

## PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 24, 2026

NEW ISSUE (BOOK-ENTRY)

RATING: Not Rated

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with certain covenants described herein, interest on the Notes (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for purposes of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Township in its Tax Certificate (as defined herein), assume continuing compliance by the Township with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, rulings, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

### TOWNSHIP OF WEST ORANGE IN THE COUNTY OF ESSEX STATE OF NEW JERSEY

\$11,287,392 BOND ANTICIPATION NOTES, SERIES 2026

(NON-CALLABLE)

Dated: Date of Delivery

Due: March 17, 2027

Coupon: \_\_\_\_%

Yield: \_\_\_\_\_

CUSIP\*: 954898\_\_\_\_

The \$11,287,392 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"), are general obligations of the Township of West Orange, in the County of Essex, State of New Jersey (the "Township"), payable in the first instance from the proceeds of the sale of bonds or notes issued in anticipation of bonds, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon, without limitation as to rate or amount.

The Notes will be issued in fully registered book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants.

The Notes will bear interest at the rate set forth above, commencing their date of delivery. Principal of and interest on the Notes will be payable by the Township, or a duly designated paying agent, on the date of maturity thereof as set forth above.

While DTC is acting as securities depository for the Notes, principal of and interest on the Notes will be payable by wire transfer of immediately available funds to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the beneficial owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"); and (ii) a bond ordinance duly adopted by the Township Council of the Township on March 19, 2019, approved by the Mayor, and published as required by law.

The Notes are being issued to refund, on a current basis, an \$11,287,392 portion of prior bond anticipation notes issued in the aggregate principal amount of \$11,439,928 on March 20, 2025 and maturing on March 19, 2026 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the Township with a 2026 budgetary appropriation in the amount of \$152,536).

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

The Notes are not a debt or obligation, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

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

**The Notes are offered when, as and if issued and delivered, subject to the approval of the legality thereof, by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, acting as Bond Counsel to the Township, and certain other conditions. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, Mark J. Semeraro, Esq. of Semeraro & Fahrney LLC, Wayne, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about March 18, 2026.**

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE MUNICIPAL ADVISOR, ON BEHALF OF THE CHIEF FINANCIAL OFFICER OF THE TOWNSHIP, UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON MARCH 3, 2026 VIA ELECTRONIC MAIL AT [BMORRIS@MUNIADVISORS.COM](mailto:BMORRIS@MUNIADVISORS.COM), OR VIA PARITY AT <HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM>. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT <WWW.MUNIHUB.COM>.**

\*"CUSIP" is a 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 is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Township does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

This is a Preliminary Official Statement "deemed final" by the Township within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**TOWNSHIP OF WEST ORANGE  
IN THE COUNTY OF ESSEX  
STATE OF NEW JERSEY**

---

**MAYOR**

Susan McCartney

**TOWNSHIP COUNCIL**

Joe Krakoviak  
Michelle Casalino  
Tammy Williams  
Susan Scarpa  
Joyce Rudin

**BUSINESS ADMINISTRATOR**

Peter J. Smeraldo, Jr.

**CHIEF FINANCIAL OFFICER**

John C. Ditinyak

**TOWNSHIP CLERK**

Karen J. Carnevale

**TOWNSHIP ATTORNEY**

Semeraro & Fahrney LLC  
Wayne, New Jersey

**TOWNSHIP AUDITOR**

Samuel Klein and Company, LLP  
Certified Public Accountants  
Newark, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors,  
a division of First Security Municipal Advisors, Inc.,  
Hamilton, New Jersey

**BOND COUNSEL**

Wilentz, Goldman & Spitzer, P.A.  
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township of West Orange, in the County of Essex, State of New Jersey (the "Township") to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Township.

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 by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Township, The Depository Trust Company, Brooklyn, New York ("DTC"), and other sources deemed reliable by the Township; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the Township, such information is not to be construed as a representation or warranty by the Township.

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or owners of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create an 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. The Township has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of, and exceptions to, statements made herein. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the Township. No representation is made that past experience, as is shown by the financial and other information included herein, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of the relevance, materiality or importance thereof, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Notes, the Underwriter (as defined herein) may engage in transactions intended to stabilize the price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The price at which the Notes are offered to the public by the Underwriter and the yield resulting therefrom may vary from the initial public offering price or yield on the cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering price to dealers and others.

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

## TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
DESCRIPTION OF THE NOTES.....	1
General Description.....	1
Optional Redemption.....	2
Authorization for the Issuance of the Notes.....	2
Purpose of the Notes.....	2
Payment of Notes.....	3
SECURITY AND PAYMENT FOR THE NOTES.....	3
RISK FACTORS.....	3
Climate.....	3
Cyber Security.....	3
NO DEFAULT.....	3
MARKET PROTECTION.....	4
BOOK-ENTRY SYSTEM.....	4
Discontinuance of Book-Entry System.....	5
PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT.....	6
Procedure for Authorization.....	6
Local Bond Law (N.J.S.A. 40A:2-1 <u>et seq.</u> ).....	6
Short Term Financing.....	6
Refunding Bonds (N.J.S.A. 40A:2-51 <u>et seq.</u> ).....	7
Statutory Debt Limitation (N.J.S.A. 40A:2-6 <u>et seq.</u> ).....	7
Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 <u>et seq.</u> ).....	7
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 <u>et seq.</u> ).....	7
Annual Financial Statement (N.J.S.A. 40A:5-12 <u>et seq.</u> ).....	8
Investment of Municipal Funds.....	8
DEBT INFORMATION OF THE TOWNSHIP.....	8
FINANCIAL MANAGEMENT.....	8
Accounting and Reporting Practices.....	8
Local Budget Law (N.J.S.A. 40A:4-1 <u>et seq.</u> ).....	9
Local Examination of Budgets (N.J.S.A. 40A:4-78(b)).....	9
State Supervision (N.J.S.A. 52:27BB-1 <u>et seq.</u> ).....	10
Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, <u>et seq.</u> ).....	10
Deferral of Current Expenses.....	10
Budget Transfers.....	11
Anticipation of Real Estate Taxes.....	11
Anticipation of Miscellaneous Revenues.....	12
CAPITAL IMPROVEMENT PROGRAM.....	12
COVID-19 RISK FACTORS.....	12
TAX ASSESSMENT AND COLLECTION.....	13
Assessment and Collection of Taxes.....	13
Tax Appeals.....	14

**TABLE OF CONTENTS**  
**(cont'd)**

	<b>Page</b>
TAX MATTERS .....	14
Federal Income Taxation .....	14
Additional Federal Income Tax Consequences Relating to the Notes .....	14
State Taxation .....	14
Prospective Tax Law Changes .....	15
Other Tax Consequences .....	15
LEGALITY FOR INVESTMENT .....	15
RISK TO HOLDERS OF NOTES .....	15
Municipal Bankruptcy .....	15
Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 <u>et seq.</u> ) .....	16
CERTIFICATES OF THE TOWNSHIP .....	16
APPROVAL OF LEGAL PROCEEDINGS .....	17
ADDITIONAL INFORMATION .....	17
MUNICIPAL ADVISOR .....	17
LITIGATION .....	17
COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS .....	17
PREPARATION OF OFFICIAL STATEMENT .....	18
UNDERWRITING .....	18
FINANCIAL STATEMENTS .....	19
MISCELLANEOUS.....	19
<hr style="width: 25%; margin-left: 0;"/>	
APPENDIX A	
Certain Financial and Demographic Information Concerning the Township of West Orange .....	A-1
APPENDIX B	
Financial Statements of the Township of West Orange .....	B-1
APPENDIX C	
Form of Approving Legal Opinion .....	C-1
APPENDIX D	
Form of Continuing Disclosure Certificate .....	D-1

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**OFFICIAL STATEMENT**  
**OF THE**  
**TOWNSHIP OF WEST ORANGE**  
**IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**  
**RELATING TO**  
**\$11,287,392 BOND ANTICIPATION NOTES, SERIES 2026**  
**(NON-CALLABLE)**

**INTRODUCTION**

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of West Orange (the "Township"), in the County of Essex (the "County"), State of New Jersey (the "State"), in connection with the offering, sale and issuance of \$11,287,392 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"), of the Township. This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Township Council of the Township, executed by and on behalf of the Township by its Chief Financial Officer, and is to be distributed in connection with the offering and sale of the Notes.

This Official Statement contains specific information relating to the Notes, including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Notes. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

**DESCRIPTION OF THE NOTES**

**General Description**

The Notes shall be dated the date of delivery thereof and shall bear interest at the rate as indicated on the front cover page of this Official Statement, payable upon the maturity thereof. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry form and, when issued, will be registered in the name of, and held by, Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township, or a duly designated paying agent, on the date of maturity of the Notes by wire transfer of immediately available funds to DTC or its nominee, Cede & Co. Purchases of beneficial interests in the Notes will be made in book-entry form, without certificates, in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the

Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township, or a duly designated paying agent, directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants and Indirect Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "BOOK-ENTRY SYSTEM" herein.

**Optional Redemption**

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

**Authorization for the Issuance of the Notes**

The Notes are authorized by, and are issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); and (ii) a bond ordinance duly adopted by the Township Council of the Township on March 19, 2019, approved by the Mayor, and published as required by law.

The bond ordinance authorizing the Notes was published in full or in summary after its final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period for the bond ordinance has concluded as of the date of this Official Statement.

**Purpose of the Notes**

The Notes are being issued to refund, on a current basis, an \$11,287,392 portion of prior bond anticipation notes issued in the aggregate principal amount of \$11,439,928 on March 20, 2025 and maturing on March 19, 2026 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the Township with a 2026 budgetary appropriation in the amount of \$152,536).

The Notes and the improvements or purposes for which the Bond Anticipation Notes are to be issued have been authorized by a bond ordinance duly adopted by the Township, which bond ordinance is described on the following table by Ordinance Number, Description and Date of Final Adoption and the Amount to be Issued for such purposes. The bond ordinance is as follows:

**\$11,287,392**  
**Bond Anticipation Notes, Series 2026**

Ordinance Number	Description and Date of Final Adoption	Amount to be Issued
2564-19	Acquisition of real property commonly known as Rock Spring Golf Course, finally adopted 3/19/19	<u>\$ 11,287,392</u>
	TOTAL:	<u>\$ 11,287,392</u>

## **Payment of Notes**

The Notes are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on the Notes without limitation as to rate or amount, unless paid from other sources.

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

The Notes are valid and legally binding general obligations of the Township for which the full faith and credit of the Township are irrevocably pledged for the punctual payment of the principal of and interest on the Notes. Unless paid from other sources, the Township has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The Township is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Notes, for the current year in each annual budget unless provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF NOTES" herein.

The Notes are not a debt or obligation, legal, moral or otherwise, of the State or any county, municipality or political subdivision thereof, other than the Township.

## **RISK FACTORS**

### **Climate**

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

### **Cyber Security**

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security 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 cyber-attacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the Township's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Township.

## **NO DEFAULT**

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the Township as of the date hereof.

## MARKET PROTECTION

The Township plans to issue general obligation notes and special emergency notes, respectively, in the fourth quarter of 2026 to pay all or a portion of outstanding general obligation notes and special emergency notes maturing in November of 2026.

## BOOK-ENTRY SYSTEM

The description which follows 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 such terms are defined or used herein), 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 Township. Accordingly, the Township does not make any representations concerning these matters.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, as set forth on the cover page hereof, 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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 the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of 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 (the "Omnibus Proxy") to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, 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, nor its nominee, Paying Agent or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or 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 securities depository with respect to the Notes at any time by giving reasonable notice to the Township or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, the Note certificate is required to be printed and delivered.

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

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

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

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Township or Paying Agent for such purposes only upon the surrender thereof to the Township or Paying Agent together with the duly executed assignment in form satisfactory to the Township or Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Township or Paying Agent may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on the maturity date of the Notes to the registered owners thereof.

## PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

### Procedure for Authorization

The Township has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Township debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Township is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Township, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Township Council and, if applicable, approval by the Mayor prior to publication. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Township.

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

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in either serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and those improvements involving certain State grants, a five percent (5%) cash down payment of the amount of bonds and notes authorized must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Township are general "full faith and credit" obligations.

