u>	
Ending Balance	<u>\$ 68.86</u>	<u>\$ 26,868.86</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
WATER/SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended December 31,			
	2024		2023	
	Anticipated	Realized	Anticipated	Realized
Operating Surplus Anticipated	\$ 1,265,000.00	\$ 1,265,000.00	\$ 614,900.00	\$ 614,900.00
Water/Sewer Rents	4,388,338.00	4,479,358.71	4,079,001.00	4,388,339.35
Miscellaneous Revenue	395,517.00	354,173.53	253,466.00	910,664.93
Interest on Water/Sewer Assessments	4,590.00	4,590.00	5,180.00	5,108.00
Water/Sewer Utility Capital Fund Balance	26,800.00	26,800.00		
Reserve for Water Capital Fees	75,540.00	75,540.00		
Reserve for Sewer Capital Fees	69,906.00	69,906.00		
Budget Totals	6,225,691.00	6,275,368.24	4,952,547.00	5,919,012.28
Nonbudget Revenue		426,212.96		444,028.14
Total Income	\$ 6,225,691.00	\$ 6,701,581.20	\$ 4,952,547.00	\$ 6,363,040.42

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
WATER/SEWER UTILITY ASSESSMENT TRUST FUND  
COMPARATIVE STATEMENT OF REVENUES

For the Years Ended December 31,				
		2024	2023	
	Anticipated	Realized	Anticipated	Realized
Assessment Cash	\$ 23,335.00	\$ 23,334.35	\$ 22,817.00	\$ 22,816.42
Budget Totals	23,335.00	23,334.35	22,817.00	22,816.42
Total Income	\$ 23,335.00	\$ 23,334.35	\$ 22,817.00	\$ 22,816.42

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
WATER/SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF EXPENDITURES

	2024			2023		
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages	\$ 1,248,200.00	\$ 1,191,980.31	\$ 56,219.69	\$ 1,147,170.00	\$ 1,135,803.93	\$ 11,366.07
Other Expenses	3,608,701.00	3,312,565.70	296,135.30	2,882,710.00	2,609,421.79	273,288.21
Capital Improvements	1,352,291.00	1,352,104.55	186.45	322,546.00	250,949.82	71,596.18
Debt Service	599,399.00	599,397.65		600,049.00	600,047.60	
	<u>\$ 6,808,591.00</u>	<u>\$ 6,456,048.21</u>	<u>\$ 352,541.44</u>	<u>\$ 4,952,475.00</u>	<u>\$ 4,596,223.14</u>	<u>\$ 356,250.46</u>
Adopted Budget	\$ 6,225,691.00			4,952,475.00		
Special Emergency Authorizations (N.J.S.A 40A:4-54)	<u>582,900.00</u>			<u>\$ 4,952,475.00</u>		
	<u>\$ 6,808,591.00</u>					

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
WATER/SEWER UTILITY ASSESSMENT TRUST FUND  
COMPARATIVE STATEMENT OF EXPENDITURES

	2024		2023	
	Budget After Modification	Paid or Charged	Budget After Modification	Paid or Charged
Payment of Bond Principle	\$ 23,335.00	\$ 23,334.35	\$ 22,817.00	\$ 22,816.42
	<u>\$ 23,335.00</u>	<u>\$ 23,334.35</u>	<u>\$ 22,817.00</u>	<u>\$ 22,816.42</u>
Adopted Budget	<u>\$ 23,335.00</u>		<u>\$ 22,817.00</u>	
	<u>\$ 23,335.00</u>		<u>\$ 22,817.00</u>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the Town of Newton include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town of Newton, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Town of Newton do not include the operations of the volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Town of Newton conform to the accounting practices applicable to municipalities, which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 Town of Newton accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water/Sewer Utility Operating, Assessment, and Capital Funds - Account for the operations, resources and expenditures for the payment of assessment debt and acquisition of capital facilities of the municipally owned Water/Sewer Utility.

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Town as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is recognized in the Current Fund when it is budgeted. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 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.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Town's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the Town is a lessee, fixed assets purchased by the Water/Sewer Utility Capital Fund would be depreciated, and the Town's net pension and OPEB liabilities and related deferred inflows and outflows, where applicable, would be recorded.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or by collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans, or by financed purchase agreements.

E. Other Significant Accounting Policies

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid, where applicable.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.



TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies (Cont'd)

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.

Grants Receivable - Grants receivable represent the total grant award less amounts collected to date. Because the amount of grant funds to be collected is dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. Except for the Water/Sewer Utility Operating Fund, where the value of inventory is offset by a reserve, the cost of inventories is not included on the various balance sheets.

