

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2026

NEW ISSUE

**S&P Global: “SP-1+”
(See “RATING” herein)**

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

**TOWNSHIP OF MOUNT OLIVE,
IN THE COUNTY OF MORRIS, NEW JERSEY
\$19,500,000 BOND ANTICIPATION NOTES, SERIES 2026**

consisting of:

**\$16,222,750 General Improvement Bond Anticipation Note,
\$3,111,000 Water/Sewer Utility Bond Anticipation Note and
\$166,250 Recreation Utility Bond Anticipation Note
(Book-Entry-Only) (Non-Callable)**

Interest Rate: ___ %

Yield: ___ %

CUSIP*: _____

Dated: Date of Delivery

Due: May 5, 2027

The \$19,500,000 Bond Anticipation Notes, Series 2026, consisting of the \$16,222,750 General Improvement Bond Anticipation Note (the “General Improvement Note”), the \$3,111,000 Water/Sewer Utility Bond Anticipation Note (the “Water/Sewer Utility Note”) and the \$166,250 Recreation Utility Bond Anticipation Note (the “Recreation Utility Note”; and together with the General Improvement Note and the Water/Sewer Utility Note, the “Notes”), are being issued by the Township of Mount Olive, in the County of Morris, New Jersey (the “Township”), and will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See “BOOK-ENTRY-ONLY SYSTEM” herein. The principal of and interest on the Notes will be paid on the maturity date to DTC by the Township or its designated paying agent. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes are not subject to redemption prior to their stated maturity date. See “THE NOTES – Redemption” herein.

The Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Township without limitation as to rate or amount.

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

The Notes will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by Jonathan Testa, Esq., Boonton, New Jersey, Township Attorney. 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. It is expected that the Notes will be available for delivery through the facilities of DTC in Brooklyn, New York, on or about May 6, 2026.

**BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE
ON WEDNESDAY, APRIL 22, 2026. FOR MORE DETAILS ON HOW TO BID,
VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes, and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**TOWNSHIP OF MOUNT OLIVE,
IN THE COUNTY OF MORRIS, NEW JERSEY**

MAYOR

Joe Nicaastro

TOWNSHIP COUNCIL

Alex Roman, Council President
Chuck Aaron, Council Vice President
John Ferrante
Colleen Labow
Mary Lalama
John Mania
Raffaele Ruggiero

BUSINESS ADMINISTRATOR

Andrew Tatarenko

CHIEF FINANCIAL OFFICER

Joseph Kolodziej

TOWNSHIP ATTORNEY

Jonathan Testa, Esq.
Dorsey & Semrau LLC
Boonton, New Jersey

INDEPENDENT AUDITOR

PKF O'Connor Davies, LLP
Woodcliff Lake, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

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

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

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

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

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

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

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

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF MOUNT OLIVE,
IN THE COUNTY OF MORRIS, NEW JERSEY**

RELATING TO THE

**\$19,500,000 BOND ANTICIPATION NOTES, SERIES 2026
consisting of:
\$16,222,750 General Improvement Bond Anticipation Note,
\$3,111,000 Water/Sewer Utility Bond Anticipation Note and
\$166,250 Recreation Utility Bond Anticipation Note**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Mount Olive (the “Township”), in the County of Morris (the “County”), State of New Jersey (the “State”), in connection with the sale and issuance of its \$19,500,000 Bond Anticipation Notes, Series 2026, consisting of the \$16,222,750 General Improvement Bond Anticipation Note (the “General Improvement Note”), the \$3,111,000 Water/Sewer Utility Bond Anticipation Note (the “Water/Sewer Utility Note”) and the \$166,250 Recreation Utility Bond Anticipation Note (the “Recreation Utility Note”; and together with the General Improvement Note and the Water/Sewer Utility Note, the “Notes”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement 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 this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE NOTES

General Description

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (except for any necessary odd denomination) through book-entries made on the books and records of DTC and its participants. The Notes are issuable as fully registered book-entry obligations. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity.

Redemption

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

BOOK-ENTRY-ONLY SYSTEM*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each series of the Notes in the aggregate principal amount 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 an S&P Global rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

* Source: The Depository Trust Company.

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

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

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

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

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

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

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

THE INFORMATION CONTAINED IN THIS SECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE TOWNSHIP MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTE HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE NOTES; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE NOTES. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

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

Discontinuation of Book-Entry-Only System

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

AUTHORIZATION AND PURPOSE OF NOTES

The Notes have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the “Local Bond Law”), and the bond ordinances adopted by the Township referred to in the charts below. The bond ordinances authorizing the Notes were published in full or in summary after their 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 periods for the bond ordinances have concluded as of the date of this Official Statement.

Proceeds from the sale and issuance of the Notes will be used to: (i) temporarily finance various capital improvements in the amount of \$19,500,000 in and for the Township; and (ii) pay the costs associated with the authorization, sale and issuance of the Notes.