### Short Term Financing

Local governmental units (including the Township) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter unless an amount of such notes at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Township, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

### **Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)**

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds. If the refunding bonds are issued in accordance with N.J.A.C. 5:30-2.5, no approval is required by the Local Finance Board; however, the details of the sale, issuance and delivery of the refunding bonds will be delivered to the Local Finance Board within then (10) days of the delivery of the refunding bonds.

### **Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)**

There are statutory requirements which limit the amount of debt which the Township is permitted to authorize. The authorized bonded indebtedness of a local unit is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Township for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" below.

As shown in APPENDIX A, the Township has not exceeded its statutory debt limit.

### **Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)**

The debt limit of the Township may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Township must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Township and that the proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district.

As shown in APPENDIX A, the Township has not exceeded its debt limit.

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

The Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of

Audit", which must be completed within six (6) months (June 30) after the close of the Township's fiscal year (December 31), includes recommendations for improvement of the Township's financial procedures. The audit report must also be filed with the Township Clerk and be available for review during regular business hours and shall, within five (5) days thereafter, be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Township Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles in the United States.

### **Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)**

An unaudited annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Annual Financial Statement reflects the results of operations for the year of the current and utility funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire Annual Financial Statement is filed with the clerk of the local unit and is available for review during business hours.

### **Investment of Municipal Funds**

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America; (b) government money market mutual funds which invest in securities permitted under the statute; (c) bonds of certain federal government agencies having a maturity date not greater than 397 days from the date of purchase; (d) bonds or other obligations of the particular municipality or school district of which the local unit is a part or within which the school district is located; and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

## **DEBT INFORMATION OF THE TOWNSHIP**

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the Township, the Township must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Township Clerk. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Township's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

## **FINANCIAL MANAGEMENT**

### **Accounting and Reporting Practices**

The accounting policies of the Township conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is

followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Township does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Township, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serve to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year the Township's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues 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 Examination of Budgets (N.J.S.A. 40A:4-78(b))**

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally

granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow “eligible” and “qualifying” municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Township was not eligible for local examination of its budget in 2025. The Township adopted its 2025 budget in accordance with the procedures described under the heading entitled, “FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)”.

### **State Supervision (N.J.S.A. 52:27BB-1 et seq.)**

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

### **Limitations on Expenditures (“Cap Law”) (N.J.S.A. 40A:4-45.1, et seq.)**

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the “Cap Law” (the “Cap Law”). The Cap Law provides that the Township shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Township may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Township for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year’s final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored “CAP” banking to the Local Budget Law. Municipalities are permitted to appropriate available “CAP Bank” in either of the next two (2) succeeding years’ final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “CAP”.

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division of Local Government Services has advised that counties and municipalities must comply with both budget “CAP” and the tax levy limitation. Neither the tax levy limitation nor the “CAP” law, however, limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes, including the Notes.

### **Deferral of Current Expenses**

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Township, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described

below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-46, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.2, -55.3. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

**Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism for local units. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

**Anticipation of Real Estate Taxes**

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 provides limits for the anticipation of delinquent tax collections and provides that, "[t]he 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."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts 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 the 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 of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl}
 \text{Total of Local, County,} & & \\
 \text{and School Levies} & - \text{ Anticipated Revenues} & = \text{ Cash Required from Taxes to Support} \\
 & & \text{Local Municipal Budget and Other Taxes} \\
 \\
 \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & = & \text{Amount to be} \\
 \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Raised by} \\
 & & \text{Taxation}
 \end{array}$$

## **Anticipation of Miscellaneous Revenues**

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues 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 of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

## **CAPITAL IMPROVEMENT PROGRAM**

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program of a local unit must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

## **COVID-19 RISK FACTORS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The Township received \$4,978,350 in Federal Aid under the Plan, \$2,489,175 of which amount was received by the Township in 2021 and \$2,489,175 was received in 2022. The deadline to commit the funds was December 31, 2024 and the deadline to spend said funds is December 31, 2026.

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

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

## TAX ASSESSMENT AND COLLECTION

### Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

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

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Township Attorney (as hereinafter defined) for in rem foreclosures in order to acquire title to these properties.

The provisions of Chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division.

## **Tax Appeals**

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1<sup>st</sup> day of April of the current tax year for its review or the 1<sup>st</sup> day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

## **TAX MATTERS**

### **Federal Income Taxation**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Notes in order for the interest on the Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes. The Township will represent in its tax certificate (the "Tax Certificate") that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Township ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code and the representations and covenants made by the Township in its Tax Certificate described above, interest on the Notes is not includable in gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for purposes of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Notes are not considered "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

### **Additional Federal Income Tax Consequences Relating to the Notes**

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

### **State Taxation**

Bond Counsel is also of the opinion that interest on the Notes, and any gain on the sale thereof, are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Notes.

## **Prospective Tax Law Changes**

Federal, state or local legislation, administrative pronouncements or court decisions may affect the federal and State tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes or the marketability of the Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

## **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

**ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING, BUT NOT LIMITED TO, THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE NOTES.**

## **LEGALITY FOR INVESTMENT**

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

## **RISK TO HOLDERS OF NOTES**

It is understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

## **Municipal Bankruptcy**

The undertakings of the Township should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such code.

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

**THE TOWNSHIP HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE AND THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE TOWNSHIP EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.**

#### **Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)**

If the Township defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Township in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Township is so in default. Once a judgment is entered by the Superior Court to the effect that the Township is in default, the Municipal Finance Commission (the "Commission") would become operative in the Township. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

#### **CERTIFICATES OF THE TOWNSHIP**

Upon the delivery of the Notes, the original purchaser of the Notes shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Township, stating to the best knowledge of said officials, that this Official Statement as of its date did 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; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Township from that set forth in or contemplated by this Official Statement. In addition, the original purchaser of the Notes shall also receive a certificate in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay

the principal of the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the Township, nor the title of any of the said officers to their respective offices, is being contested.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed on for the Township by its Township Attorney, Mark J. Semeraro, Esq., of Semeraro & Fahrney LLC, Wayne, New Jersey (the "Township Attorney"). The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to John C. Ditinyak, Chief Financial Officer, 66 Main Street, West Orange, New Jersey 07052, (973) 325-4070; Everett M. Johnson, Esq., Bond Counsel, Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149; or Bryan Morris, Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township 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.

### **LITIGATION**

To the knowledge of the Township Attorney, after due inquiry, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or collection of any taxes to pay the principal of or the interest on said Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or collection of taxes to pay the principal of and interest on the Notes, or any action contesting the corporate existence or boundaries of the Township or the title of any of its present officers. Further, to the knowledge of the Township Attorney, there is no litigation presently pending or threatened against the Township that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. The original purchaser of the Notes will receive a certificate or opinion of the Township Attorney to such effect upon the closing of the Notes.

### **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS**

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes (the "Notices"), as set forth in Section (b)(5)(i)(C) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. The Notices will be filed by the Township with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal

Market Access (“EMMA”) system. The specific nature of the Notices will be detailed in a certificate (the “Disclosure Certificate”) to be executed on behalf of the Township by its Chief Financial Officer in the form appearing in APPENDIX D hereto, such Disclosure Certificate to be delivered concurrently with the delivery of the Notes.

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding bond issues. The Township has failed to timely file its audited financial statements, annual financial information, and operating data for the year ended December 31, 2024. In addition, the Township has previously failed to timely file certain material event notices in connection with the incurrence of certain financial obligations. Such notices have since been filed. The Township has retained Digital Assurance Certification, LLC as dissemination agent in connection with its continuing disclosure obligations.

### **PREPARATION OF OFFICIAL STATEMENT**

Bond Counsel has participated in the preparation and review of this Official Statement but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for statements set forth in the section entitled “TAX MATTERS” and the opinion contained in APPENDIX C hereto but expresses no opinion or other assurance other than that which is specifically set forth therein with respect thereto.

The Municipal Advisor has participated in the preparation and review of this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness hereof, and, accordingly, expresses no opinion or other assurance with respect hereto. Certain information set forth herein has been obtained from the Township 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.

Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, the Auditor to the Township, has not participated in the preparation of the information contained in this Official Statement and has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has provided the audited financial statements described below under the heading entitled “FINANCIAL STATEMENTS” and contained in APPENDIX B hereto.

The Township Attorney has not participated in the preparation of the information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the heading entitled “LITIGATION” and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

### **UNDERWRITING**

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_ (the “Underwriter”) at a price of \$\_\_\_\_\_. The purchase price of the Notes reflects the par amount of Notes plus a bid premium of \$\_\_\_\_\_.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

## **FINANCIAL STATEMENTS**

Appendix B contains audited financial statements for the years ended December 31, 2023 and 2022. The financial statements for the year ended December 31, 2023 were audited by Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey. The financial statements for the year ended December 31, 2022 were audited by another accounting firm. (See Accountant's Commentary on Page B-3).

## **MISCELLANEOUS**

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

**TOWNSHIP OF WEST ORANGE,  
IN THE COUNTY OF ESSEX,  
STATE OF NEW JERSEY**

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**JOHN C. DITINYAK,  
Chief Financial Officer**

DATED: March \_\_\_\_\_, 2026

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**APPENDIX A**

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION  
CONCERNING THE TOWNSHIP OF WEST ORANGE**

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## GENERAL INFORMATION ABOUT THE TOWNSHIP OF WEST ORANGE

### Location and Area

Located in Essex County, New Jersey, the Township of West Orange (the "Township") is approximately 18 miles west of midtown New York City and six miles west of downtown Newark. With a population of 48,843, as of 2020, it is largely a residential community of owner-occupied single-family dwellings and a distribution center for business that serves the surrounding area.

### Form of Government

Citizens of the Township voted to adopt the Mayor-Council Plan B of the Optional Municipal Charter Law of New Jersey, known as the Faulkner Act. Under this form of government, a Mayor and five Council members are elected-at-large for four-year terms. Council terms are staggered, and no party designations are permitted on the ballot.

The day-to-day operations are the responsibility of the Mayor, Business Administrator and the directors of the various departments. The executive power is vested in the Mayor while the Township Council is the legislative and policy-making body.

### Biographies of Municipal Officials

Mayor: Susan McCartney sworn in on January 1, 2023 as the first female mayor of West Orange. Prior to her election as Mayor, she served on the West Orange Township Council from 2002-2022. The Mayor is the founder and owner of First Mountain Preschool established on Pleasant Valley Way in West Orange in 1997.

John Ditinyak, appointed in September of 2024, is a graduate of St. Peter's University with a bachelor's degree in accounting and is a CMFO in the State of New Jersey. He is also a board member of the Government Finance Officer's Association of New Jersey. Prior to his appointment in West Orange, John was the Chief Financial Officer for the Borough of Roselle.

## FINANCIAL INSTIUTUTIONS

The financial needs of the Township are served by the following financial institutions:

Atlantic Federal Credit Union  
Bank of America, NA  
Citibank  
Kearny Federal Savings Bank  
Glen Rock Savings Bank  
JP Morgan Chase Bank  
New York Community Bank  
PNC Bank, NA  
Provident Bank  
Regal Bank  
Santander Bank  
Sovereign Bank  
State of New Jersey Cash Management Fund  
TD Bank, NA  
Valley National Bank  
Union Center Bank  
Wells Fargo Bank, NA

## **MUNICIPAL SERVICES**

### **Protection**

The Township has five (5) municipality-owned firehouses. The Fire Department consists of eighty-one (81) full-time employees. Acquisition of new firefighting apparatus and conversion of older equipment toward modernization has been a Township priority program. The Fire Department has twelve (12) pieces of modern firefighting equipment.

The Township's Police Department is a municipal police agency dedicated to the development and utilization of the Police Department's human and material resources. The Police Department employs ninety-eight (98) police officers, nineteen (19) civilian employees and forty (40) school traffic crossing guards.

### **Health**

A varied array of health services is available in the Township. The full range of public health programs is provided through the services of one full-time, licensed Health Officer in accordance with State regulations and includes health nursing services, environmental health services, communicable disease control, maternal and child health services and chronic illness preventative services. The presence of several major medical centers near the community assures the availability of quality healthcare.

### **Planning and Development**

The Planning and Development Department is comprised of three divisions: the Planning Division, the Construction Division, and the Zoning Enforcement, Property Maintenance and Housing Division. The Planning Division includes the Planning Board, Main Street Development Corporation, Rent Leveling Board and Environmental Commission. The Planning and Zoning Boards are quasi-judicial boards established under the Municipal Land Use Law. The Construction Division reviews and issues applications for permits and performs inspections on construction projects. The purpose of the Zoning Enforcement, Property Maintenance and Housing Division is to enforce the Municipal Zoning Ordinances.