General Fixed Assets - In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Town has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at historical or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their estimated historical cost. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund, General Capital Fund and Water/Sewer Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Water/Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water/Sewer Utility Fund are recorded in the Water Sewer Utility Capital account at cost and are not adjusted for dispositions and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Reserve for Deferred Amortization accounts in the Water/Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Water/Sewer Utility Fund does not record depreciation on fixed assets.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current operating, Water/Sewer Utility operating and Water/Sewer Assessment Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Town during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance the general Town capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Town are general obligation bonds. The Town's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2024	2023	2022
<u>Issued:</u>			
General Capital Fund:			
Bonds, Notes and Loans	\$ 14,218,143.00	\$ 14,775,309.00	\$ 13,804,510.00
Water/Sewer Utility Fund:			
Bonds and Loans	8,389,696.39	7,280,359.55	7,738,618.57
Total Issued	<u>22,607,839.39</u>	<u>22,055,668.55</u>	<u>21,543,128.57</u>
<u>Authorized but not Issued:</u>			
General Capital Fund:			
Bonds and Notes	2,965,387.00	2,301,530.73	3,230,008.73
Water/Sewer Utility Fund:			
Bonds and Notes	14,496,629.00	11,894,592.00	4,552,000.00
Total Authorized but not Issued	<u>17,462,016.00</u>	<u>14,196,122.73</u>	<u>7,782,008.73</u>
Less			
Reserve for Payment of Debt Service:			
General Capital Fund			30,724.30
Redevelopment Area Bonds:			
General Capital Fund	<u>2,665,000.00</u>	<u>2,935,000.00</u>	<u>3,170,000.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 37,404,855.39</u>	<u>\$ 33,316,791.28</u>	<u>\$ 26,124,413.00</u>

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
General Capital Fund:				
NJIB Loan	\$ 136,309.00	\$ 837,834.00		\$ 974,143.00
Serial Bonds	14,639,000.00		\$ 1,395,000.00	13,244,000.00
Water/Sewer Utility - Assessment Trust Fund:				
Serial Bonds	202,198.92		23,334.35	178,864.57
Capital Fund:				
USDA Loan	770,359.55		13,626.16	756,733.39
NJIB Loan		1,567,963.00		1,567,963.00
Serial Bonds	6,307,801.08		421,665.65	5,886,135.43
Total	<u>\$ 22,055,668.55</u>	<u>\$ 2,405,797.00</u>	<u>\$ 1,853,626.16</u>	<u>\$ 22,607,839.39</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
General Capital Fund:				
NJIB Loan		\$ 136,309.00		\$ 136,309.00
Serial Bonds	\$ 11,054,000.00	5,152,000.00	\$ 1,567,000.00	14,639,000.00
Bond Anticipation Notes	2,750,510.00		2,750,510.00	
Water/Sewer Utility - Assessment Trust Fund:				
Serial Bonds	225,015.34		22,816.42	202,198.92
Capital Fund:				
USDA Loan	783,618.57		13,259.02	770,359.55
Serial Bonds	6,729,984.66		422,183.58	6,307,801.08
Total	<u>\$ 21,543,128.57</u>	<u>\$ 5,288,309.00</u>	<u>\$ 4,775,769.02</u>	<u>\$ 22,055,668.55</u>

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 1.621%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,590,000.00	\$ 3,590,000.00	
Water/Sewer Utility Debt	22,886,325.39	22,886,325.39	
General Debt	17,183,530.00	2,665,000.00	\$ 14,518,530.00
	<u>\$ 43,659,855.39</u>	<u>\$ 29,141,325.39</u>	<u>\$ 14,518,530.00</u>

Net Debt \$14,518,530.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$895,619,844.00 = 1.621%.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Borrowing Power Under N.J.S. 40A:2-5 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 31,346,695.94
Net Debt	<u>14,518,530.00</u>
Remaining Borrowing Power	<u><u>\$ 16,828,165.94</u></u>

Calculation of "Self-Liquidating Purpose", Water/Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 6,701,581.20
Deductions:	
Operating and Maintenance Costs	\$ 4,856,901.00
Debt Service	<u>599,397.65</u>
	<u>5,456,298.65</u>
Excess in Revenue	<u><u>\$ 1,245,282.55</u></u>

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing information is in agreement with the annual debt statement as filed by the Chief Financial Officer.

At December 31, 2024, the Town had capital debt issued and outstanding described as follows:

General Capital Serial Bonds

Purpose	Final Maturity	Interest Rate	Balance Dec. 31, 2024
General Refunding Bonds 2014	04/01/2026	4.00%	\$ 445,000.00
General Improvement Bonds 2016	08/15/2032	2.00%-2.75%	2,949,000.00
General Improvement Refunding Bonds 2021	05/15/2031	0.943%-2.101%	565,000.00
General Obligation Redevelopment Area Refunding Bonds 2021	05/15/2032	0.943%-4.00%	2,665,000.00
General Refunding Bonds 2021	02/01/2032	0.809%-1.994%	1,975,000.00
General Improvement Bonds 2023	07/15/2038	4.00%-5.00%	<u>4,645,000.00</u>
			<u><u>\$ 13,244,000.00</u></u>

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2024, the Town had capital debt issued and outstanding described as follows:  
(Cont'd)