General Improvement Note

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount of Notes Being Issued |
|--------------------------------|--|-------------------------------------|
| 4-20 | Various capital improvements, finally adopted March 3, 2020. | \$147,260 |
| 3-21 | Various capital improvements, finally adopted March 9, 2021. | 182,352 |
| 7-22 | Various capital improvements, finally adopted April 5, 2022. | 1,542,975 |
| 7-23, as supplemented by 23-25 | Various improvements, finally adopted March 7, 2023 and supplemented September 16, 2025. | 1,137,488 |
| 7-24 | Various improvements, finally adopted March 5, 2024. | 1,123,095 |
| 15-24 | Fire truck overhaul improvements, finally adopted May 14, 2024. | 61,750 |
| 8-25 | Various capital improvements, finally adopted April 4, 2025. | 3,944,125 |
| 16-25 | Radio improvements, finally adopted June 17, 2025. | 66,500 |
| 23-25 | Construction of a Health and Wellness Center, finally adopted September 16, 2025. | 500,000 |
| 8-26 | Various capital improvements, finally adopted March 10, 2026. | <u>7,517,205</u> |
| | TOTAL GENERAL IMPROVEMENT NOTE: | <u>\$16,222,750</u> |

Water/Sewer Utility Note

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount of Notes Being Issued |
|------------------------------|---|-------------------------------------|
| 7-19 | Various capital improvements to the water/sewer utility, finally adopted March 5, 2019. | \$71,650 |
| 5-20 | Various improvements to the water/sewer utility, finally adopted March 3, 2020. | 130,000 |
| 4-21 | Various improvements to the water/sewer utility, finally adopted March 9, 2021. | 214,300 |
| 6-22 | Various improvements to the water/sewer utility, finally adopted March 8, 2022. | 114,800 |
| 7-25 | Various water/sewer utility improvements, finally adopted March 4, 2025. | 475,000 |

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount of Notes Being Issued |
|------------------------------|--|-------------------------------------|
| 24-25 | Well house rehabilitation at Sand Shore Road and water line replacement at Glenside Drive, finally adopted October 14, 2025. | 400,000 |
| 9-26 | Various water/sewer utility improvements, finally adopted March 10, 2026. | <u>1,705,250</u> |
| | TOTAL WATER/SEWER UTILITY NOTE: | <u>\$3,111,000</u> |

Recreation Utility Note

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount of Notes Being Issued |
|------------------------------|--|-------------------------------------|
| 3-26 | Various recreation utility improvements, finally adopted March 10, 2026. | \$166,250 |
| | TOTAL RECREATION UTILITY NOTE: | <u>\$166,250</u> |

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Township without limitation as to rate or amount.

RESILIENCY PLANNING

Weather Related Matters

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods 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.

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not

limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of the Township, as annually determined by the State Director of Taxation, is shown in Appendix "A".

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

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

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

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

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

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

The Township is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law.

Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

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

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

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

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, drainage

map preparation for flood control purposes and contractually required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under legislation enacted to address the COVID-19 pandemic, P.L. 2020, c. 60 (A4175), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director of the Division of Local Government Services and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the Index Rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

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

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

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

Pursuant to NJSA 40A:4-42, a cash or operating deficit occurring in any year must be included as an appropriation in the budget of the subsequent year following the year the deficit was incurred. During the 2025 calendar year, a cash deficit was incurred by the Township in both the Current Fund in the amount of \$4,724,292 and the Recreation Utility Operating Fund of \$117,928. The Current Fund operating deficit was incurred as a result of required charges to budget operations to establish reserves for certain assets, including interfunds and advances to third parties, required under the regulatory basis of accounting promulgated by the Division. The reserves for certain assets are anticipated as revenues in the Township’s 2026 Current Fund budget to fund the 2025 operating deficit. The Recreation Utility Operating Fund deficit was caused due to certain anticipated recreation programs not being performed in 2025 and the offsetting appropriations not being cancelled prior to December 31, 2025. This operating deficit is included in the Township’s 2026 Recreation Utility Operating Fund budget and is funded by available prior year fund balance. The related 2025 unspent recreation appropriation reserves will be credited to fund balance at December 31, 2026 when they lapse based upon the regulatory basis of accounting.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

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

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time State aid is certified, by the Township’s Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year’s total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year’s total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, and if a delinquency (including interest) is in excess of \$10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest

permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the Township is available on the Township's website and is also on file with the Township Clerk and is available for review during business hours.

FINANCIAL STATEMENTS

Appendix "B" to this Official Statement contains compiled financial statements of the Township for the year ending December 31, 2025 (the "Unaudited Financial Statements") and Appendix "C" to this Official Statement contains audited financial statements of the Township for the years ending December 31, 2024 and 2023 (the "Financial Statements"). The Unaudited Financial Statements have been compiled by PKF O'Connor Davies, LLP, Woodcliff Lake, New Jersey, as stated in its report appearing in Appendix "B" to this Official Statement. The Financial Statements have been prepared by PKF O'Connor Davies, LLP, Woodcliff Lake, New Jersey, an independent auditor, as stated in its report appearing in Appendix "C" to this Official Statement. PKF O'Connor Davies, LLP has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix "B" and Appendix "C" hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B – COMPILED UNAUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF MOUNT OLIVE, IN THE COUNTY OF MORRIS, NEW JERSEY" and "APPENDIX C – INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS OF THE TOWNSHIP OF MOUNT OLIVE, IN THE COUNTY OF MORRIS, NEW JERSEY" herein.

LITIGATION

To the knowledge of the Township Attorney, Jonathan Testa, Esq., of Dorsey & Semrau LLC, Boonton, New Jersey (the "Township Attorney"), 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 the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

TAX MATTERS

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

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

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to

audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

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

Original Issue Premium

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

Bank-Qualification

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

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

Additional Federal Income Tax Consequences of Holding the Notes

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

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

Changes in Federal Tax Law Regarding the Notes

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

State Taxation

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

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

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 Notes are not exempt from the Rule and provided that the Notes are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Township shall provide for the benefit of the holders of the Notes and the beneficial owners thereof, in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system, notice of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

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

The term “Financial Obligation” as used in subparagraphs (15) and (16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under this undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Township prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings, provided such amendment is, in the opinion of Bond Counsel, in compliance with the Rule.