### **Public Works**

The Township has thirty-six (36) full-time public works employees and four (4) engineering employees and they maintain approximately seventy-five (75) pieces of equipment. Gas, electric and water services are provided by privately owned utility corporations. The Township operates a sewer collection system that connects with the Joint Outlet Sewer System.

Garbage and rubbish collections are made twice a week under a five year contract between the Township and a private operator.

### **Recreation**

The Township provides a year-round recreation program involving the use of fifteen (15) playgrounds, six (6) of nine (9) school buildings and various municipal buildings. Programs are offered for all ages. Specialized divisions of the Recreation Department include the Mayor's Program for Individuals with Disabilities, the Senior Citizen Program, the Teen Program and the Summer Pack Program. The Township provides a three (3) pool swimming complex that operates in the summer months.

Other agencies provide additional recreational programs available to the community. The Mountain Top League and the Police Athletic League provide sports programs for youngsters. Essex County operates an indoor skating arena, two (2) reservations with picnic facilities, a children's zoo and a golf course. Four (4) additional private golf courses are either totally or partially located within Township borders. In addition, the Township publicly owns a municipal golf course.

The Recreation Department employs six (6) full-time employees and approximately twenty-three (23) seasonal employees.

## EDUCATIONAL SERVICES

The School District operates as an independent legal entity and is a Type II school district under the laws of the State of New Jersey, administered by a five-member board of education (the "Board") which is elected by the citizens. The members serve three (3) year terms.

The Board elects a President and Vice President and organizes itself into several committees to plan general policy, personnel policy, curriculum policy, budget policy and the capital improvement policy for buildings and grounds. All budget policies and capital improvement policies must be approved via referendum of the Township's voters.

The school district operates the following types of educational facilities:

High Schools - One  
Middle Schools - Three  
Elementary Schools - Seven

### School District Enrollment

<u>Year</u>	<u>Total District</u>
2021 - 2022	6,584
2022 - 2023	6,716
2023 - 2024	6,661
2024 - 2025	6,957
2025 - 2026	7,148

The Central Administration Offices are located in a separate building owned by the Board.

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**ASSESSED VALUATION AND TAX RATES**

<u>Year</u>	<u>Equalization Amount Added</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation as a Percentage of True Value</u>
2025	\$1,474,718,663.00	\$10,001,287,802.00	\$2.627	100.00 %
2024	2,143,829,730.00	5,479,930,900.00	4.684	72.06
2023	1,542,455,065.00	5,482,265,400.00	4.598	78.22
2022	1,086,444,281.00	5,515,638,100.00	4.437	83.76
2021	1,081,164,322.00	5,561,255,741.00	4.354	83.70

\*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

<u>Year</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Real Property Assessed Value Percentage of of True Value</u>	<u>Real Property Assessed Valuation as a Percentage of True Value</u>
2025	\$10,001,287,802.00	100.00 %	\$10,001,287,802.00
2024	5,479,930,900.00	72.06	7,623,760,630.00
2023	5,482,265,400.00	78.22	7,024,720,465.00
2022	5,515,638,100.00	83.76	6,689,927,839.00
2021	5,561,255,741.00	83.70	6,632,909,952.00

**COMPARISON OF COMPONENTS OF TAX RATE**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>\$2.627</u>	<u>\$4.684</u>	<u>\$4.598</u>	<u>\$4.437</u>	<u>\$4.354</u>
Apportionment of Tax Rate:					
Municipal	\$0.665	\$1.199	\$1.175	\$1.103	\$1.073
Municipal Open Space	0.006	0.010	0.010	0.010	0.005
County	0.287	0.511	0.530	0.530	0.558
County Open Space	0.013	0.021	0.019	0.018	0.018
School District	1.628	2.897	2.821	2.736	2.660
Library	<u>0.028</u>	<u>0.046</u>	<u>0.043</u>	<u>2.736</u>	<u>2.660</u>
	<u>\$2.627</u>	<u>\$4.684</u>	<u>\$4.598</u>	<u>\$4.437</u>	<u>\$4.354</u>

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**TAX LEVIES AND COLLECTIONS**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Collections</u>
2024	\$256,434,088	\$253,434,249	98.84%
2023	251,943,061	249,608,038	99.08
2022	245,371,974	242,348,875	98.77
2021	242,291,040	239,409,022	98.81
2020	239,584,548	236,121,421	98.55

**DELINQUENT TAXES AND TAX TITLE LIENS**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$82,922	\$2,949,843	\$3,032,765	1.18%
2023	82,922	2,335,023	2,417,945	0.96
2022	75,221	2,136,094	2,231,315	0.90
2021	81,943	1,908,721	1,990,664	0.82
2020	75,797	3,454,080	3,529,877	1.47

**BUILDING PERMITS**

<u>Year</u>	<u>Total Number</u>	<u>Construction Value</u>
2025	1,931	\$ 8,197,317
2024	2,480	113,084,910
2023	2,323	75,508,147
2022	2,602	67,244,430
2021	2,260	41,004,049

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**LARGEST TAXPAYERS**

The following table sets forth ten of the largest taxpayers located in the Township and their assessed valuation for the year 2025:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>
Essex Green LLC	Shopping Center	\$123,755,000
Blackburn Development Corporation	Apartment Complex	112,932,000
Kessler Institute	Rehabilitation	90,251,000
West Orange Plaza	Shopping Center	55,577,000
Bow and Arrow Manor, Inc.	Catering and Dining	54,320,000
Hutton Lafayette Apartments	Apartment Complex	40,624,000
Rockledge Realty	Apartment Complex	34,725,000
Atkins & Kent Ltd.	Medical Offices	33,930,000
Montclair Golf Club	Recreation	33,402,400
Eagle Rock Co-op	Apartment Complex	31,008,000

Source: Township of West Orange

**LARGEST EMPLOYERS**

<u>Employer</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Board of Education	Public School	1,200
Kessler Institute	Rehabilitation	404
Township of West Orange	Municipal Government	420
Daughters of Israel	Nursing Home	300
ShopRite	Retail	200
Greenhill Retirement Community	Nursing Home	198
Whole Foods	Retail	120

Source: Township of West Orange

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**ECONOMIC INFORMATION**

Per Capita Income			
<u>Year</u>	<u>Township of West Orange</u>	<u>County of Essex</u>	<u>State of New Jersey</u>
2024	\$77,824.00	\$52,589.00	\$55,036.00
2023	63,635.00	45,389.00	51,378.00
2022	74,310.00	74,310.00	50,570.00
2021	74,310.00	74,310.00	46,691.00
2020	68,192.00	68,192.00	43,560.00

2025 Figures are Not Available as of this date.

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Source: U.S. Census Bureau

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**LABOR FORCE ESTIMATES**

<u>Year</u>	<u>Township of West Orange</u>			<u>Unemployment Rate</u>
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	
2025*	25,902	24,649	1,253	4.8 %
2024	25,969	24,884	1,085	4.2
2023	25,337	24,257	1,080	4.3
2022	24,822	23,948	874	3.5
2021	24,440	22,945	1,495	6.1

<u>Year</u>	<u>County of Essex</u>			<u>Unemployment Rate</u>
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	
2025*	423,951	397,888	26,063	6.1 %
2024	425,042	401,693	23,349	5.5
2023	397,420	375,401	22,019	5.5
2022	386,500	370,900	15,600	4.0
2021	385,997	355,103	30,894	8.0

<u>Year</u>	<u>State of New Jersey</u>			<u>Unemployment Rate</u>
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	
2025*	4,897,829	4,649,130	248,699	5.1 %
2024	4,898,008	4,676,064	221,944	4.5
2023	4,819,800	4,604,100	215,700	4.5
2022	4,731,600	4,584,500	147,100	3.1
2021	4,632,700	4,398,600	234,100	5.1

Source: New Jersey Department of Labor, Division of Planning and Research,  
Office of Demographics and Economic Analysis

\*Preliminary

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**HOUSING CHARACTERISTICS - HOUSING UNITS - 2025**

	Township of <u>West Orange</u>	County of <u>Essex</u>	State of <u>New Jersey</u>
Number of Units:			
Occupied	12,590	134,662	2,199,519
Renter Occupied	5,706	186,217	1,337,019
Vacant Housing Units	<u>1,094</u>	<u>21,261</u>	<u>341,375</u>
Total	<u>19,390</u>	<u>342,140</u>	<u>3,877,913</u>
Median Value Owned	<u>\$594,376</u>	<u>\$591,736</u>	<u>\$ 513,938</u>

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Source: HomeTownLocator

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**DEBT STATEMENT AS OF DECEMBER 31, 2024**  
**(Unaudited)**

Gross Debt

School Debt:			
Serial Bonds Issued and Outstanding		\$	10,226,000.00
Municipal Debt:			
General:			
Serial Bonds Issued and Outstanding	\$58,759,000.00		
Refunding Bonds	1,590,000.00		
Green Acres Loan Payable	832,023.41		
Bond Anticipation Notes Issued	71,105,464.00		
Bond Anticipation Notes Authorized Not Issued	39,961,257.86		
			172,247,745.27
Total Gross Debt			182,473,745.27

Statutory Deductions\*

School Debt:			
Maximum (4% of Average Equalized Valuation \$308,255,928.09)	10,226,000.00		
Municipal Debt:			
General:			
Pension Refunding Bonds	1,590,000.00		
Cash on Hand	86,107.31		
			11,902,107.31
Statutory Net Debt			\$ 170,571,637.96

Average Equalized Valuation of Real Property for 2022 - 2024	\$7,706,348,202.33
Net Debt Percentage (Statutory Debt Limit - 3 1/2%)	2.213%

**REMAINING STATUTORY BORROWING POWER**  
**(Unaudited)**

3 1/2% of Equalized Valuation	\$ 269,722,187.08
Less: Statutory Net Debt	170,571,637.96
Remaining Borrowing Power December 31, 2024	\$ 99,150,549.12

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

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**SUMMARY OF 2025 TOWNSHIP OF WEST ORANGE BUDGET (ADOPTED)**

Revenues:

Fund Balance Anticipated	\$ 3,908,146.03
Miscellaneous	29,912,467.96
Delinquent	1,918,717.38
Current Taxes	<u>69,257,407.47</u>
	<u><u>\$104,996,738.84</u></u>

Appropriations:

Executive and Legislative	\$ 1,809,513.57
Administration and Finance	21,875,988.98
Planning and Development	681,347.25
Department of Assessment	294,501.35
Fire	12,261,229.37
Police	14,883,449.97
Public Works	6,451,743.37
Health and Welfare	7,313,857.34
Recreation	1,062,418.07
Uniform Construction Code	735,321.23
Unclassified	3,071,381.51
Deferred Charges and Statutory Expenditures	10,277,694.64
Other Operations	6,868,202.36
Capital Improvement Fund	500,000.00
Municipal Debt Service	11,839,906.25
Deferred Charges	2,023,623.40
Reserve for Uncollected Taxes	<u>3,046,560.18</u>
	<u><u>\$104,996,738.84</u></u>

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**FUND BALANCES - CURRENT FUND**  
**(Unaudited)**

<u>Year</u>	<u>Balance December 31</u>	<u>Budget of Succeeding Year</u>
2024	\$7,725,202	\$3,908,146
2023	6,045,641	3,908,146
2022	5,773,207	3,758,966
2021	5,526,350	3,024,764
2020	7,841,013	4,276,679

**UNDERLYING DEBT - DECEMBER 31, 2025**  
**(Unaudited)**

County of Essex - Gross Debt December 31, 2025	<u><u>\$ 947,474,874.05</u></u>
Apportionment to the Township of West Orange	<u><u>\$ 60,392,048.47</u></u>
Basis of Debt Apportionment:	
Ratio of Equalized Valuation:	
Township of West Orange - 2025	<u><u>\$ 8,690,000,070.00</u></u>
Total Essex County - 2025	<u><u>\$ 136,345,761,828.00</u></u>
Ratio of Township of West Orange	<u><u>6.374%</u></u>

**TOWNSHIP OF WEST ORANGE**  
**COUNTY OF ESSEX, NEW JERSEY**

**GROSS DEBT COMPARED WITH TRUE VALUE**  
**(Unaudited)**

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2025	\$ 177,773,526.67	\$ 238,165,575.14
Aggregated Fair Value for 2025 - All Taxable Property - Assessed Valuation	\$ 10,001,287,802.00	
Amount Deducted for Equalization: Real Property Assessed at 117.60% of True Value	<u>1,474,718,663.00</u>	
Total - With Real Property at True Value	<u>\$ 8,526,569,139.00</u>	
Gross Debt as a Percentage of True Value	2.08%	2.79%

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF WEST ORANGE**

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***SAMUEL KLEIN AND COMPANY, LLP***  
***CERTIFIED PUBLIC ACCOUNTANTS***

*550 Broad Street  
Newark, New Jersey 07102-4517  
Phone (973) 624-6100  
Fax (973) 624-6101*

*36 West Main Street, Suite 301  
Freehold, New Jersey 07728-2291  
Phone (732) 780-2600  
Fax (732) 780-1030*

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of the Township Council  
Township of West Orange  
West Orange, New Jersey 07052

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the Township of West Orange, State of New Jersey, as of and for the year ended December 31, 2023. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated February 11, 2025. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the Township of West Orange, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the Township of West Orange, State of New Jersey.