<u>General Capital NJIB Loan</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
General Improvement	N/A	0.00%	<u>\$ 974,143.00</u>

<u>Water/Sewer Utility Assessment Trust Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Assessment Refunding Bonds 2021	05/15/2031	0.943%-2.101%	<u>\$ 178,864.57</u>

<u>Water/Sewer Utility Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Refunding Bonds 2014	04/01/2030	3.00%-4.00%	\$ 570,000.00
Refunding Bonds 2021	05/15/2038	0.943%-2.901%	5,316,135.43
			<u>\$ 5,886,135.43</u>

<u>Water/Sewer Utility Capital USDA Loan</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Fox Hollow Lake Transmission	03/27/2058	2.75%	<u>\$ 756,733.39</u>

<u>Water/Sewer Utility Capital NJIB Loan</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
Various Water/Sewer Vehicle Acquisitions	N/A	0.00%	<u>\$ 1,567,963.00</u>
TOTAL DEBT ISSUED AND OUTSTANDING			<u>\$ 22,607,839.39</u>

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter  
for Bonds and Loans Issued and Outstanding

Year	General Capital Fund		Water/Sewer Utility Fund	
	Principal	Interest	Capital	Interest
2025	\$ 1,415,000.00	\$ 366,218.90	\$ 445,139.40	\$ 148,143.69
2026	1,415,000.00	334,018.15	454,985.43	140,635.25
2027	1,315,000.00	303,420.19	459,829.90	132,550.68
2028	1,325,000.00	272,126.98	474,672.83	123,832.43
2029	1,365,000.00	239,088.23	479,514.22	114,007.41
Thereafter:				
2030-34	4,909,000.00	664,875.35	2,220,829.43	367,005.05
2035-39	1,500,000.00	150,000.00	1,607,245.53	198,357.65
2040-44			111,475.23	62,114.77
2045-49			127,787.10	45,802.90
2050-54			146,485.87	27,104.13
2055-58			114,903.88	6,397.44
	<u>\$ 13,244,000.00</u>	<u>\$ 2,329,747.80</u>	<u>\$ 6,642,868.82</u>	<u>\$1,365,951.40</u>

Year	Water/Sewer Utility Fund		Total
	Assessment Trust	Interest	
2025	\$ 23,864.05	\$ 2,733.17	\$ 2,401,099.21
2026	24,405.76	2,487.27	2,371,531.86
2027	24,959.77	2,174.81	2,237,935.35
2028	25,526.35	1,793.42	2,222,952.01
2029	26,105.81	1,349.51	2,225,065.18
Thereafter:			
2030-34	54,002.83	1,127.61	8,216,840.27
2035-39			3,455,603.18
2040-44			173,590.00
2045-49			173,590.00
2050-54			173,590.00
2055-58			121,301.32
	<u>\$ 178,864.57</u>	<u>\$ 11,665.79</u>	<u>\$ 23,773,098.38</u>

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

NJ Infrastructure Bank (NJIB) Loans

The Town of Newton has entered into New Jersey Infrastructure Bank Financing Program loan agreements with the State of New Jersey. The aggregate amounts of \$974,143 in the General Capital Fund and \$1,567,936 in the Water/Sewer Utility Capital Fund represents direct obligations to the Town, however permanent loans have not closed as of December 31, 2024. The loan proceeds were obtained to finance Memory Park drainage improvements and water/sewer system improvements, vehicles and equipment.

U.S.D.A. Loan Payable

In 2018, the Town of Newton entered into a loan agreement with the U.S. Department of Agriculture (U.S.D.A.) in the aggregate amount of \$839,000 which represents direct obligations of the Town. The remaining loan repayments will continue on a semi-annual basis over 40 years at 2.75% interest.

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2024 which were included in the adopted budget as appropriated and as anticipated revenue for the year ending December 31, 2025 budget were as follows:

Current Fund	\$ 2,140,560.00
Water/Sewer Utility Operating Fund	1,206,000.00

Note 4: School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Town of Newton has elected not to defer school taxes.

Note 5: Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the Town had the following deferred charge:

	Balance Dec. 31, 2024	Required 2025 Budget Appropriation	Balance Deferred to Succeeding Years' Budgets
Water/Sewer Utility Operating Fund:			
Special Emergency Appropriation - (N.J.S.A. 40A:4-54)	\$ 582,900.00	\$ 116,580.00	\$ 466,320.00

The appropriation in the 2025 budget is not less than that required by statute.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans

Town employees participate in one of two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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



TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

Town contributions to PERS amounted to \$495,951 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$16,762 to the PERS for normal pension benefits on behalf of the Town.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2023 the Town's liability was \$5,374,769 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 , and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Town's proportion was 0.037%, which was an increase of 0.0017% from its proportion measured as of June 30, 2022. The Town has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Town as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized actual pension expense of \$495,951.

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 was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial 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%

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the table on the following page.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Town's proportionate share of the Net Pension Liability	\$ 6,996,806	\$ 5,374,769	\$ 3,994,201

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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

Plan Description

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

Benefits Provided

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

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount.