In the event that the Township fails to comply with its above-described undertakings and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The Township has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Township has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form as set forth in Appendix "D". Certain legal matters will be passed on for the Township by the Township Attorney.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the "Underwriter") at a price of \$ _____ (consisting of the par amount of the Notes plus original issue premium in the amount of \$ _____ less Underwriter's discount in the amount of \$ _____). The Underwriter has purchased the Notes in accordance with the Notice of Sale.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter 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 set forth on the cover page, and such yield may be changed, from time to time, by the Underwriter without prior notice.

RATING

S&P Global Ratings, a division of Standard and Poor's Financial Services LLC (the "Rating Agency"), has assigned a short-term rating of "SP-1+" to the Notes based upon the creditworthiness of the Township.

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

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 this 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.

PREPARATION OF OFFICIAL STATEMENT

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

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

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Joseph Kolodziej, Chief Financial Officer, Township of Mount Olive, 204 Flanders Drakestown Road, Mount Olive, New Jersey 07828, (973) 691-0900, or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF MOUNT OLIVE, IN THE COUNTY MORRIS, NEW JERSEY

By: _____
Joseph Kolodziej
Chief Financial Officer

Dated: April __, 2026

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF
MOUNT OLIVE, IN THE COUNTY OF MORRIS, NEW JERSEY**

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INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Mount Olive (“Township”), in the County of Morris (“County”), State of New Jersey (“New Jersey”).

General

The Township is a municipality located in the western part of the County bordered by Warren and Sussex Counties. With an area of over 32 square miles, it is one of the most rapidly developing communities in the County and the State. The Township itself was created in 1871 when it officially separated from Roxbury Township. Then, as now, Budd Lake and Flanders were the two major communities in the Township.

The northern portion of the Township is dominated by Budd Lake, which is the largest natural lake in the State, and serves as the headwaters to the South Branch of the Raritan River. Budd Lake is characterized by its hilly terrain with many wooded areas. As you travel south in the Township, the land becomes flatter as the Flanders and Raritan Valleys are entered.

One of the key reasons that the Township has experienced rapid growth in recent years is accessibility to the area via various roads and other transportation. Several major highways cross and intersect in the Township. Interstate Route 80 runs through the Township and has a major interchange with U.S. Routes 46 and 206. Route 46 runs through the northerly Budd Lake area of the Township in an east/west direction, while Route 206 runs north/south through portions of Budd Lake and Flanders. Consequently, the Township is easily accessible from many areas of New Jersey, southern New York State, New York City and eastern Pennsylvania. In addition to its major highways, the Township is served by rail transportation. The commuter rail lines that service the northern part of the State are easily accessible to residents of the Township. There is also regular bus service from the Township to various areas in the County and New York City.

Form of Government

In 1970, the Township adopted the Mayor/Council form of government under the optional municipal charter law known as the Faulkner Act. This provides for a Mayor who is the Chief Executive Officer of the municipality and is responsible for the administration of the local government. A seven-member council, elected at large, serves as the legislative body. The charter provides for the appointment by the Mayor of a professional Business Administrator who is charged under the Mayor’s direction with supervising the day-to-day operations of the Township. In addition to the Department of Administration, the Township administrative structure includes the Departments of Police; Public Works and Engineering; Planning, Zoning and Construction Inspection; Health, Welfare and Sanitation; Finance and Budget Operations; Buildings, Grounds and Recreation; and Fire and Emergency Management.

¹ Source: The Township, unless otherwise indicated.

General Services

The Township employs a total of 70 within the police department, consisting of 53 sworn and 17 non-sworn personnel. The sworn police officers include a Chief of Police (CEO), Captains (Operations Commander & Organizational Commander), Lieutenants (Division Commanders), Sergeants (Squad Supervisors), & Corporals (Assistant Squad Supervisors) and Detectives. The Department also includes non-sworn personnel, consisting of the Chief's Administrative Assistant/Payroll Supervisor, Communications Officers, Records Clerk/Communications Officers, in addition the department employs part-time employees consisting of Special Law Enforcement Officer II & Class III, School Crossing Guards, per diem Communications Officers and a full-time Records Clerk. All employees work within Administration or one of four (4) divisions (Patrol, Support Services, Communications & Records and Investigations), each of which is commanded by a Lieutenant. The department delivers their services to the public in both marked and unmarked vehicles. The Patrol Fleet consists of a total of 56 vehicles that include 4-wheel drive vehicles which allow for access to calls for assistance during inclement weather and to remote locations. The department also deploys a Community Outreach Humvee vehicle painted like the USA Flag, a Community Outreach Trailer, A Training Trailer, a 4-wheel drive UTV, mountain bicycles, and variable message board/radar trailers. Annually the police department handles approximately 90,000 requests for service of a diverse nature.

Public Library Services

The Township's library building is 27,700 square feet and provides a wide range of library services and programs to residents. The Township's budget provides an appropriation for the operation of the Mount Olive Public Library.

Pension and Retirement Systems

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

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

a member of another State-administered retirement system or other State pension fund or local jurisdiction’s pension fund.