**Management's Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

**Auditor's Responsibility**

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis are consistent, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

## Opinion

In our opinion, the summary financial statements - regulatory basis of the Township of West Orange, State of New Jersey as of and for the year then ended December 31, 2023 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

## Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of Bond Anticipation Notes, Series 2026 of the Township of West Orange, State of New Jersey and were abstracted from audit reports issued under the period referred to above as dated February 11, 2025.

*SAMUEL KLEIN AND COMPANY, LLP*

SAMUEL KLEIN AND COMPANY LLP,  
CERTIFIED PUBLIC ACCOUNTANTS

*JOSEPH J. FACCONI*

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
February 11, 2025

***SAMUEL KLEIN AND COMPANY***  
***CERTIFIED PUBLIC ACCOUNTANTS***

*550 Broad Street  
Newark, New Jersey 07102-4517  
Phone (973) 624-6100  
Fax (973) 624-6101*

*36 West Main Street, Suite 301  
Freehold, New Jersey 07728-2291  
Phone (732) 780-2600  
Fax (732) 780-1030*

**ACCOUNTANT'S COMMENTARY**

The financial data included herein for the year 2022 was extracted from the Statutory Audit Report filed by other accountants and have been recast from their original format for purposes of inclusion in this Official Statement. Our review of such audit report indicated that the financial statements were prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which 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. These practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units.

The Statutory Audit Report referred to above is on file in the Office of the Township Clerk and was uploaded on the FAST System of the Division of Local Government Services.

Since we did not make an independent examination of the financial data referred to in the preceding paragraph, we are precluded from expressing an opinion thereon.

*SAMUEL KLEIN AND COMPANY, LLP*

SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

*JOSEPH J. FACCONI*

JOSEPH J. FACCONI, RMA, PA

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
<u>Current Fund</u>		
Cash	\$ 21,544,000.87	\$ 17,554,667.90
Change Funds	650.00	650.00
Petty Cash Funds	84.97	
Due from State of New Jersey - Ch. 20, P.L. 1971	9,114.66	3,546.27
	<u>21,553,850.50</u>	<u>17,558,864.17</u>
Receivables and Other Assets with Offsetting Reserves:		
Delinquent Property Taxes	2,337,378.41	2,136,094.25
Tax Title Liens	82,922.16	75,220.51
Revenue Accounts Receivable	15,289.31	76,775.04
Miscellaneous Receivable - Lien Holders	12,843.87	283,874.64
Sewer User Charges Receivable	1,055,417.67	124,558.93
Special Improvement District Receivable	8,069.22	7,415.89
Prepaid School Taxes	0.43	
Interfunds Receivable		15,450.76
Property Acquired for Taxes	1,652,465.00	1,652,465.00
	<u>5,164,386.07</u>	<u>4,371,855.02</u>
Deferred Charges:		
Special Emergency Authorization (40A:4-53)	6,701,977.45	3,765,600.85
Emergency Authorization (40A:4-46)	31,243.02	
	<u>6,733,220.47</u>	<u>3,765,600.85</u>
	<u>33,451,457.04</u>	<u>25,696,320.04</u>
<u>Federal and State Grant Fund</u>		
Grants Receivable	14,446,510.71	9,785,807.27
Due from Current Fund	3,186,045.91	2,017,548.81
	<u>17,632,556.62</u>	<u>11,803,356.08</u>
	<u>\$ 51,084,013.66</u>	<u>\$ 37,499,676.12</u>

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
<u>Current Fund</u>		
Appropriation Reserves	\$ 2,322,149.11	\$ 2,297,893.36
Reserve for Encumbrances	653,860.59	696,558.55
Accounts Payable	24,179.34	
Tax Title Lien Premiums Payable	2,040,800.00	3,284,700.00
Reserve for Miscellaneous Exchange		4,326.00
Interfunds Payable	3,386,033.38	2,042,548.81
Emergency/Special Emergency Notes Payable	6,717,806.00	3,500,493.60
Prepaid Health Licenses	9,370.00	12,145.00
Sewer Rent Overpayments	25,505.28	21,835.64
Reserve for Special Emergency Debt	153,613.05	153,613.05
School Taxes Payable		0.56
County Taxes Payable	221,624.21	187,236.34
County PILOT Payable	212,651.86	151,864.00
Due to State of New Jersey	22,295.00	1,061.00
Prepaid Taxes	3,645,976.93	2,677,086.24
Tax Overpayments	357,332.78	25,181.98
Reserve for Revaluation Program	1,157,465.25	
Reserve for Unapplied Grant Receipts	250,000.00	250,000.00
Reserve for Tax Appeals	40,766.84	
Reserve for Sale of Municipal Assets	1,000,000.00	
Reserve for Municipal Relief Aid		244,713.93
	<u>22,241,429.62</u>	<u>15,551,258.06</u>
Reserve for Receivables and Other		
Assets	5,164,386.07	4,371,855.02
Fund Balance	<u>6,045,641.35</u>	<u>5,773,206.96</u>
	<u>33,451,457.04</u>	<u>25,696,320.04</u>
 <u>Federal and State Grant Fund</u>		
Appropriated Reserves	17,203,339.94	9,311,422.58
Unappropriated Reserves	429,216.68	2,491,933.50
	<u>17,632,556.62</u>	<u>11,803,356.08</u>
	<u>\$ 51,084,013.66</u>	<u>\$ 37,499,676.12</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	<u>Year 2023</u>	<u>Year 2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 3,758,966.37	\$ 3,024,764.40
Miscellaneous Revenue Anticipated	39,026,683.64	34,401,115.33
Receipts from Delinquent Taxes	2,122,676.83	2,283,536.29
Receipts from Current Taxes	249,643,733.11	242,348,874.56
Nonbudget Revenue	1,398,443.38	412,225.02
Other Credits to Income:		
Lien Holders	271,030.77	
Interfunds Liquidated	15,450.76	
Prior Year Senior Citizen's and Veteran's Deductions - Allowed	7,345.44	
Appropriation Reserves Lapsed	1,690,412.19	884,095.24
	<u>297,934,742.49</u>	<u>283,354,610.84</u>
<u>Expenditures</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	38,078,081.17	
Other Expenses	32,901,823.37	
Deferred Charges and Statutory Expenditures	19,738,041.32	
Public and Private Programs	12,015,633.04	
Capital Improvements	500,000.00	
Municipal Debt Service	9,060,628.08	
	<u>112,294,206.98</u>	<u>99,157,741.11</u>
Payments to Lienholders		56,849.53
Refund of Prior Years Revenue	138,175.74	
Open Space Trust	550,078.55	557,252.20
Special Improvement District Receivable	653.33	
Special Improvement District Assessment	83,542.08	89,140.70
Prepaid School Taxes	0.43	
Local School District Taxes	154,661,462.00	150,877,388.00
County Taxes	30,206,465.64	30,294,617.58
	<u>297,934,584.75</u>	<u>281,032,989.12</u>
Excess of Revenue Over Expenditures	157.74	2,321,621.72
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute		
Deferred Charges to Budget of Succeeding Year:		
Emergency Authorization	31,243.02	
Special Emergency Authorization	4,000,000.00	950,000.00
	<u>4,031,400.76</u>	<u>3,271,621.72</u>
Statutory Excess to Fund Balance	4,031,400.76	3,271,621.72
<u>Fund Balance</u>		
Balance January 1	<u>5,773,206.96</u>	<u>5,526,349.64</u>
	<u>9,804,607.72</u>	<u>8,797,971.36</u>
Decreased by:		
Utilized as Anticipated Revenue	<u>3,758,966.37</u>	<u>3,024,764.40</u>
Balance December 31	<u>\$ 6,045,641.35</u>	<u>\$ 5,773,206.96</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

STATEMENT OF REVENUE - CURRENT FUND - REGULATORY BASIS

Sheet #1

	<u>2023</u>	<u>2022</u>
Fund Balance Appropriated	\$ 3,758,966.37	\$ 3,024,764.40
<u>Miscellaneous Revenues</u>		
Licenses:		
Alcoholic Beverages	70,008.54	70,024.93
Other	62,089.49	58,258.00
Other Fees and Permits	504,817.03	264,519.46
Municipal Court - Fines and Costs	208,276.35	151,421.87
Interest and Cost on Taxes	653,110.01	583,336.41
Interest on Investments	995,112.98	11,296.55
Payments in Lieu of Taxes:		
West Orange Senior Citizen Housing	79,609.00	129,479.00
Jewish Federation Plaza	60,407.00	60,407.00
Eagle Rock Senior Citizen Housing	162,233.00	125,038.00
Woodland Valley	42,621.15	25,674.60
St. Barnabas	386,422.00	386,422.00
Prism	1,152,308.30	827,990.73
Valley Residential	168,801.15	357,576.01
Sewer User Charges	9,294,266.76	7,459,260.93
New Jersey Transit	4,090.00	4,090.00
Energy Receipts Tax		4,691,252.00
Consolidated Municipal Property Tax Relief Aid	4,725,169.74	
Municipal Tax Relief Fund - 2022	489,324.25	
Municipal Tax Relief Fund - 2023	244,713.93	
Watershed Moratorium Offset Aid	5,217.00	5,217.00
Uniform Construction Code Fees	1,142,743.00	1,397,852.00
Interlocal Service Agreements - Essex Fells	11,129.95	12,499.40
Interlocal Service Agreements - Dover CFO	67,625.96	66,300.00
Uniform Fire Safety Act	27,241.19	91,485.58
General Capital Fund Surplus	827,399.65	881,886.13
Supplemental Sewer Fees	38,705.00	18,290.00
Cable TV Franchise Fees	644,054.37	578,900.06
Ground Leases	351,699.50	549,328.99
Hotel Tax	507,941.25	530,193.84
Open Space Trust Fund - Debt Service	12,922.60	12,922.60
Medical Transport Billing Service	1,403,890.23	1,211,820.75
Reserve to Pay Debt Service	50,000.00	141,220.15
Rental - Environmental Center	45,837.00	51,804.00
Rock Spring	724,424.97	451,242.69
Edison Battery Factory Debt Service Payments	161,941.25	280,827.96
Extra Duty Administrative Fees	343,882.50	100,428.69
TSA Rentals	1,346,909.70	1,375,929.59
American Rescue Plan Funds		4,978,350.46
	<u>27,016,945.80</u>	<u>27,942,547.38</u>
<u>Federal and State Grants</u>		
N.J. Transportation Trust Fund Authority Act		425,000.00
Bulletproof Vest Partnership	8,882.50	7,526.75
ANJEC		1,000.00
Pedestrian Safety Grant		15,000.00
Recycling Tonnage Grant	128,848.36	
Essex CARES Grant	15,370.65	15,370.65
New Jersey American Grant	8,190.60	
COVID-19 Vaccination Supplemental - 2022	9,245.26	6,500.00
COVID-19 Vaccination Supplemental - Chapter 159		50,000.00
COVID-19 Vaccination Supplemental - 2023	135,000.00	
Strengthening Local Public Health Capacity	195,582.00	36,955.00
Strengthening Local Public Health Capacity - Chapter 159		274,735.00
Safe Routes to School		920,000.00
Historical Preservation Certified Local Grant (CLG)		15,000.00
Down Stream to the River - Phase II		10,000.00
BJA Connect and Protect - Law Enforcement Behavioral Health Responses		525,000.00
Urban and Community Forestry (NJUCF) Stewardship Grant		50,000.00