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local, participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Town contributions to PFRS amounted to \$803,835 for the year ended December 31, 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$140,589 to the PFRS for normal pension benefits on behalf of the Town, which is more than the contractually required contribution of \$139,835.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2023, the Town's liability for its proportionate share of the net pension liability was \$6,671,718. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Town's proportion was 0.0604%, which was a decrease of 0.0057% from its proportion measured as of June 30, 2022. The Town has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Town is \$1,229,342 as of June 30, 2023. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the Town was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2023, the State's proportion was 0.0604%, which was a decrease of 0.0057% from its proportion measured as of June 30, 2022, which is the same proportion as the Town's.

Town's Proportionate Share of the Net Pension Liability	\$ 6,671,718
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>1,229,342</u>
Total Net Pension Liability	<u>\$ 7,901,060</u>

For the year ended December 31, 2024, the Town recognized total pension expense of \$803,835.

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 was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial 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.



TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Town) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Town) as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Town's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Town	\$ 11,008,743	\$ 7,901,060	\$ 5,313,102

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Town recognized pension expense of \$13,033.48 for the year ended December 31, 2024. Employee contributions to DCRP amounted to \$17,701.12 for the year ended December 31, 2024.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 7: Accrued Sick and Vacation Benefits

The Town permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$441,362.18 at December 31, 2024. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accumulated Absences of \$362,178.05 on the Trust Funds balance sheet as of December 31, 2024.

Balance at December 31, 2023 (Restated)	\$ 573,188.35
Net Change	<u>(131,826.17)</u>
Balance at December 31, 2024	<u><u>\$ 441,362.18</u></u>
Amount Due within One Year	<u><u>\$ -0-</u></u>

Note 8: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Tax Rate</u>	\$ 2.727	\$ 4.494	\$ 4.512
<u>Apportionment of Tax Rate:</u>			
County	0.727	0.685	0.667
Local District School	1.080	2.248	2.314
Municipal	0.920	1.561	1.531
<u>Assessed Valuations:</u>			
2024	* <u>\$ 1,041,882,244</u>		
2023		<u>\$ 610,512,520</u>	
2022			<u>\$ 599,007,924</u>

\* - Revaluation effective in this year.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 28,423,623.37	\$ 27,986,816.46	98.46%
2023	27,453,887.06	27,108,990.78	98.74%
2022	27,366,006.89	27,008,996.42	98.69%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Town classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Town in its cash, cash equivalents and investments, if those items are uninsured or unregistered.

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Town ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Town limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed in the investments section of this note.

Custodial Credit Risk – The Town's policy with respect to custodial credit risk requires that the Town ensures that Town funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Town to purchase the following types 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;
- (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 the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (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

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (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.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2024, cash and cash equivalents of the Town of Newton consisted of the following:

Fund	Cash On Hand	Checking Accounts	Total
Current	\$ 610.00	\$ 5,562,161.95	\$ 5,562,771.95
Federal and State Grant		106,128.78	106,128.78
Animal Control		33,976.67	33,976.67
Other Trusts		2,048,197.38	2,048,197.38
General Capital		32,128.70	32,128.70
Water/Sewer Utility Operating	200.00	4,442,404.41	4,442,604.41
Water/Sewer Utility Capital		1,924,173.29	1,924,173.29
	<u>\$ 810.00</u>	<u>\$ 14,149,171.18</u>	<u>\$ 14,149,981.18</u>

During the year ended December 31, 2024, the Town did not hold any investments during the year. The carrying amount of the Town's cash and cash equivalents at December 31, 2024, was \$14,149,981.18 and the bank balance was \$14,090,328.02.

Note 10: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Health benefits are provided to employees through the North Jersey Municipal Employee Benefits Fund (NJMEBF).

The Town is a member of the Statewide Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 10: Risk Management (Cont'd)

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

The following coverage are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicles
- e.) Environmental

As a member of the Fund, the Town could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2024 audit report for the Fund is not available as of the date of this audit. Selected, summarized financial information for the Fund for the year ended December 31, 2023 is as follows:

Total Assets	\$ 50,687,086
Net Position	\$ 11,852,511
Total Revenue	\$ 33,295,527
Total Expenses	\$ 33,683,421
Change in Net Position	\$ (387,894)

Financial statements for the Fund are available at the office of the Fund's Executive Director:

Statewide Insurance Fund  
One Sylvan Way  
Parsippany, NJ 07054  
(862) 260 – 2050

The Town is also a member of the North Jersey Municipal Employee Benefits Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by this fund to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 10: Risk Management (Cont'd)

As a member of this Fund, the Town could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2024 audit report for the Fund is not filed as of the date of this audit. Selected, summarized financial information for the North Jersey Municipal Employee Benefits Fund as of December 31, 2023 is as follows:

	<u>North Jersey Municipal Employee Benefits Fund</u>
Total Assets	\$ 18,604,219
Total Net Position	\$ 11,915,553
Total Revenue	\$ 52,081,686
Total Expenses	\$ 51,448,063
Change in Net Position	\$ (1,357,786)
Members Dividends	\$ 1,991,409

Financial statements for the Fund are available at the office of the Fund's Executive Director:

PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, NJ 07054  
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Town 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 Town is billed quarterly for amounts due to the State.



TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

The following is a summary of the interest earned, employees and Town contributions, amount reimbursed and the ending balance of the Town's expendable trust fund for the current year and previous two years:

<u>Year</u>	<u>Town Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 11,800.00	\$ 10,931.64	\$ 7,303.56	\$ 7,659.36	\$ 164,993.27
2023	10,300.00	10,147.01	6,444.66	8,965.11	142,617.43
2022	10,300.00	9,643.86	1,787.86	21,409.14	124,690.87

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2024:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 10,631.07	
Animal Control Fund		\$ 10,631.07
General Capital Fund		1,065,000.00
Water/Sewer Utility Capital Fund	1,065,000.00	
	<u>\$ 1,075,631.07</u>	<u>\$ 1,075,631.07</u>

Interfund activity between the Current Fund and the Animal Control Fund represents the statutory excess in the Reserve for Animal Control Fund Expenditures due to Current Fund. Interfund activity between the General Capital Fund and the Water/Sewer Utility Capital Fund represents an Interfund Advanced to the General Capital Fund.

Note 12: Commitments and Contingencies

The Town is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Town is vigorously contesting these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

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

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 13: Economic Dependency

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

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the year ended December 31, 2024:

	(Restated) Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land	\$ 2,917,740			\$ 2,917,740
Buildings	37,970,500			37,970,500
Improvements	4,188,055			4,188,055
Machinery and Equipment	8,936,306	\$ 2,229,674	\$ 47,921	11,118,059
	<u>\$ 54,012,601</u>	<u>\$ 2,229,674</u>	<u>\$ 47,921</u>	<u>\$ 56,194,354</u>

  

	Balance Dec. 31, 2022	Additions	Deletions	Balance Dec. 31, 2023
Land	\$ 2,917,740			\$ 2,917,740
Buildings	36,699,625			36,699,625
Improvements	3,790,350	\$ 242,632	\$ 35,327	3,997,655
Machinery and Equipment	10,292,578	844,596	67,855	11,069,319
	<u>\$ 53,700,293</u>	<u>\$ 1,087,228</u>	<u>\$ 103,182</u>	<u>\$ 54,684,339</u>

Note 15: Deferred Compensation

The Town offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, which are administered by the entities noted below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are Nationwide Retirement Solution, Transamerica Life Insurance and Valic.

Note 16: Pending Tax Appeals

The Town has been advised that certain tax appeals have been filed. The Town expects to vigorously defend the original assessments. The Town has established a reserve for pending tax appeals, which it feels is sufficient, for this contingency in the amount of \$44,256.88.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 17: Various Reserves

The Various Reserves on the balance sheet of the Water/Sewer Utility Capital Fund at December 31, 2024 consisted of the following:

Capital Outlay	\$ 48,190
Water Tower	86,809
Water Tank	42,417
Valve Replacement	3,000
Morris Lake Dam	16,500
Sewer Rehabilitation	30,000
Forestry Plan	5,000
Pump Station Improvements	31,900
Grit Collector	1,890
Sussex St Pump Station	85,000
1st Stage Pump Replacement	30,000
Sparta Glen, Montana Crossing	115,000
Water Treatment Plant Piping Replacement	48,086
WWTP Fire Sub-Panel	10,000
Truck Replacement	160,000
Reserve for Spare Pumps/Motors	10,000
	<u>\$ 723,792</u>

Note 18: Promissory Notes Receivable

The Town entered into two promissory notes with RPM - Newton Town Centre Urban Renewal Associates, LP in the amount of \$95,000.00. The first promissory note was authorized by Council resolution #102-2013, approved on June 10, 2013. The promissory note to RPM was for \$45,000.00, at an interest rate of 2.5% compounded annually with a maturity date of December 31, 2031. The second promissory note was authorized by Council resolution #75-2015, approved on May 11, 2015. The promissory note to RPM was for \$50,000.00, at an interest rate of 2.5% compounded annually with a maturity date of December 31, 2036.