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

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

Employment and Unemployment Comparisons

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

| | <u>Total Labor Force</u> | <u>Employed Labor Force</u> | <u>Total Unemployed</u> | <u>Unemployment Rate</u> |
|------------------------|-------------------------------------|--|------------------------------------|-------------------------------------|
| <u>Township</u> | | | | |
| 2025 | 17,113 | 16,396 | 718 | 4.2% |
| 2024 | 17,186 | 16,548 | 638 | 3.7% |
| 2023 | 17,081 | 16,483 | 598 | 3.5% |
| 2022 | 16,616 | 16,097 | 519 | 3.1% |
| 2021 | 16,147 | 15,265 | 882 | 5.5% |
| <u>County</u> | | | | |
| 2025 | 278,290 | 266,554 | 11,736 | 4.2% |
| 2024 | 279,349 | 269,026 | 10,323 | 3.7% |
| 2023 | 277,601 | 267,970 | 9,631 | 3.5% |
| 2022 | 270,692 | 262,237 | 8,455 | 3.1% |
| 2021 | 262,746 | 248,792 | 13,954 | 5.3% |
| <u>State</u> | | | | |
| 2025 | 4,897,829 | 4,649,130 | 248,698 | 5.1% |
| 2024 | 4,898,008 | 4,676,064 | 221,944 | 4.5% |
| 2023 | 4,867,113 | 4,659,779 | 207,334 | 4.3% |
| 2022 | 4,756,002 | 4,572,879 | 183,123 | 3.9% |
| 2021 | 4,654,243 | 4,342,075 | 312,168 | 6.7% |

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

Income (as of 2024)

| | <u>Township</u> | <u>County</u> | <u>State</u> | <u>National</u> |
|-------------------------|-----------------|---------------|--------------|-----------------|
| Median Household Income | \$117,394 | \$137,326 | \$103,556 | \$80,734 |
| Median Family Income | 147,938 | 169,844 | 127,025 | 99,999 |
| Per Capita Income | 59,099 | 71,044 | 54,253 | 44,673 |

Source: U.S. Bureau of the Census, American Community Survey 5-Year Estimates

Population

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

| <u>Year</u> | <u>Township</u> | | <u>County</u> | | <u>State</u> | |
|-------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> |
| 2024 est. | 29,499 | 2.1% | 523,053 | 2.7% | 9,500,851 | 2.3% |
| 2020 | 28,886 | 2.7% | 509,285 | 3.5% | 9,288,994 | 5.7% |
| 2010 | 28,117 | 16.2% | 492,276 | 4.7% | 8,791,894 | 4.5% |
| 2000 | 24,193 | 13.7% | 470,212 | 11.6% | 8,414,350 | 8.9% |
| 1990 | 21,282 | 13.5% | 421,353 | 3.4% | 7,730,188 | 5.0% |

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

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

| <u>Taxpayers</u> | <u>2025 Assessed Valuation</u> | <u>% of Total Assessed Valuation</u> |
|--|--------------------------------|--------------------------------------|
| Oakwood Village Real Estate LLC | \$121,220,500 | 3.43% |
| SOK Village Green LLC | 109,100,000 | 3.09% |
| SM Logistics Mount Olive LLC | 87,500,000 | 2.48% |
| Big Box Property Owner East LLC | 65,477,300 | 1.85% |
| 3000 Continental Drive Associates, LLC | 48,572,600 | 1.38% |
| Pearland RJR LLC | 48,200,000 | 1.37% |
| Fratelli Beretta USA Inc. | 36,942,500 | 1.05% |
| Eagle Rock Village Inc. | 35,991,700 | 1.02% |
| Siemens Healthcare Diagnostics Inc. | 29,910,900 | 0.85% |
| CRG 1725 LLC | <u>28,500,000</u> | <u>0.81%</u> |
| Total | <u>\$611,415,500</u> | <u>17.32%</u> |

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

Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Current Year Collection</u> | <u>Current Year % of Collection</u> |
|-------------|-----------------|------------------------------------|---|
| 2025 U | \$121,161,901 | \$120,184,365 | 99.19% |
| 2024 | 119,533,133 | 118,948,709 | 99.51% |
| 2023 | 109,383,715 | 108,926,652 | 99.58% |
| 2022 | 110,823,908 | 110,167,296 | 99.41% |
| 2021 | 108,985,061 | 108,372,735 | 99.44% |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Tax</u> | <u>Total Delinquent</u> | <u>Delinquent % of Tax Levy</u> |
|-------------|--------------------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| 2025 U | \$420,950 | \$820,397 | \$1,241,347 | 1.02% |
| 2024 | 356,076 | 520,117 | 876,193 | 0.73% |
| 2023 | 416,881 | 355,737 | 772,618 | 0.71% |
| 2022 | 375,544 | 536,387 | 911,930 | 0.82% |
| 2021 | 1,092,339 | 528,999 | 1,621,338 | 1.49% |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Property Acquired by Tax Lien Liquidation

| <u>Year</u> | <u>Property Acquired For Taxes</u> |
|-------------|--|
| 2025 U | \$5,002,494 |
| 2024 | 5,002,494 |
| 2023 | 5,002,494 |
| 2022 | 5,002,494 |
| 2021 | 5,002,494 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

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

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

| <u>Year</u> | <u>General Municipal</u> | <u>Local School</u> | <u>Total County</u> | <u>Total</u> |
|-------------|------------------------------|-------------------------|-------------------------|--------------|
| 2025 | \$0.709 | \$2.311 | \$0.346 | \$3.366 |
| 2024 | 0.697 | 2.360 | 0.328 | 3.385 |
| 2023 | 0.662 | 2.215 | 0.311 | 3.188 |
| 2022 | 0.659 | 2.321 | 0.289 | 3.269 |
| 2021 | 0.659 | 2.316 | 0.285 | 3.260 |