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

STATEMENT OF REVENUE - CURRENT FUND - REGULATORY BASIS

Sheet #2

	<u>2023</u>	<u>2022</u>
<u>Federal and State Grants</u>		
Body Worn Camera Grant (BWC)	\$	\$ 222,142.00
Essex County Open Space Grant		750,000.00
Assistance to Firefighters Grant		80,233.64
DOT - MA2023 - Colonial Woods Drive, Merklin Avenue, and Morris Road	580,870.00	
DOT - Walker Road and Rooney Circle	1,000,000.00	
DOT - Washington Street Corridor Improvement Project - Phase II	707,000.00	
HUD - O'Connor Park Reconstruction	1,158,810.00	
HUD - Degnan Park - Senior Citizens' Park Improvement Project	250,000.00	
Hazardous Discharge Site Remediation Fund (HDSR)	3,330,360.00	195,126.00
Automated License Plate Recognition Technology	63,513.00	
NNJACCHO	215,724.00	
Junior Police Academy	24,000.00	
EX-OLPH22VSF040-3025 - January	50,000.00	
EX-OLPH23PHC035-0654 - January	274,735.00	
2022 - Budget Amendment for 2022 State Community Partnership	4,800.00	
Clean Communities Grant	81,567.89	152,011.31
West Orange Municipal Alliance	31,202.31	
Drive Sober or Get Pulled Over	10,920.00	3,600.00
Green Essex Partners	2,274,554.25	
N.J. Forestry Grant	11,900.00	30,000.00
Partners for Health Grant	10,000.00	74,400.00
St. Cloud Historic Preservation		23,200.00
National Opioid Settlement	44,322.36	
American Rescue Plan PPE Grant	35,000.00	2,514,175.23
NJ Department of Health and Senior Services	210,464.00	
Municipal Alliance on Alcoholism and Drug Abuse	8,803.78	
Municipal Alcohol Education/Rehabilitation Program	24,202.07	
NJ DEP Clean Communities Program	91,489.00	
NJ DOT - Municipal Aid Norris Road, Sussex Road and Hunterdone Road Improvements	517,907.00	
Recycling Tonnage Grant	6,529.24	
US Department of Justice - De-Escalation Grant 2023	175,000.00	
Bulletproof Vest Partnership Grant	13,995.45	
Click It or Ticket Grant	7,000.00	11,040.00
Edward Byrne Memorial Justice Assistance Grant	12,469.00	21,530.00
Body Armor Fund	5,227.12	4,022.37
NJ Department of Agriculture - Spotted Lanternfly Grant	15,000.00	
Distracted Driving Statewide Crackdown Program	12,250.00	
Cooperative Marketing Program	3,150.00	25,000.00
NJ DEP Stormwater Assistance Grant - FY 2023	25,000.00	
NNJACCHO Enhancing Local Public Health Infrastructure Grant	218,353.00	
Sustainable Jersey Small Grants Program	2,500.00	
	<u>12,009,737.84</u>	<u>6,458,567.95</u>
 Total Miscellaneous Revenue	 <u>\$ 39,026,683.64</u>	 <u>\$ 34,401,115.33</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF BUDGET APPROPRIATIONS - CURRENT FUND - REGULATORY BASIS

	<u>2023</u>	<u>2022</u>
<u>Appropriations</u>		
Operations:		
Executive and Legislative Department	\$ 3,003,098.03	\$ 2,175,227.59
Department of Administration and Finance	19,773,948.10	19,604,455.14
Department of Planning and Development	535,689.47	489,741.71
Department of Assessment	2,764,928.81	302,771.68
Department of Police	14,672,825.67	14,172,665.32
Department of Fire	11,774,878.82	12,215,575.37
Department of Public Works	6,324,634.98	5,650,750.50
Department of Health and Welfare	4,457,563.15	5,490,452.41
Department of Recreation	992,905.06	979,006.37
Uniform Construction Code	754,015.58	679,386.83
Unclassified	5,924,416.87	4,291,957.80
Other Operations	9,269,999.68	6,873,080.64
Shared Service Agreements	79,363.00	78,314.04
Public and Private Programs Offset by Revenues	12,015,633.04	6,482,841.31
Contingent	1,000.00	1,000.00
Capital Improvements	500,000.00	500,000.00
Deferred Charges	634,000.00	684,000.00
Statutory Expenditures:		
Contributions to:		
Public Employees' Retirement System	1,355,309.51	1,309,623.70
Police and Firemen's Retirement System of N.J.	6,751,430.98	6,259,557.00
Social Security System (OASI)	1,183,314.75	1,107,199.68
DCRP	35,000.00	25,000.00
Debt Service	9,060,628.08	8,455,510.62
Special Emergency	429,623.40	1,329,623.40
	<u>\$ 112,294,206.98</u>	<u>\$ 99,157,741.11</u>

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See accompanying notes to financial statements.

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

Sheet #1

<u>ASSETS</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
<u>Animal Control Fund</u>		
Cash	\$ 37,296.80	\$ 66,115.52
<u>General Trust Fund</u>		
Cash	4,920,546.68	4,241,873.50
Due from Current Fund		25,000.00
	<u>4,920,546.68</u>	<u>4,266,873.50</u>
<u>Insurance Trust Fund</u>		
Cash	<u>3,242,890.97</u>	<u>3,735,191.44</u>
<u>Grant Trust Fund</u>		
Cash	128,295.09	240,949.81
Grants Receivable	794,031.41	999,548.21
	<u>922,326.50</u>	<u>1,240,498.02</u>
<u>Open Space Trust Fund</u>		
Cash	<u>2,255,930.34</u>	<u>1,718,774.39</u>
<u>Assessment Trust Fund</u>		
Cash	409,333.67	465,878.06
Assessments Receivable	1,542,640.76	1,774,741.92
Assessments to be Raised by Taxation	505,126.74	505,126.74
	<u>2,457,101.17</u>	<u>2,745,746.72</u>
	<u>\$ 13,836,092.46</u>	<u>\$ 13,773,199.59</u>

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
<u>Animal Control Fund</u>		
Due to State of New Jersey	\$ 18.60	\$
Prepaid License Fees	2,265.00	1,290.00
Due to Current Fund		15,450.76
Reserve for Animal Control Fund Expenditures	<u>35,013.20</u>	<u>49,374.76</u>
	<u>37,296.80</u>	<u>66,115.52</u>
 <u>General Trust Fund</u>		
Special Deposits	<u>4,920,546.68</u>	<u>4,266,873.50</u>
 <u>Insurance Trust Fund</u>		
Reserve for Insurance Claims	<u>3,242,890.97</u>	<u>3,735,191.44</u>
 <u>Grant Trust Fund</u>		
Reserve for Grant Expenditures:		
Community Development Block Grant	581,451.03	977,616.00
Section 8 Housing	128,295.09	62,882.02
Due to General Capital Fund	<u>212,580.38</u>	<u>200,000.00</u>
	<u>922,326.50</u>	<u>1,240,498.02</u>
 <u>Open Space Trust Fund</u>		
Reserve for Open Space Expenditures	<u>2,255,930.34</u>	<u>1,718,774.39</u>
 <u>Assessment Trust Fund</u>		
Serial Bonds Payable	2,336,000.00	2,621,000.00
Assessment Overpayments	12,974.92	11,376.82
Reserve for Interest	<u>108,126.25</u>	<u>113,369.90</u>
	<u>2,457,101.17</u>	<u>2,745,746.72</u>
	<u>\$ 13,836,092.46</u>	<u>\$ 13,773,199.59</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
Cash	\$ 6,372,028.38	\$ 9,487,649.12
Interfunds Receivable	412,567.85	200,000.00
Library Grant Receivable	3,098,217.00	3,098,217.00
State Grants Receivable	580,411.46	702,181.01
Notes Receivable	200,000.00	400,000.00
Deferred Charges to Future Taxation:		
Funded	67,395,214.32	42,994,393.50
Unfunded	<u>104,509,898.86</u>	<u>110,307,388.86</u>
	<u>\$ 182,568,337.87</u>	<u>\$ 167,189,829.49</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	\$ 66,344,000.00	\$ 41,709,000.00
NJEPA Trust and Fund Loan Payable	1,051,214.32	1,285,393.50
Reserve to Pay Debt Service	261,560.12	50,000.00
Bond Anticipation Notes Payable	49,127,191.00	69,816,940.00
Improvement Authorizations:		
Funded	2,838,145.18	2,165,632.33
Unfunded	46,127,628.12	50,454,733.11
Encumbered	14,436,988.75	
Capital Improvement Fund		178,547.36
Reserve for Grants Receivable	580,411.46	702,181.01
Fund Balance	<u>1,801,198.92</u>	<u>827,402.18</u>
	<u>\$ 182,568,337.87</u>	<u>\$ 167,189,829.49</u>
 Bonds and Notes Authorized but Not Issued	 <u>\$ 55,382,707.86</u>	 <u>\$ 40,490,448.86</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - SWIMMING POOL UTILITY FUND - REGULATORY BASIS

<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
<u>Operating Fund</u>		
Cash	<u>\$ 200,685.44</u>	<u>\$ 208,638.09</u>
Deferred Charges:		
Special Emergency Authorizations (40A:4-53)	80,935.80	107,914.40
Operating Deficit	<u>44,283.00</u>	<u>107,914.40</u>
	<u>125,218.80</u>	<u>107,914.40</u>
Total Operating Fund	<u>325,904.24</u>	<u>316,552.49</u>
<u>Capital Fund</u>		
Fixed Capital	<u>523,433.15</u>	<u>523,433.15</u>
	<u>\$ 849,337.39</u>	<u>\$ 839,985.64</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Operating Fund</u>		
Appropriation Reserves:		
Unencumbered	\$ 49,506.65	\$ 13,176.30
Special Emergency Notes	80,935.80	107,914.40
Fund Balance	<u>195,461.79</u>	<u>195,461.79</u>
Total Operating Fund	<u>325,904.24</u>	<u>316,552.49</u>
<u>Capital Fund</u>		
Reserve for Amortization	<u>523,433.15</u>	<u>523,433.15</u>
	<u>\$ 849,337.39</u>	<u>\$ 839,985.64</u>

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See accompanying notes to financial statements.

TOWNSHIP OF WEST ORANGE  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN  
FUND BALANCE - SWIMMING POOL UTILITY FUND - REGULATORY BASIS

	<u>Year 2023</u>	<u>Year 2022</u>
<u>Revenue and Other Income</u>		
Fund Balance Utilized	\$	\$ 79,699.20
Membership Fees	277,965.00	335,690.00
Miscellaneous Revenue Anticipated	66,208.56	76,241.00
Other Credits to Income:		
Appropriation Reserves Lapsed	13,176.30	77,651.53
	<u>357,349.86</u>	<u>569,281.73</u>
 <u>Expenditures</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	248,059.05	225,735.68
Other Expenses	125,093.68	118,325.00
Debt Service	1,221.53	1,221.53
Deferred Charges	26,978.60	26,978.60
Statutory Expenditures	7,022.05	7,022.05
	<u>401,352.86</u>	<u>379,282.86</u>
Refund of Prior Year's Revenue	280.00	280.00
	<u>401,632.86</u>	<u>379,282.86</u>
 Excess (Deficit) in Revenue	 <u>(44,283.00)</u>	 189,998.87
 Deficit in Operations	 <u>\$ (44,283.00)</u>	
 <u>Fund Balance</u>		
Balance January 1	\$ 195,461.79	85,162.12
	<u>195,461.79</u>	<u>275,160.99</u>
 Decreased by:		
Utilized as Anticipated Revenue	<u>79,699.20</u>	79,699.20
 Balance December 31	 <u>\$ 195,461.79</u>	 <u>\$ 195,461.79</u>

See accompanying notes to financial statements.