The promissory notes are a critical component of the New Jersey Housing and Mortgage Financing Agency Application for Low Income Housing Tax Credits to finance the project. The Town of Newton therefore has determined that the development of the project and the financing of the project through the use of low income housing tax credits is a desirable improvement for the community and in the best interest of the Town of Newton and its residents.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 19: Postemployment Benefits Other Than Pensions (OPEB)

North Jersey Municipal Employee Benefits Fund (NJMEBF)

General Information about the Town's OPEB Plan

Plan Description and Benefits Provided

The Town contributes to the North Jersey Municipal Employee Benefits Fund (NJMEBF), a public entity joint insurance fund whereby various municipalities and school boards combine their employee and retiree populations and coverage needs to negotiate better rates due to the number of lives in the fund. This plan replaced the State Health Benefits Program (SHBP) effective January 1, 2010 by Resolution #202-2009, adopted on October 14, 2009. The Town as a participant in the Fund will be able to duplicate all medical coverage formerly provided to both active and retirees offered through the State Health Benefits Program by participating in health insurance as defined pursuant to N.J.S.A. 178: 17-4, the MRHIF bylaws and Plan of Risk Management. Through the MRHIF active and retired employees and dependents have access to a variety of health plans that provide medical, prescription drugs, mental health/substance abuse. The Town also reimburses retirees and their covered dependents for Medicare Part B.

Eligibility

Eligible retired employees and their dependents covered under the program, including surviving spouses, will receive benefits based on their collective bargaining agreement defining eligibility for retirement medical insurance or by Resolution #39-2011, adopted March 14, 2011, for Non-Union employees.

Eligibility for Non-Union Employees under Resolution #39-2011:

- Non-Union employees hired before December 31, 2010 that are not retired on a disability pension must be at least 50 years of age; have 25 years or more of service credited in a retirement system administered by a New Jersey municipality or by the State of New Jersey and have 15 years or more of service with the Town of Newton.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 19: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

North Jersey Municipal Employee Benefits Fund (NJMEBF) (Cont'd)

General Information about the Town's OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

- Non-Union employees hired after January 1, 2011 that are not retired on a disability pension must be at least 62 years of age; have 25 years or more of service credited in a retirement system administered by a New Jersey municipality or by the State of New Jersey and have 15 years or more of service with the Town of Newton.

- Non-Union employees hired on or after January 1, 2015, regardless of full-time or part-time status, shall not be eligible for, or have access to the following: 1) any postretirement medical benefits (including but not limited to: hospitalization, major medical, medical/surgical, prescription, dental, vision) provided by the Town of Newton; and 2) any payment or reimbursement for Medicare or Medigap coverage by the Town of Newton.

Eligibility exceptions include employees who elected deferred retirement but include the employees who retired on disability pensions based on fewer years of credited service and also will be reimbursed for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouses.

Contributions

NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowances from the Public Employees Retirement System. For purposes of this valuation and for conservatism, it was assumed that future retiree contributions percentage rates will not increase. Thus, it was assumed that a future retiree will contribute his/her current employee contribution as reported by the Town increased annually by the medical trend rate.

2024 employer contributions for retiree benefits paid by the Town were \$1,128,444 for 68 retirees.

Employees Covered by Benefit Terms

As of December 31, 2023, there were 68 retirees and spouses currently receiving retiree benefits and 28 active participants, of which 18 are eligible to retire as of the valuation date.

Total OPEB Liability

The Town's OPEB liability of \$43,788,838 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 19: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

North Jersey Municipal Employee Benefits Fund (NJMEBF) (Cont'd)

General Information about the Town's OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.26% at December 31, 2023
Salary Increases	2.50% per year
Inflation Assumptions	2.50% per year

The selected discount rate was based on the Bond Buyer 20 Index at December 31, 2023. The discount rate at December 31, 2023 was 3.26%.

Health Care Trend Rates	Year	Medical	Drug	Medicare Advantage	Dental and Vision
Year 1 Trend	2023	5.10%	6.00%		
Ultimate Trend	2026	4.50%	4.50%		
Annual Trend	All			4.50%	3.50%

The medical trend rate reduces .2% per annum, leveling at 4.5% per annum in 2026.

The drug trend rate reduces .5% per annum leveling at 4.5% per annum in 2026.

Mortality rates were based on Pub-2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2023	\$ 43,950,184
Changes for Year:	
Service Cost	213,616
Interest on Total OPEB Liability	1,622,645
Change in Assumptions	(908,964)
Benefit Payments	(1,088,643)
Net Changes	(161,346)
Balance at December 31, 2023	\$ 43,788,838

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 19: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

North Jersey Municipal Employee Benefits Fund (NJMEBF) (Cont'd)

General Information about the Town's OPEB Plan (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (2.26 percent) or 1 percentage higher (4.26 percent) than the current discount rate:

December 31, 2023			
	1%	Discount Rate	1%
	Decrease		Increase
	(2.26%)	(3.26%)	(4.26%)
Total OPEB Liability	\$ 50,508,288	\$ 43,788,838	\$ 38,387,741

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage lower or 1 percentage higher than the valuation healthcare cost trend rates:

December 31, 2023			
	1%	Valuation	1%
	Decrease	Healthcare	Increase
		Trend Rates	
Total OPEB Liability	\$ 38,462,903	\$ 43,788,838	\$ 50,270,873

OPEB Expense

For the year ended December 31, 2024, the Town's OPEB expense was \$1,827,866 as determined by the actuarial valuation.