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

Valuation of Property

| <u>Year</u> | <u>Aggregate Assessed Valuation of Real Property</u> | <u>Aggregate True Value of Real Property</u> | <u>Ratio of Assessed to True Value</u> | <u>Assessed Value of Personal Property</u> | <u>Equalized Valuation</u> |
|-------------|--|--|--|--|--------------------------------|
| 2025 | \$3,530,044,200 | \$5,338,844,828 | 66.12% | \$0 | \$5,338,844,828 |
| 2024 | 3,363,564,900 | 4,461,553,124 | 75.39% | 0 | 4,461,553,124 |
| 2023 | 3,342,108,200 | 4,433,092,187 | 75.39% | 0 | 4,433,092,187 |
| 2022 | 3,285,501,700 | 3,989,680,267 | 82.35% | 0 | 3,989,680,267 |
| 2021 | 3,255,194,000 | 3,641,563,933 | 89.39% | 0 | 3,641,563,933 |

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

Classification of Ratables

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

| <u>Year</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Farm</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Apartments</u> | <u>Total</u> |
|-------------|--------------------|--------------------|--------------|-------------------|-------------------|-------------------|-----------------|
| 2025 | \$42,142,800 | \$2,342,374,300 | \$12,065,900 | \$409,245,500 | \$422,829,400 | \$301,386,300 | \$3,530,044,200 |
| 2024 | 41,065,800 | 2,341,114,400 | 12,219,100 | 379,426,400 | 288,352,900 | 301,386,300 | 3,363,564,900 |
| 2023 | 40,138,400 | 2,325,365,300 | 12,219,100 | 379,950,600 | 284,248,500 | 300,186,300 | 3,342,108,200 |
| 2022 | 43,679,700 | 2,286,141,300 | 12,219,200 | 361,822,400 | 284,452,800 | 297,186,300 | 3,285,501,700 |
| 2021 | 45,876,200 | 2,250,732,100 | 12,121,600 | 364,896,900 | 284,380,900 | 297,186,300 | 3,255,194,000 |

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

Financial Operations

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

Summary of Current Fund Budget

| <u>REVENUE</u> | Adopted <u>2022</u> | Adopted <u>2023</u> | Adopted <u>2024</u> | Adopted <u>2025</u> | Introduced <u>2026</u> |
|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------|
| Fund Balance Utilized | \$4,886,500 | \$6,122,327 | \$5,580,921 | \$6,600,000 | \$2,924,750 |
| Miscellaneous Revenues | 7,201,293 | 7,752,803 | 7,276,757 | 7,328,215 | 14,818,434 |
| Municipal Grants | 13,852 | 376,872 | 366,286 | 239,657 | 414,344 |
| Receipts from Delinquent Taxes | 626,000 | 535,000 | 330,000 | 500,000 | 722,300 |
| Amount to be Raised by Taxation | <u>21,108,271</u> | <u>21,593,280</u> | <u>22,888,384</u> | <u>24,479,787</u> | <u>26,963,505</u> |
| Total Revenue: | <u>\$33,835,916</u> | <u>\$36,380,282</u> | <u>\$36,442,348</u> | <u>\$39,147,659</u> | <u>\$45,843,333</u> |
| <u>APPROPRIATIONS</u> | | | | | |
| General Purpose (Inside CAP) | \$26,004,842 | \$26,844,409 | \$27,770,843 | \$29,334,198 | \$30,887,680 |
| Operations (Outside CAP) | 1,754,374 | 2,956,610 | 2,077,098 | 2,878,632 | 3,077,501 |
| Municipal Grants | 13,852 | 376,872 | 366,286 | 239,657 | 414,344 |
| Capital Improvement Fund | 500,939 | 213,053 | 140,912 | 214,088 | 366,695 |
| Municipal Debt Service | 3,611,909 | 4,039,338 | 4,162,209 | 4,556,084 | 4,447,821 |
| Cash Deficit | 0 | 0 | 0 | 0 | 4,724,292 |
| Reserve for Uncollected Taxes | <u>1,950,000</u> | <u>1,950,000</u> | <u>1,925,000</u> | <u>1,925,000</u> | <u>1,925,000</u> |
| Total Appropriations: | <u>\$33,835,916</u> | <u>\$36,380,282</u> | <u>\$36,442,348</u> | <u>\$39,147,659</u> | <u>\$45,843,333</u> |

Source: Annual Adopted Budgets of the Township

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Fund Balance

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

| <u>Fund Balance - Current Fund</u> | | |
|---|----------------------------|---|
| <u>Year</u> | <u>Fund Balance</u> | <u>Utilized in Budget of Succeeding Year</u> |
| 2025 U | \$7,665,740 | \$2,924,750 |
| 2024 | 14,265,740 | 6,600,000 |
| 2023 | 12,121,451 | 5,580,921 |
| 2022 | 12,511,154 | 6,122,327 |
| 2021 | 10,566,313 | 4,886,500 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Water/Sewer Utility Operating Fund - Effective January 1, 2025, the Township’s Water Utility and Sewer Utility were combined into a single Water/Sewer Utility pursuant to Municipal Ordinance No. 33-2024. The Township has transferred all assets and liabilities from the previous utility funds to the newly created Water/Sewer Utility Fund. The following table lists the Township’s fund balance and the amount utilized in the succeeding year’s budget for the Water & Sewer Utility Operating Fund since inception. The December 31, 2024 fund balance represents the combined operating fund balances of the Water Utility and Sewer Utility.

| <u>Fund Balance - Water/Sewer Utility</u> | | |
|--|-----------------------------|---|
| <u>Year</u> | <u>Balance 12/31</u> | <u>Utilized in Budget of Succeeding Year</u> |
| 2025 U | \$5,660,917 | \$1,816,385 |
| 2024 | 5,758,426 | 1,633,834 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Sewer Utility Operating Fund - The following table lists the Township’s fund balance and the amount utilized in the succeeding year’s budget for the Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31. The Fund Balances transferred to newly created Water-Sewer Utility.