***NOTES TO FINANCIAL STATEMENTS***

**TOWNSHIP OF WEST ORANGE**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of West Orange, Essex County, New Jersey (the "Township") was incorporated in 1863 and operates under an elected Mayor/Council form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Township of West Orange include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by the provisions of N.J.S. 40A:5-5. The financial statements, however, do not include the operations of the Municipal Library, which is a separate entity and is subject to a separate examination.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Description of Funds**

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the Township of West Orange conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are on the "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of West Orange accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Description of Funds (Continued)**

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

Swimming Pool Utility Fund - The Swimming Pool Utility maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Township of West Orange pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

Free Public Library - The Municipal Library Levy through budget appropriations and State Aid are transferred to the Free Public Library bank account and are expended with the approval of the Library for its purpose. Interest on investments, Library fines and other revenue are retained by the Library and expended therefrom. The Library is the subject of a separate report.

**Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

**Property Taxes and Other Revenue**

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Sewer Rents**

Sewer charges are levied quarterly based upon a consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e. when they are both levied and available).

**Grant Revenue**

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting (Continued)**

**Expenditures**

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create separate spending reserves.

Budget transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt are raised on the cash basis and are not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Encumbrances**

As of January 1, 1986, all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31<sup>st</sup> are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

**Appropriation Reserves**

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Compensated Absences**

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

**Property Acquired for Taxes**

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting (Continued)**

**Self-Insurance Contributions**

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

**Interfunds Receivable**

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies**

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Swimming Pool Utility is required, by regulation, to be prepared by Township personnel for inclusion on the Swimming Pool Utility Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

**Capital Fixed Assets**

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township of West Orange has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (capital fixed assets) are accounted for in the Capital Fixed Assets Account. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting (Continued)**

**Capital Fixed Assets (Continued)**

Utility:

Capital acquisitions, including utility infrastructure costs of the Swimming Pool Utility, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

**C. Basic Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township of West Orange presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**D. Recent Accounting Pronouncements Not Yet Effective**

In April 2022, the Governmental Accounting Standards Board issued GASB Statement No. 99, "Summaries/Status". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging government as, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Township does not expect this Statement to impact its financial statements.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2023, the Governmental Accounting Standards Board issued GASB Statement No. 102, "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In April 2024, the Governmental Accounting Standards Board issued GASB Statement No. 103, "Financial Reporting Model Improvements". The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

### **A. Cash and Cash Equivalents**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, ("GUDPA"), public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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 \$25,000,000.00.

The Township considers petty cash, change funds and cash in banks as cash and cash equivalents.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Cash and Cash Equivalents (Continued)**

The Township of West Orange has the following cash and cash equivalents at December 31, 2023:

	<u>2023</u>
Provident Bank - Checking Accounts	\$37,860,948.60
TD Bank - Checking Account	1,716,588.78
Change Funds	<u>650.00</u>
Total Cash and Cash Equivalents	<u>\$39,578,187.38</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2023, of the cash balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$39,078,187.38 was covered under the provisions of NJGUDPA.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Township's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2023, the Township had funds on deposit in checking accounts. The amount on deposit of the Township's Cash and Cash Equivalents as of December 31, 2023 was \$39,577,537.38. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

**B. Investments**

New Jersey P.L. 2017, c. 310 permits the Township to purchase various investments in accordance with the Township's Cash Management Plan.

**3. TAXES, SEWER AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

**3. TAXES, SEWER AND TAX TITLE LIENS RECEIVABLE (Continued)**

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

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

**Comparative Schedule of Tax Rates**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$4.598</u>	<u>\$4.437</u>	<u>\$4.354</u>	<u>\$4.284</u>	<u>\$4.161</u>
Apportionment of Tax Rate:					
Municipal	\$1.175	\$1.103	\$1.073	\$1.069	\$1.048
Municipal Open Space	0.010	0.010	0.005	0.005	0.005
County	0.530	0.530	0.558	0.552	0.537
County Open Space	0.019	0.018	0.018	0.018	0.017
School District	2.821	2.736	2.660	2.601	2.516
Library	0.043	0.040	0.040	0.039	0.038

**Assessed Valuations**

<u>Year</u>	<u>Amount</u>
2023	\$5,482,265,400.00
2022	5,515,638,100.00
2021	5,561,255,741.00
2020	5,579,119,802.00
2019	5,596,829,095.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Collections</u>
2023*	\$ 251,943,061.32	\$ 249,608,038.42	99.08%
2022*	245,371,973.64	242,348,874.56	98.77
2021*	242,291,039.54	239,409,022.46	98.81
2020*	239,584,547.74	236,121,420.83	98.55
2019*	233,689,115.40	230,985,706.65	98.84

\*Includes Special Improvement District Taxes.

**3. TAXES, SEWER AND TAX TITLE LIENS RECEIVABLE (Continued)**

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023*	\$ 82,922.16	\$ 2,335,022.90	\$ 2,417,945.06	0.96%
2022*	75,220.51	2,136,094.25	2,211,314.76	0.90
2021*	81,942.60	1,908,721.13	1,990,663.73	0.82
2020*	75,796.96	3,454,079.65	3,529,876.61	1.47
2019*	66,012.30	2,625,919.89	2,691,932.19	1.15

\*Includes Special District Taxes.

**Comparison of Sewer Utility Levies and Collections**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2023	\$10,225,125.50	\$9,294,266.76	90.90%
2022	7,181,746.99	7,459,260.90	103.86
2021	7,227,323.48	7,247,042.80	100.27

**4. SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS**

Any property within the Special Improvement District is subject to the assessment. Any property which is incorporated, if it is exclusively used for residential purposes, and tax exempt properties are not subject to the special assessment.

Special Improvement Districts are as follows:

	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
Special Improvement District 01	\$96,056,500.00	\$81,648.03	\$0.085
Special Improvement District 02	39,448,100.00	30,375.04	0.077
Special Improvement District 03	23,265,000.00	17,448.75	0.075

Total assessments for the year ending December 31, 2023 was the sum of \$158,769,600.00.

**5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2023	\$1,652,465.00
2022	1,652,465.00
2021	1,652,465.00
2020	1,652,465.00
2019	1,652,465.00

**6. SWIMMING POOL UTILITY**

Swimming Pool Utility membership fee collections for the past five (5) years are as follows:

<u>Year</u>	<u>Collections</u>
2023	\$277,965.00
2022	335,690.00
2021	289,820.00
2020	159,155.00
2019	258,095.00

**7. FUND BALANCES APPROPRIATED**

<u>Year</u>	<u>Current Fund</u>		<u>Swimming Pool Utility</u>	
	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2023	\$6,045,641.35	\$3,908,146.03	\$195,461.79	\$70,242.99
2022	5,773,206.96	3,758,966.37	195,461.79	-
2021	5,526,349.64	3,024,764.00	85,162.12	79,699.20
2020	7,841,013.09	4,276,678.57	41,932.07	41,932.07
2019	5,529,855.99	2,402,754.05	54,799.55	13,052.87

**8. PENSION PLANS**

**Description of Systems**

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the Township's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Specific information on actuarial assumptions and rates of return can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

## 8. PENSION PLANS (Continued)

### Description of Systems (Continued)

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

	PERS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$ 8,493,961	\$ N/A	\$ N/A
Total Payroll	28,759,131		
Actuarial Contribution			
Requirements	1,406,318		
Total Contributions	2,006,332		
Employer Share	1,362,942		
% of Covered Payroll	16.05%		
Employee's Share	643,390		
% of Covered Payroll	7.57%		
	PFRS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$20,265,170	\$ N/A	\$ N/A
Total Payroll	28,759,131		
Actuarial Contribution			
Requirements	7,753,615		
Total Contributions	9,680,894		
Employer Share	7,650,306		
% of Covered Payroll	37.75%		
Employee's Share	2,030,588		
% of Covered Payroll	10.02%		

### **Assumptions**

The collective total PERS pension liability for June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS. The pension liability was rolled forward to June 30, 2023. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases of 2.75% to 6.55% for PERS based on years of service and an investment rate of return of 7.00%.

The collective total PFRS pension liability for June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PFRS. The pension liability was rolled forward to June 30, 2023. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through all future years 3.25% to 16.25% for PFRS based on years of service and an investment rate of return of 7.00%.

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

## 8. PENSION PLANS (Continued)

### **Assumptions (Continued)**

For PFRS, 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 discount rate used to measure the total pension liability was 7.00% for PERS and 7.00% for PFRS as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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. More information on mortality rates and other assumptions, and investment policies, can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

### **Public Employees' Retirement System:**

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

### **Significant Legislation**

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

**8. PENSION PLANS (Continued)**

***Public Employees' Retirement System: (Continued)***

**Significant Legislation (Continued)**

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the Township's proportionate share of the Collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Township's Proportionate Share of the Collective PERS  
Net Pension Liability to Changes in the Discount Rate**

	At 1% Decrease <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2023	<u>\$20,007,442</u>	<u>\$15,369,210</u>	<u>\$11,421,462</u>
	At 1% Decrease <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2022	<u>\$21,084,044</u>	<u>\$16,411,558</u>	<u>\$12,435,084</u>

**Special Funding Situation**

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed 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 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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers:

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$15,240,719.00	\$16,273,736.00
Nonemployer Proportional Share of the Net Pension Liability	<u>128,491.00</u>	<u>137,822.00</u>
	<u>\$15,369,210.00</u>	<u>\$16,411,558.00</u>

**8. PENSION PLANS (Continued)**

**Police and Firemen's Retirement System:**

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- . The annual benefit under special retirement for new PFRS members enrolled after June 28<sup>th</sup>, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

The following presents the Township's proportionate share of the Collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate of one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Township's Proportionate Share of the Collective PFRS  
Net Pension Liability to Changes in the Discount Rate**

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
2023	<u>\$106,187,866</u>	<u>\$76,211,878</u>	<u>\$51,249,008</u>
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
2022	<u>\$104,947,498</u>	<u>\$76,486,324</u>	<u>\$52,792,259</u>

**8. PENSION PLANS (Continued)**

**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 that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers:

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$64,353,920.00	\$64,930,584.00
Nonemployer Proportional Share of the Net Pension Liability	<u>11,857,958.00</u>	<u>11,555,740.00</u>
	<u>\$76,211,878.00</u>	<u>\$76,486,324.00</u>

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2023 and 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2023 and 2022, respectively.

Following is the total of the Township's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2023:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$15,240,719	\$64,930,584
Deferred Outflow of Resources	249,387	10,434,311
Deferred Inflow of Resources	1,919,095	8,653,080
Pension Expense/(Benefit)	(610,150)	3,982,797
Contributions Made After Measurement Date	1,406,318	7,753,615

**8. PENSION PLANS (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2023 and 2022. The Township's proportionate share of the collective net pension liability as of June 30, 2023 and 2022 was .1052% and .1078% for PERS and .5825% and .5673% for PFRS, respectively.

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

At June 30, 2023, the amount determined as the Township's proportionate share of the PERS net pension liability was \$15,240,719. For the year ended June 30, 2023, the Township would have recognized PERS pension (benefit) of \$(610,150). At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 145,721	\$ 62,299
Change of Assumptions	33,481	923,653
Net Difference Between Projected and Actual Investment Earnings	70,185	
Net Change in Proportions		933,143
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>1,406,318</u>	
	<u>\$1,655,705</u>	<u>\$1,919,095</u>

At June 30, 2023, the amount determined as the Township's proportionate share of the PFRS net pension liability was \$64,390,584. For the year ended June 30, 2023, the Township would have recognized PFRS pension expense of \$3,982,797. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 2,755,506	\$3,069,111
Change of Assumptions	138,898	4,345,432
Net Difference Between Projected and Actual Investment Earnings	3,277,423	
Net Change in Proportions	4,262,484	1,238,537
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>7,753,615</u>	
	<u>\$18,187,926</u>	<u>\$8,653,080</u>

**8. PENSION PLANS (Continued)**

**Long-Term Expected Rate of Return**

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

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

**Contributions Required and Made**

Contributions made by employees for PERS and PFRS are currently 7.50% and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Township</u>	<u>Employee</u>	<u>Township</u>	<u>Employee</u>
2023	\$1,362,942.00	\$643,390.00	\$7,650,306.00	\$2,030,588.00
2022	1,309,624.00	N/A	6,259,557.00	N/A
2021	1,245,397.00	N/A	6,123,649.00	N/A

## 9. **DEFINED CONTRIBUTION RETIREMENT PROGRAM**

### **Description of System**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the minimum base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

### **Contributions Required and Made**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. The employer contribution is 4.05% which includes a member contribution match of 3.0%, Group Life Insurance is .74% of gross wages and Long-Term Disability is .31% of gross wages. Contributions to the plan for the past year is as follows:

<u>Year</u>	<u>Township</u>	<u>Employees</u>
2023	\$35,000.00	\$18,586.34

**10. POST-RETIREMENT BENEFITS OTHER THAN PENSION (MOST RECENT DATA AVAILABLE)**

**Township's OPEB Plan**

**General Information about the OPEB Plan**

The Township provides a single employer post-employment health benefits plan for its employees and retirees through a single employer defined benefit healthcare plan. The Township followed the accounting provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. This statement established guidelines for reporting costs associated with "other post-employment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their spouses have accrued as a result of their respective years of employment service.