Note 20: Leases

The Town entered into a lease agreement for the lease of the Town's water tower with a wireless carrier. The initial term for the lease is for five years which expired on March 31, 2020. The lessee can extend the lease for three renewal terms of five years each. The initial annual lease payment of the lease totaled \$54,000, and the annual lease payments for the remaining years in the existing lease terms will be increased by an amount equal to the change in the consumer price index or 3% per year, whichever is higher. The total lease payments in 2024 were \$91,805.75.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 21: Tax Abatements

As of December 31, 2024, the Town provides a tax abatement to a redeveloper for its assisted living/skilled nursing care/continuing care retirement facility property in the Town pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Town and the redeveloper. The agreement will continue in perpetuity unless both parties agree otherwise. 2008 was the first year in which the payments under this agreement were effective. In consideration of the Town granting the redeveloper this tax abatement the developer will be required to pay to the Town an annual service charge as follows: The annual service charge will be at least as much as the year before, but shall be based on the contribution from the prior year plus an increase based on the percentage of the increase in the overall Town tax levy from the prior year.

The Town recognized revenue in the amount of \$167,882.81 from this annual service charge or payment in lieu of taxes recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$1,758,225.07 of which \$593,167.24 would have been for the local municipal tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Town has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Town.

As of December 31, 2024, the Town provides a tax abatement to a redeveloper for its residential apartment unit property in the Town pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Town and the redeveloper. The agreement is for a period of 50 years. 1977 was the first year in which the payments under this agreement was effective. In consideration of the Town granting the redeveloper this tax abatement the developer will be required to pay to the Town an annual service charge as follows: The annual service charge will be the tax on the property on which the development is located for the full year in which the undertaking of such development is commenced or 15% of the annual gross shelter rents obtained from payments by residents of the development determined in the manner set for, which is greater.

The Town recognized revenue in the amount of \$455,562 from this annual service charge or payment in lieu of taxes recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$427,885.39 of which \$144,354.44 would have been for the local municipal tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Town has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Town.



TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 21: Tax Abatements (Cont'd)

As of December 31, 2024, the Town provides a tax abatement to a redeveloper for its 100 residential apartment unit property in the Town pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Town and the redeveloper. The agreement is for a period of 30 years. 2021 was the first year in which the payments under this agreement was effective. In consideration of the Town granting the redeveloper this tax abatement the developer will be required to pay to the Town an annual service charge as follows: Stage One (years 1-15) – the annual service charge will be the greater of the minimum annual service charge or 10% of gross revenue; Stage Two (years 16-21) – the annual service charge as defined in Stage One or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 3 (years 22-27) – the annual service charge as defined in Stage One or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 4 (years 28-29) – the annual service charge as defined in Stage One or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 5 (year 30) – the annual service charge as defined in Stage One or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater.

The minimum annual service charge per the agreement shall be the amount of total taxes levied against all real property in the area covered under this tax abatement in the last full tax year in which that area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the other provisions of the financial agreement would result in less than the minimum annual service charge being paid. In the event that the net profits on the redevelopment property exceed the allowable net profits for such period the redeveloper shall pay such excess net profits to the Town as an additional service charge. Additionally, the Town shall remit to the County of Sussex on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b.

The Town recognized revenue in the amount of \$82,090.99 from this annual service charge or payment in lieu of taxes recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$422,085.06 of which \$142,397.60 would have been for the local municipal tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Town has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Town.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 21: Tax Abatements (Cont'd)

As of December 31, 2024, the Town provides a tax abatement to a redeveloper for its Phase 1 Project Base Facility or Enhanced Facility property in the Town pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Town and the redeveloper. The agreement is for a period of 30 years. 2012 was the first year in which the payments under this agreement was effective. In consideration of the Town granting the redeveloper this tax abatement the developer will be required to pay to the Town an annual service charge as follows: The Minimum Annual Service Charge shall equal the Debt Service due during the next succeeding quarter, less any capitalized interest available from Bond proceeds for the payment of that Debt Service, plus the County Share, it being the intent of the parties that the Town shall not pay Debt Service from sources other than capitalized or payments made by the Entity to the Town hereunder. To the extent that the Facility shall contain 100,000 square feet or less of gross floor area (the "Base Facility"), the Annual Service Charge shall equal \$400,000 in the year that the Annual Service Charge State Date Occurs (the "Base Payment"). To the extent that the Facility shall contain more than 100,000 square feet of gross floor area (but in no event more than 125,000 square feet of gross floor area) (the "Enhanced Facility"), the Annual Service Charge shall equal \$465,000 in the year that the Annual Service Charge Start Date occurs (the "Enhanced Payment"). The amounts of the Base Payment or Enhanced Payment may be pro-rated, depending on the Annual Service Charge Start Date. Increases apace with the Municipal Tax Rate. The Annual Service Charge shall increase in each subsequent municipal fiscal year for the duration of this Agreement, by a percentage equal to the percentage increase in the municipal tax rate over that of the prior municipal fiscal year. If the municipal tax rate, when compared to that of the prior municipal fiscal year, shall remain static or shall decrease, the Annual Service Charge shall remain static. Additionally, the Town shall remit to the County of Sussex on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b.