| <u>Fund Balance - Sewer Utility</u> | | |
|--|---------------------------------|---|
| <u>Year</u> | <u>Balance 12/31</u> | <u>Utilized in Budget of Succeeding Year</u> |
| 2024 | \$4,259,630 | n/a |
| 2023 | 3,941,878 | 1,377,091 |
| 2022 | 3,828,300 | 1,278,384 |
| 2021 | 3,114,391 | 840,933 |
| 2020 | 3,165,483 | 634,889 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Water Utility Operating Fund - The following table lists the Township’s fund balance and the amount utilized in the succeeding year’s budget for the Water Utility Operating Fund for the past five (5) fiscal years ending December 31. The Fund Balances transferred to newly created Water-Sewer Utility.

| <u>Fund Balance - Water Utility</u> | | |
|--|---------------------------------|---|
| <u>Year</u> | <u>Balance 12/31</u> | <u>Utilized in Budget of Succeeding Year</u> |
| 2024 | \$1,498,796 | n/a |
| 2023 | 1,594,265 | 430,837 |
| 2022 | 1,710,215 | 387,072 |
| 2021 | 1,643,508 | 325,338 |
| 2020 | 1,564,523 | 263,266 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Solid Waste Utility Operating Fund - The following table lists the Township’s fund balance and the amount utilized in the succeeding year’s budget for the Solid Waste Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Solid Waste Utility

| <u>Year</u> | <u>Balance</u> <u>12/31</u> | <u>Utilized in Budget</u> <u>of Succeeding Year</u> |
|-------------|--------------------------------|--|
| 2025 U | \$511,052 | \$477,438 |
| 2024 | 820,593 | 470,425 |
| 2023 | 851,828 | 433,807 |
| 2022 | 845,148 | 368,175 |
| 2021 | 842,370 | 358,810 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Recreation Utility Operating Fund - The following table lists the Township’s fund balance and the amount utilized in the succeeding year’s budget for the Recreation Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Recreation Utility

| <u>Year</u> | <u>Balance</u> <u>12/31</u> | <u>Utilized in Budget</u> <u>of Succeeding Year</u> |
|-------------|--------------------------------|--|
| 2025 U | \$385,676 | \$284,218 |
| 2024 | 540,676 | 155,000 |
| 2023 | 522,190 | 113,000 |
| 2022 | 420,611 | 90,000 |
| 2021 | 283,329 | 0 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2025 Annual Financial Statement

Township Indebtedness as of December 31, 2025

| | |
|--|-----------------------------------|
| General Purpose Debt | |
| Serial/Term Bonds | \$22,986,000 |
| Bond Anticipation Notes | 0 |
| Bonds and Notes Authorized but Not Issued | 8,745,131 |
| Other Bonds, Notes and Loans | 0 |
| Total: | <u>\$31,731,131</u> |
| Local/Regional School District Debt | |
| Serial/Term Bonds | \$6,990,000 |
| Temporary Notes Issued | 0 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Other Bonds, Notes and Loans | 0 |
| Total: | <u>\$6,990,000</u> |
| Self-Liquidating Debt | |
| Serial/Term Bonds | \$3,085,000 |
| Bond Anticipation Notes | 0 |
| Bonds and Notes Authorized but Not Issued | 2,030,214 |
| Other Bonds, Notes and Loans | 121,409 |
| Total: | <u>\$5,236,623</u> |
| TOTAL GROSS DEBT | <u><u>\$43,957,754</u></u> |
| Less: Statutory Deductions | |
| General Purpose Debt | \$0 |
| Local/Regional School District Debt | 6,990,000 |
| Self-Liquidating Debt | 5,236,623 |
| Total: | <u>\$12,226,623</u> |
| TOTAL NET DEBT | <u><u>\$31,731,131</u></u> |

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2025)

| <u>Name of Related Entity</u> | <u>Related Entity Debt Outstanding</u> | <u>Township Percentage</u> | <u>Township Share*</u> |
|--------------------------------------|---|---------------------------------------|-----------------------------------|
| Local School District | \$6,990,000 | 100.0% | \$6,990,000 |
| Morris County | 403,626,166 | 3.9% | 15,903,692 |
| | | | <hr/> |
| Net Indirect Debt | | | \$22,893,692 |
| Net Direct Debt | | | 31,731,131 |
| Total Net Direct and Indirect Debt | | | <u>\$54,624,823</u> |

*Percentage of County debt is based on the Net Valuation on Which County Taxes are Apportioned. County debt reflects total Gross Debt without statutory deductions.

Source: Annual Audit Reports and/or Annual Debt Statements (unaudited)

Debt Limit

| | |
|--|-----------------------------|
| Average Equalized Valuation Basis (2023, 2024, 2025) | \$4,744,496,713 |
| Permitted Debt Limitation (3.50%) | 166,057,385 |
| Less: Net Debt | 31,731,131 |
| Remaining Borrowing Power | <u>\$134,326,254</u> |
| | |
| Percentage of Net Debt to Average Equalized Valuation | 0.669% |
| | |
| Gross Debt Per Capita based on 2020 population of 28,886 | \$1,522 |
| Net Debt Per Capita based on 2020 population of 28,886 | \$1,098 |

Source: Annual Debt Statement of the Township

APPENDIX B

**COMPILED UNAUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP OF MOUNT
OLIVE, IN THE COUNTY OF MORRIS, NEW JERSEY**

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APPENDIX B

**ACCOUNTANTS' COMPILATION REPORT
AND FINANCIAL STATEMENTS
OF THE TOWNSHIP OF MOUNT OLIVE,
IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY
DECEMBER 31, 2025**

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ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Members
of the Township Council
Township of Mount Olive
Mount Olive, New Jersey