*Plan Description and Benefits Provided* - The Township's post-employment healthcare benefit plan provides health benefits to all retired Township employees who have at least 25 years of service with the Township at the time of retirement and their dependents. The Plan is a comprehensive health benefits plan, which pays for hospital services, doctor expenses and other medical related necessities, which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The Plan is not a separate entity or trust and does not issue stand-alone financial statements.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Total OPEB Liability**

The Township's total OPEB liability of \$192,737,058.00 and \$214,859,678.00 was measured as of December 31, 2022 and 2021, respectively and was determined by an actuarial valuation as of those dates. The December 31, 2022 valuation was based on 371 participants receiving retiree benefits and 275 active participants while the December 31, 2021 valuation was also based on 340 participants receiving retiree benefits and 300 active participants.

**Actuarial Methods and Assumptions**

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

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.

2022	
Discount Rate	3.72%
Healthcare Cost Trend Rate	Range from 4.5% to 5.5%
Retirees' Share of Benefit-Related Costs	Subject to the Requirements of Chapter 78

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

2021	
Discount Rate	2.06%
Healthcare Cost Trend Rate	Range from 4.5% to 5.3%
Retirees' Share of Benefit-Related Costs	Subject to the Requirements of Chapter 78

**10. POST-RETIREMENT BENEFITS OTHER THAN PENSION (Continued)**

**Actuarial Methods and Assumptions (Continued)**

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement. Turnover rates were based on NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility. Medical Cost Aging Factor rates were based on NJ SHBP Medical Morbidity Rates.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at December 31, 2021	<u>\$214,859,678.00</u>
Annual Required Contribution (Annual OPEB Cost):	
Service Cost	2,039,632.00
Interest on Total OPEB Liability	4,401,084.00
Difference Between Expected and Actual Experience	(16,054,616.00)
Changes in Assumptions	(5,999,857.00)
Benefit Payments, Including Employee Refunds	<u>(6,508,863.00)</u>
Net Changes	<u>(22,122,620.00)</u>
Balance at December 31, 2022	<u>\$192,737,058.00</u>

	<u>Total OPEB Liability</u>
Balance at December 31, 2020	<u>\$222,659,719.00</u>
Annual Required Contribution (Annual OPEB Cost):	
Service Cost	3,365,041.00
Interest on Total OPEB Liability	4,724,621.00
Changes in Assumptions	(9,559,168.00)
Benefit Payments, Including Employee Refunds	<u>(6,330,535.00)</u>
Net Changes	<u>(7,800,041.00)</u>
Balance at December 31, 2021	<u>\$214,859,678.00</u>

*Sensitivity of the total OPEB liability to changes in the discount rate* - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate if GASB 75 were recognized:

	<u>June 30, 2022</u>		
	<u>1% Decrease (2.72%)</u>	<u>At Discount Rate (3.72%)</u>	<u>1% Increase (4.72%)</u>
Total OPEB Liability	\$214,611,596.00	\$192,737,058.00	\$175,063,375.00

**10. POST-RETIREMENT BENEFITS OTHER THAN PENSION (Continued)**

**Changes in the Total OPEB Liability (Continued)**

	June 30, 2021		
	1% Decrease (1.06%)	At Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB Liability	\$243,421,490.00	\$214,859,678.00	\$192,291,172.00

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates if GASB 75 were recognized:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$176,748,153.00	\$192,737,058.00	\$212,408,146.00

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$194,471,819.00	\$214,859,678.00	\$240,395,219.00

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended December 31, 2022 and 2021, if GASB 75 were recognized, the Township would have recognized OPEB expense of \$6,498,493.00 and \$10,425,323.00, respectively.

**State of New Jersey's Health Benefit Local Government Retired Employees Plan**

**General Information about the OPEB Plan**

*Plan Description* - The State Health Benefit Local Government Retired Employees Plan (the "Plan") is a cost-sharing multiple employer defined benefit other post-employment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Post-Employment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

**10. POST-RETIREMENT BENEFITS OTHER THAN PENSION (Continued)**

**State of New Jersey’s Health Benefit Local Government Retired Employees Plan (Continued)**

**General Information about the OPEB Plan (Continued)**

Further, the law provides that the employer paid obligations for retiree coverage ay be determined by means of a collective negotiations agreement.

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

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

**Plan Membership and Contributing Employers**

Plan membership and contributing employers/non-employers consisted of the following at June 30, 2022:

	<u>June 30, 2022</u>
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	33,684
Active Plan Members	<u>65,360</u>
Total	<u><u>99,044</u></u>
Contributing Employers	590
Contributing Nonemployers	1

*Nonspecial Funding Situation* - The State of New Jersey’s Total OPEB Liability for nonspecial funding situation was \$12,775,785,891.00 at June 30, 2022.

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

	<u>June 30, 2022</u>
Total OPEB Liability	\$16,090,925,144.00
Plan Fiduciary Net Position (Deficit)	<u>(58,670,334.00)</u>
Net OPEB Liability	<u><u>\$16,149,595,478.00</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%

*Actuarial Assumptions and Other Inputs* - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to 2021 in the measurement:

**10. POST-RETIREMENT BENEFITS OTHER THAN PENSION (Continued)**

**Plan Membership and Contributing Employers (Continued)**

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS):	
Rate for All Future Years	2.75% to 6.55%
	Based on Years of Service
Police and Firemen's Retirement System (PFRS):	
Rate for All Future Years	3.25% to 16.25%
	Based on Years of Service

**Mortality:**

PERS	Pub-2010 General Classification Headcount Weighted Mortality with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021
PFRS	Pub-2010 General Classification Headcount Weighted Mortality with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021

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

Preretirement and post-retirement mortality rates were based on the Pub-2010 general classification headcount-weighted mortality with fully generational mortality improvement projections from the central year using the MP-2021 scale.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

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

*Sensitivity of the Township's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate* - The following presents the Township's proportionate share of the net OPEB liability as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Township's Proportionate Share of the Net OPEB Liability	\$42,344,557.38	\$36,529,080.00	\$31,849,984.33

*Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

**10. POST-RETIREMENT BENEFITS OTHER THAN PENSION (Continued)**

**Plan Membership and Contributing Employers (Continued)**

	<u>At 1% Decrease</u>	<u>At Current Healthcare Trend Rate</u>	<u>At 1% Increase</u>
Township's Proportionate Share of the Net OPEB Liability	\$30,988,718.32	\$36,529,080.00	\$43,624,723.21

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14, and 8.04 years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

*Special Funding Situation* - The State of New Jersey's Total OPEB Liability for special funding situation was \$3,489,093,208.00 at June 30, 2023.

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation.

The amounts of the State's Non-Employer OPEB Liability that are attributable to employees and retirees of the Township of West Orange was \$28,709,550.00 (162 members) at June 30, 2023. These allocated liabilities represent .822837% of the State's total Non-Employer OPEB Liability for June 30, 2023. The OPEB Expense attributed to the Township was (\$5,205,603.00) at June 30, 2023.

**11. MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Pursuant to N.J.S.A. 40A:2-8.1, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

**11. MUNICIPAL DEBT (Continued)**

**Summary of Municipal Debt (Excluding Current and Operating Debt)**

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 115,471,191.00	\$ 111,525,940.00	\$ 105,926,126.00
Loans Payable	<u>1,051,214.32</u>	<u>1,285,393.50</u>	<u>1,656,895.51</u>
	116,522,405.32	112,811,333.50	107,583,021.51
 <u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	<u>55,382,707.86</u>	<u>40,490,448.86</u>	<u>35,532,607.86</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 171,905,113.18</u>	<u>\$ 153,301,782.36</u>	<u>\$ 143,115,629.37</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.391%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 12,743,000.00	\$12,743,000.00	\$
General Debt	<u>171,905,113.18</u>	<u>2,435,000.00</u>	<u>169,470,113.18</u>
	<u>\$184,648,113.18</u>	<u>\$15,178,000.00</u>	<u>\$169,470,113.18</u>

Net Debt, \$169,470,113.18 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$7,087,678,609.33 equals 2.391%.

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

3 1/2% of Equalized Valuation Basis	\$ 248,068,751.33
Net Debt	<u>169,470,113.18</u>
Remaining Borrowing Power	<u>\$ 78,598,638.15</u>

**School Debt Deductions**

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

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

**11. MUNICIPAL DEBT (Continued)**

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

**General Obligation Bonds**

\$13,770,000, 2016 General Improvement Bonds and 2016 Open Space Bonds, due in annual installments of \$1,118,000 to \$1,235,000 through February 2028, interest at 2.00%.	\$ 6,055,000.00
\$8,850,000, 2017 General Improvement Bond, due in annual installments of \$820,000 to \$910,000 through February 2028, interest at 2.00% to 2.75%.	4,320,000.00
\$3,621,000, 2016 Special Assessment Bond, due in annual installments of \$240,000 to \$276,000 through February 2031, interest at 2.00% to 2.25%.	2,066,000.00
\$550,000, 2017 Special Assessment Bond, due in annual installments of \$50,000 to \$55,000 through February 2028, interest at 2.00% to 2.75%.	270,000.00
\$7,621,000, 2019 General Improvement Bonds, due in annual installments of \$675,000 to \$766,000 through August 2030, interest at 2.00%.	5,031,000.00
\$6,691,000, 2020 General Improvement Bonds, due in annual installments of \$585,000 to \$616,000 through July 2032, interest at 2.00%.	5,161,000.00
\$3,980,000, 2021 Refunding Bonds, due in annual installments of \$795,000 through May 2026, interest at 4.00%.	2,385,000.00
\$6,300,000, 2021 General Obligation Refunding Bonds, due in annual installments of \$275,000 to \$330,000 through March 2050, interest at 2.00% to 3.00%.	5,970,000.00
\$9,107,000, 2021 General Improvement Bonds, due in annual installments of \$510,000 to \$657,000 through July 2037, interest at 2.00%.	8,117,000.00
\$21,390,000, 2023 General Improvement Bonds, due in annual installments of \$930,000 to \$1,860,000 through February, 2037, interest at 4.00% to 5.00%.	21,390,000.00
\$7,915,000, 2023 General Improvement Bonds, due in annual installments of \$390,000 to \$775,000 through January 2036, interest at 3.125% to 5.00%.	<u>7,915,000.00</u>
	<u>\$68,680,000.00</u>

**11. MUNICIPAL DEBT (Continued)**

A Schedule of Annual Debt Service for principal and interest for bonded debt is as follows:

Calendar Year	General	
	Principal	Interest
2024	\$ 6,285,000.00	\$ 2,233,303.75
2025	6,485,000.00	1,974,635.75
2026	6,590,000.00	1,789,917.00
2027	6,370,000.00	1,599,067.00
2028-2032	23,228,000.00	5,332,590.25
2033-2037	16,212,000.00	1,887,829.00
2038-2042	1,165,000.00	419,857.50
2043-2047	1,385,000.00	247,368.75
2048-2050	960,000.00	43,800.00
	<u>\$68,680,000.00</u>	<u>\$15,528,369.00</u>

The interest reflected above is on the cash basis for all funds.

**New Jersey Environmental Trust and Fund Loans**

On November 7, 2002, the Township of West Orange entered into a program, New Jersey Environmental Trust 2002A, for Capital Acquisitions of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$385,000.00 is being amortized over 20 years at 4.00% - 5.25% per annum, payable semiannually. The Fund Loan of \$338,473.72 is being amortized over twenty (20) years and is an interest-free loan. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal of and interest on the agreement.

On October 25, 2005, the Township entered into a program, New Jersey Environmental Trust 2005, for Storm Drainage Improvements. The Trust Loan Series 2005A of \$1,145,000.00 is being amortized over 20 years at 4.00% - 5.00% per annum, payable semiannually. The Fund Loan of \$1,064,001.37 is being amortized over twenty (20) years, interest-free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest.