The Town recognized revenue in the amount of \$620,240.72 from this annual service charge or payment in lieu of taxes recorded as miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$462,488.29 of which \$156,028.32 would have been for the local municipal tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Town has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Town.

TOWN OF NEWTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 22: Prior Period Adjustment

GASB Statement No. 101, Compensated Absences, was implemented during the year ended December 31, 2024. As required under the standard, the Town made a restatement to the amount reported as compensated absences in the Notes to the Financial Statements at December 31, 2023. The Town also made a prior period adjustment to correct fixed assets reported as a result of a physical inventory count and reappraisal performed.

	Balance at Dec. 31, 2023 as Previously Reported	Change in Accounting Principle	Error Correction	Balance at Dec. 31, 2023 as Restated
Compensated Absences	\$ 511,171.00	\$ 62,017.35		\$ 573,188.35
General Fixed Assets Account Group:				
Assets:				
Buildings	36,699,625		\$ 1,270,875	37,970,500
Improvements	3,997,655		190,400	4,188,055
Machinery and Equipment	11,069,319		(2,133,013)	8,936,306
Reserves:				
Reserve for General Fixed Assets	54,684,339		(671,738)	54,012,601

Note 23: Subsequent Events

The Town adopted Bond Ordinance 2025-5 on March 24, 2025. The ordinance authorized the issuance of \$7,210,000 of bonds or notes for various sewer improvements in the Town.

The Town introduced Bond Ordinance 2025-10 on April 28, 2025. The ordinance authorized the issuance of \$2,466,000 of bonds or notes for various capital improvements in the Town.

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**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## **CONTINUING DISCLOSURE UNDERTAKING**

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of August 1, 2025 by the Town of Newton, in the County of Sussex, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$4,002,000 Bond Anticipation Notes, Series 2025 (the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

### **ARTICLE I**

#### **THE UNDERTAKING**

Section 1.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered solely to assist the successful bidder in complying with subsection (b)(5) of the Rule.

Section 1.2. Disclosure Event Notices. If a Disclosure Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events, a Disclosure Event Notice to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.4. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Disclosure Event Notice, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Disclosure Event Notice in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Disclosure Event Notice.

### **ARTICLE II**

#### **OPERATING RULES**

Section 2.1. Disclosure Event Notices. Each Disclosure Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Notices. Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer’s notices.

## ARTICLE III

### TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Termination. (a) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Undertaking may be amended, in writing, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Undertaking and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived, in writing, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Undertaking shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations



to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default with respect to the Notes.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

## **ARTICLE IV**

### **DEFINITIONS**

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) "Counsel" means Gibbons P.C. or other nationally recognized bond counsel or counsel expert in federal securities laws.

(2) "Disclosure Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(3) “Disclosure Event Notice” means notice of a Disclosure Event.

(4) “MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

(5) “Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule.

(6) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Undertaking and as may be amended from time to time, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(7) “SEC” means the United States Securities and Exchange Commission.

(8) “State” means the State of New Jersey.

**IN WITNESS WHEREOF**, the Issuer has caused this Undertaking to be executed by its Chief Financial Officer as of the date first above written.

**TOWN OF NEWTON,  
COUNTY OF SUSSEX, NEW JERSEY**

By:\_\_\_\_\_

Name: Thomas M. Ferry

Title: Chief Financial Officer

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**APPENDIX D**

**FORM OF APPROVING OPINION OF GIBBONS P.C.**

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**[FORM OF BOND COUNSEL OPINION]**

August \_\_, 2025

Mayor and Town Council  
Town of Newton  
Municipal Building  
39 Trinity Street  
Newton, New Jersey 07860

Dear Mayor and Council Members:

We have examined certified copies of the proceedings of the Town Council of the Town of Newton, in the State of New Jersey (the "Town"), including ordinances, affidavits and certificates delivered by officials of the Town, and other proofs submitted to us relative to the issuance and sale of \$4,002,000 Bond Anticipation Notes, Series 2025 (the "Notes"). The Notes are issued in registered form without coupons, are dated the date of delivery, bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ Hundredths Percent (\_\_\_\_\_% ) per annum and are payable at maturity on August 25, 2026. The Notes are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and various bond ordinances each in all respects duly approved and published as required by law. The Notes are not subject to redemption prior to maturity.

The Notes are temporary obligations issued in anticipation of the issuance of bonds.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law and other applicable provisions of law, and that the Notes have been duly authorized, executed and delivered and are valid and legally binding obligations of the Town.

2. The Town has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Town for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Notes .

4. Under existing law, interest on the Notes and any net gains on the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order for interest on the Notes to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Town has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Notes, as to various tax requirements. In addition, the Town has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Notes to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Town with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to interest on the Notes not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Town other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Notes.

Our opinion concerning the enforceability of the Notes is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is



considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Town with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.

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