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Township of Mount Olive, as of December 31, 2025 and the related statements of operations and changes in fund balance – regulatory basis, the statements of changes in fund balance, the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements - regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, fund balances, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

PKF O'Connor Davies, LLP
Woodcliff Lake, New Jersey
March 30, 2026

Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

2025

| ASSETS AND DEFERRED CHARGES | |
|---|----------------------|
| Regular Fund | |
| Cash | \$ 6,707,174 |
| Change Funds | 1,900 |
| Due from the State of New Jersey - Senior Citizens' and Veterans' Deductions | <u>15,693</u> |
| | <u>6,724,767</u> |
| Receivables and Other Assets with Full Reserves | |
| Delinquent Taxes Receivable | 820,397 |
| Tax Title Liens Receivable | 420,950 |
| Property Acquired for Taxes - Assessed Valuation | 5,002,494 |
| Due from General Capital Fund | 3,828,854 |
| Due from Water-Sewer Operating Fund | 1,327,350 |
| Due from Water-Sewer Assessment Fund | 35,000 |
| Due from Water-Sewer Capital Fund | 21,172 |
| Due from Solid Waste Collection District | 300,000 |
| Due from Recreation Operating Fund | 71,550 |
| Due from Animal Control Trust Fund | 10,051 |
| Due from Other Trust Fund | 1,105,595 |
| Due from Library | 268,282 |
| Due from Open Space Trust Fund | 99,583 |
| Prepaid School Taxes | <u>99,859</u> |
| | <u>13,411,137</u> |
| Deferred Charges | |
| Operating Deficit | 4,724,292 |
| Overexpenditure of Appropriations | <u>1,005</u> |
| | <u>4,725,297</u> |
| Total Regular Fund | <u>24,861,201</u> |
| Federal and State Grant Fund | |
| Cash | 108,876 |
| Due from Other Trust Fund | 6,778 |
| Due from Current Fund | 98,427 |
| Grants Receivable | <u>913,440</u> |
| Total Federal and State Grant Fund | <u>1,127,521</u> |
| Total Assets and Deferred Charges | <u>\$ 25,988,722</u> |

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

2025

LIABILITIES, RESERVES AND FUND BALANCE

| | |
|---|----------------------|
| Regular Fund | |
| Appropriation Reserves | \$ 527,894 |
| Encumbrances Payable | 492,604 |
| Accounts Payable | 35,981 |
| Prepaid Taxes | 2,300,524 |
| Reserve for Tax Appeals | 19,492 |
| Due to Federal and State Grants Fund | 98,427 |
| State Fees Payable | 18,980 |
| Open Space Taxes Payable | 822 |
| Reserve for Tax Sale Premiums | <u>289,600</u> |
| | 3,784,324 |
| Reserve for Receivables and Other Assets | 13,411,137 |
| Fund Balance | <u>7,665,740</u> |
| Total Regular Fund | <u>24,861,201</u> |
| Federal and State Grant Fund | |
| Encumbrances Payable | 322,676 |
| Reserve for Grants and Donations - Appropriated | 791,635 |
| Reserve for Grants and Donations - Unappropriated | <u>13,210</u> |
| Total Federal and State Grant Fund | <u>1,127,521</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 25,988,722</u> |