On October 24, 2006, the Township entered into a program, New Jersey Environmental Trust, 2006 for Capital Acquisitions of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$210,000.00 is being amortized over twenty (20) years at 4.00% - 5.00% per annum, payable semiannually. The Fund Loan of \$567,187.84 is being amortized over twenty (20) years, interest-free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest.

On October 25, 2010, the Township entered into a program, New Jersey Environmental Trust, 2010 for Capital Improvements of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$270,000.00 is being amortized over twenty (20) years at 3.00% - 5.00% per annum, payable semiannually. The Fund Loan of \$276,469.00 is being amortized over twenty (20) years, interest-free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest. It is noted that the Trust Loan was reduced by \$552,937.00 due to funding through the American Resource Recovery Act.

On October 24, 2015, the Township entered into a program, New Jersey Environmental Trust, 2015 for Capital Acquisitions of the Joint Meeting of Essex and Union Counties, of which it is a member. The Trust Loan of \$300,000.00 is being amortized over twenty (20) years at 4.00% - 5.00% per annum, payable semiannually. The Fund Loan of \$681,321 is being amortized over twenty (20) years, interest-free. This agreement represents a general obligation of the Township, which the Township has pledged its full faith and credit for the payment of the principal and interest.

**11. MUNICIPAL DEBT (Continued)**

**New Jersey Environmental Trust and Fund Loans (Continued)**

The Township's principal and interest for New Jersey Environmental Trust and Fund Loans outstanding as of December 31, 2023 is as follows:

<u>Year</u>	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 198,773.88	\$20,417.03
2025	197,699.63	15,568.38
2026	129,157.07	10,797.04
2027	90,908.90	29,080.00
2028-2032	351,371.28	5,400.00
2033-2034	120,702.44	2,800.00
	<u>\$1,088,613.20</u>	<u>\$84,062.45</u>

**Special Emergency Notes**

The outstanding Special Emergency Note in the Current Fund is summarized as follows:

<u>Issuance Date</u>	<u>Interest Rate</u>	<u>Amount</u>
November 8, 2023	6.50%	\$1,369,806.00
November 8, 2023	5.00%	1,348,000.00
December 27, 2023	5.32%	4,000,000.00
		<u>\$6,717,806.00</u>

**Bond Anticipation Notes**

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	4.00%	<u>\$11,745,000.00</u>
General Capital Fund	5.00%	<u>\$37,382,191.00</u>

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

<u>Original Notes Issued</u>	<u>Legal Installments Due</u>	<u>Permanent Funding Required as of May 1</u>
2020	2023 - 2030	2031
2021	2024 - 2031	2032
2022	2025 - 2032	2033
2023	2026 - 2033	2034

**11. MUNICIPAL DEBT (Continued)**

**Bonds and Notes Authorized but Not Issued**

	Balance <u>Dec. 31, 2023</u>
General Capital Fund:	
General Improvements	\$55,382,707.86

**12. LEASES**

In June 2017, the Governmental Accounting Standards Board issued GASB No. 87, Leases. The Township has commitments to lease various municipal vehicles under operating leases. Total Future minimum lease payments are \$1,052,805.81.

**13. SUBSCRIPTION LEASES**

In June 2022, Statement No. 96, Subscription-Based Information Technology Arrangements was implemented providing municipalities guidance on the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) for government end users. Under this new guidance, the Township must disclose and report any SBITAs in excess of one year with the following information. A general description of its SBITAs, including the basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability; principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The Township of West Orange has reviewed all their SBITAs and determined that they are all considered short-term and require no disclosure under GASB Statement No. 96.

**14. CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

<u>Governmental Activities</u>	<u>Balance Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance Dec. 31, 2023</u>
Land	\$25,925,854.00	\$	\$	\$25,925,854.00
Buildings and Improvements	17,429,909.86			17,429,909.86
Vehicles and Equipment	<u>30,293,412.29</u>	<u>3,626,395.61</u>		<u>33,919,807.90</u>
	<u>\$73,649,176.15</u>	<u>\$3,626,395.61</u>	<u>\$ -</u>	<u>\$77,275,571.76</u>

<u>Governmental Activities</u>	<u>Balance Dec. 31, 2021</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance Dec. 31, 2022</u>
Land	\$25,925,854.00	\$	\$	\$25,925,854.00
Buildings and Improvements	17,429,909.86			17,429,909.86
Vehicles and Equipment	<u>28,580,226.46</u>	<u>1,713,185.83</u>		<u>30,293,412.29</u>
	<u>\$71,935,990.32</u>	<u>\$1,713,185.83</u>	<u>\$ -</u>	<u>\$73,649,176.15</u>

**15. INTERFUND RECEIVABLES AND PAYABLES**

As of December 31, 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$	\$3,386,033.38
Federal and State Grant Fund	3,186,045.91	
Grant Trust Fund		212,580.38
General Capital Fund	<u>412,567.85</u>	
	<u>\$3,598,613.76</u>	<u>\$3,598,613.76</u>

**16. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, the following deferred charges are shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2023	2024 Budget Appropriation	Raised in Subsequent Budget
Current Fund:			
Special Emergency Appropriation: (N.J.S. 40A:4-53)	\$ 200,000.00	\$ 200,000.00	\$
Special Emergency Appropriation: (N.J.S. 40A:4-55.3)	288,000.00	144,000.00	144,000.00
Special Emergency Appropriation: (N.J.S. 40A:4-55.3)	1,153,977.45	429,623.40	724,354.05
Special Emergency Appropriation: (N.J.S. 40A:4-55.3)	300,000.00	100,000.00	200,000.00
Special Emergency Appropriation: (N.J.S. 40A:4-55.3)	760,000.00	190,000.00	570,000.00
Special Emergency Appropriation: (N.J.S. 40A:4-55.3)	1,500,000.00	300,000.00	1,200,000.00
Special Emergency Appropriation: (N.J.S. 40A:4-55.3)	2,500,000.00	500,000.00	2,000,000.00
Current Fund:			
Special Emergency Appropriation	31,243.02	25,000.00	6,243.02

**17. DEFERRED COMPENSATION PLAN**

The Township offers its employees a Deferred Compensation Plan (the "DC Plan") created in accordance with Internal Revenue Code Section 457. The DC Plan is administered by Corebridge Financial. The DC Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The Township adopted necessary changes to the DC Plan as required by the Economic Growth and Tax Reform Act of 2001 by Resolution #9834-02.

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property rights of the Township subject only to the claims of the Township's general creditors. As a result, the deferred compensation investments are no longer reported in the Township financial statements.

**18. RISK MANAGEMENT**

The Township of West Orange is a member of the Garden State Municipal Joint Insurance Fund with respect to General Liability, Property, Workers' Compensation and Employer Liability.

**19. TAX ABATEMENTS**

Under GASB Statement No. 77, a tax abatement is a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. In such circumstances, financial statement disclosures are required.

As of December 31, 2023, the Township provides tax abatements through various PILOT, credit and other incentive programs, including those authorized by other entities such as the State.

**19. TAX ABATEMENTS (Continued)**

The amount of taxes abated for the year ended December 31, 2023 are as follows:

<u>Recipient</u>	<u>Purpose</u>	<u>Amount Abated</u>
Woscha Renna House	Affordable Housing	\$1,126,751.01
Jewish Federation Plaza	Affordable Housing	1,011,331.62
Eagle Rock Senior Citizen Housing	Affordable Housing	915,465.17
Woodland Valley	Affordable Housing	318,861.08
St. Barnabas	Commercial/Industrial	136,692.46
DGP Urban Renewal Prism CP	Other	(36,938.68)
Valley Road Residential Urban Renewal LLC	Other	203,655.20
		<u>\$3,675,817.86</u>

**20. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED**

The Township has established a Volunteer Length of Service Award Plan (“LOSAP”) (the “Plan”) to ensure retention of the Township’s Volunteer First Aid and Fire Department Squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code.

**Annual Contributions** - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service.

**Appropriations** - Appropriations for the purpose of funding the Township’s LOSAP shall be included as a separate line item in the Township’s budget.

**Periodic Increases** - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the “consumer price index factor” pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

**Criteria for Eligibility; Contributions; Points** - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member’s performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

**Determination as to Eligibility** - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate at each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Council as to such active member’s eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

**Terms of Participation** - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

**20. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED (Continued)**

**Vesting** - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

**Termination of Service** - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

**Reporting Requirements** - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

**21. CONTINGENT LIABILITIES**

**A. Compensated Absences**

The Township of West Orange has various labor contracts with their employee unions. Payment of accrued sick time varies with each labor agreement and date of employment.

It is estimated that the sum of \$11,281,283.16 computed internally at the 2022 salary rates would be payable to officials and employees of the Township of West Orange as of December 31, 2022 for accumulated sick days and unused vacation days. This amount was not updated for 2023.

The above amount represents a contingent liability and is not reflected on the financial statements. The amount has been calculated by management and is unaudited.

**B. Tax Appeals**

There are 171 tax appeals pending before the New Jersey Tax Court and the Essex County Board of Taxation, not one of which has the potential to cause a significant adverse effect to the Township.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Township to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

**C. Federal and State Awards**

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2023 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

**21. CONTINGENT LIABILITIES (Continued)**

**D. Arbitrage Rebate Calculation**

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

**E. Payments in Lieu of Taxes (PILOT)**

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

**F. Litigation**

The Township's Attorney letter indicated that there is no litigation pending that could have a material financial impact on the Township.

**22. SECONDARY MARKET DISCLOSURE**

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

**23. SUBSEQUENT EVENTS**

The Township of West Orange has evaluated subsequent events that occurred after the balance sheet date, but before February 11, 2025. No items were determined to require disclosure.

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**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION**

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March \_\_\_\_, 2026

Mayor and Township Council  
of the Township of West Orange  
West Orange, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Council of the Township of West Orange, in the County of Essex, a municipal corporation organized and existing under the laws of the State of New Jersey (the "Township"), and other proofs submitted to us relative to the authorization, issuance, sale, execution and delivery of the \$11,287,392 principal amount of Bond Anticipation Notes, Series 2026 (the "Notes") of the Township. The Notes are dated March 18, 2026, mature March 17, 2027, and bear interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_\_% ) per annum.

The Notes are issued in fully registered book-entry form, without certificates, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC Participants, which will, in turn, remit such payments to the beneficial owners of the Notes. The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are authorized by, and are issued pursuant to: (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); and (ii) a bond ordinance duly adopted by the Township Council of the Township on March 19, 2019, approved by the Mayor, and published as required by law (the "Ordinance").

The Notes are being issued to refund, on a current basis, an \$11,287,392 portion of prior bond anticipation notes issued in the aggregate principal amount of \$11,439,928 on March 20, 2025 and maturing on March 19, 2026 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the Township with a 2026 budgetary appropriation in the amount of \$152,536).

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Notes pursuant to, as applicable, the Local Bond Law and the Ordinance, (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the Township, which are enforceable in accordance with their terms, and (iii) the Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Township has covenanted in a tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the provisions of the Code and the aforementioned covenants and representations in its tax certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state, local or foreign tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

I, JOHN C. DITINYAK, Chief Financial Officer of the Township of West Orange, in the County of Essex (the "Township"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of \$11,287,392 Bond Anticipation Notes, Series 2026 (the "Notes"), dated March 18, 2026 and maturing March 17, 2027, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to [www.emma.msrb.org](http://www.emma.msrb.org), of any of the following events with respect to the Notes and/or the Township herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the Township other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

*"Financial Obligation"* shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *"Financial Obligation"* shall not include municipal securities as to which a final official statement has been provided to the MSRB, through the EMMA system, consistent with the Rule.

If the Township (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the Township shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days.

The Township's obligations under this Certificate shall terminate upon the redemption, defeasance or payment in full of the Notes.

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its

obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Township, the purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, LLC. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township this \_\_\_\_\_ day of March, 2026.

**TOWNSHIP OF WEST ORANGE,  
IN THE COUNTY OF ESSEX,  
STATE OF NEW JERSEY**

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**JOHN C. DITINYAK,  
Chief Financial Officer**

**Acknowledged and Accepted by:**

**DIGITAL ASSURANCE CERTIFICATION, LLC  
as Dissemination Agent**

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**Authorized Signatory**