See Accountants' Compilation Report

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| REVENUES AND OTHER INCOME | <u>2025</u> |
|---|---------------------------|
| Fund Balance Utilized | \$ 6,600,000 |
| Miscellaneous Revenue Anticipated | 8,409,957 |
| Receipts from Delinquent Taxes | 518,507 |
| Receipts from Current Taxes | 120,184,365 |
| Non-Budget Revenue | 671,335 |
| Other Credits to Income | |
| Unexpended Balances of Appropriation Reserves | <u>410,208</u> |
| Total Revenues and Other Income | <u>136,794,372</u> |
| EXPENDITURES | |
| Budget Appropriations | |
| Operations | |
| Salaries and Wages | 13,863,374 |
| Other Expenses | 14,567,747 |
| Capital Improvements | 214,088 |
| Municipal Debt Service | 4,556,081 |
| Deferred Charges and Statutory Expenditures - | |
| Municipal | 4,538,870 |
| County Taxes | 11,845,733 |
| County Taxes - Added Taxes | 16,528 |
| County Taxes - Open Space Preservation | 319,752 |
| Local District School Taxes | 81,544,568 |
| Sanitation District Taxes | 2,165,000 |
| Municipal - Open Space Preservation | 591,517 |
| Municipal - Open Space Preservation - Added Taxes | 822 |
| Interfund and Other Receivables Advance | 7,167,296 |
| Prior Year Senior Citizens Deduction Disallowed | 2,575 |
| Refund of Prior Year Revenue | <u>125,718</u> |
| Total Expenditures | <u>141,519,669</u> |
| (Deficit) in Revenues | <u>(4,725,297)</u> |
| Add: Expenditures Included Above Which by Statute are | |
| Deferred Charges to Succeeding Year's Budget | <u>1,005</u> |
| Operating Deficit | <u>\$ (4,724,292)</u> |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| | <u>2025</u> |
|-------------------------------------|----------------------|
| FUND BALANCE, JANUARY 1 | \$ <u>14,265,740</u> |
| | 14,265,740 |
| Decreased by: | |
| Utilized as Anticipated Revenue | <u>6,600,000</u> |
| FUND BALANCE, DECEMBER 31 | \$ <u>7,665,740</u> |
| See Accountants' Compilation Report | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | 2025 Anticipated <u>Budget</u> | Added by NJS <u>40A:4-87</u> | Realized in 2025 | Excess or <u>(Deficit)</u> |
|--|--------------------------------------|------------------------------------|---------------------|-------------------------------|
| Fund Balance Anticipated | \$ 6,600,000 | \$ - | \$ 6,600,000 | - |
| Miscellaneous Revenues | | | | |
| Licenses | | | | |
| Alcoholic Beverages | 23,800 | | 29,062 | \$ 5,262 |
| Fees and Permits | | | | |
| Other | 262,438 | | 231,292 | (31,146) |
| Fines and Costs - Municipal Court | 175,000 | | 216,251 | 41,251 |
| Interest and Costs on Taxes | 160,000 | | 137,780 | (22,220) |
| Interest on Investments and Deposits | 737,720 | | 567,717 | (170,003) |
| Water Tower Rentals | 450,000 | | 487,242 | 37,242 |
| Interest on Developers' Deposit Fees | 10,000 | | 4,848 | (5,152) |
| Life Hazard Use Fees | 100,000 | | 139,167 | 39,167 |
| Fire Prevention Inspection Fees | 130,000 | | 166,734 | 36,734 |
| Fire Prevention Inspection Fees - Hackettstown | 65,000 | | 85,149 | 20,149 |
| Fire Prevention Inspection Fees - Allamuchy | 10,000 | | 17,679 | 7,679 |
| Energy Tax Receipts | 1,989,677 | | 1,989,677 | - |
| Garden State Trust Fund | 82,145 | | 82,145 | - |
| Watershed Moratorium Aid | 9,165 | | 9,165 | - |
| Uniform Construction Code Fees | 630,000 | | 1,001,549 | 371,549 |
| Interlocal Health Agreement | 283,718 | | 283,715 | (3) |
| Interlocal Court Agreement | 65,975 | | 65,976 | 1 |
| Interlocal Animal Control Agreement-Mine Hill | 1,000 | | 4,132 | 3,132 |
| Interlocal Fire Subcode Agreement-Roxbury | 28,550 | | 28,550 | - |
| Interlocal Plumbing Agreement-Washington | 32,000 | | 32,000 | - |
| Interlocal Transportation Agreement-Washington | 84,896 | | 84,896 | - |
| Interlocal Administration Agreement-Allamuchy | 60,000 | | 50,000 | (10,000) |
| Interlocal Plumbing/Mechanical - Chester | 5,000 | | 1,031 | (3,969) |
| Interlocal SRO - MOBOE | 48,250 | | 48,250 | - |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | 2025 Anticipated <u>Budget</u> | Added by NJS <u>40A:4-87</u> | Realized in 2025 | Excess or <u>(Deficit)</u> |
|---|--------------------------------------|------------------------------------|---------------------|-------------------------------|
| Public and Private Revenues Offset | | | | |
| With Appropriations | | | | |
| Connect and Protect Grant | \$ 189,657 | | \$ 189,657 | |
| Federal Transit Administration Grant | 50,000 | | 50,000 | |
| Donation - Lion's Club - Bullet Proof Vests | | \$ 3,000 | 3,000 | |
| Enhancing Local Public Health Infrastructure | | 12,500 | 12,500 | |
| Sustaining Local Public Health Infrastructure | | 24,951 | 24,951 | |
| Strengthening Local Public Health Infrastructure | | 64,788 | 64,788 | |
| Donation - Benjamin Moore - Police Equipment | | 1,000 | 1,000 | |
| NJ Highlands Water Protection & Planning Council - Mine Brook Dam Removal Plan | | 90,800 | 90,800 | |
| National Opioid Settlement | | 33,296 | 33,296 | |
| Drive Sober or Get Pulled Over | | 7,000 | 7,000 | |
| Walmart Spark Good Local Grant | | 3,000 | 3,000 | |
| Clean Communities Grant | | 85,625 | 85,625 | |
| Distracted Driving Crackdown - U Drive U Text U Pay | | 7,000 | 7,000 | |
| Recycling Tonnage Grant | | 35,016 | 35,016 | |
| Drunk Driving Enforcement Grant | | 28,909 | 28,909 | |
| Highway Traffic Safety Program | | 30,800 | 30,800 | |
| NJ Highlands Water Protection & Planning Council - Habitat Conservation & Lake Management Plan | | 88,814 | 88,814 | |
| Other Special Items: | | | | |
| Cable TV Franchise Fees | 82,773 | | 82,773 | |
| Hotel Tax Revenues | 340,000 | | 282,031 | \$ (57,969) |
| Due from Open Space Trust Fund - Debt Service | 322,932 | | 322,932 | |
| Due from Mt. Olive Child Care - Lease Payment | 64,503 | | 64,503 | |
| Due From Sports Organizations - Debt Payback | 125,000 | | 188,882 | 63,882 |
| Sewer Operating Surplus | 800,000 | | 800,000 | |
| Sanitation District Surplus-Debt Service | 148,673 | - | 148,673 | - |
| Total Miscellaneous Revenues | <u>7,567,872</u> | <u>516,499</u> | <u>8,409,957</u> | <u>325,586</u> |
| Receipts from Delinquent Taxes | <u>500,000</u> | <u>-</u> | <u>518,507</u> | <u>18,507</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for: | | | | |
| Municipal Purposes | 22,893,949 | | 24,039,607 | 1,145,658 |
| Minimum Library Tax | 1,585,838 | - | 1,585,838 | - |
| | <u>24,479,787</u> | <u>-</u> | <u>25,625,445</u> | <u>1,145,658</u> |
| Budget Totals | <u>\$ 39,147,659</u> | <u>\$ 516,499</u> | 41,153,909 | <u>\$ 1,489,751</u> |
| Non-Budget Revenues | | | <u>671,335</u> | |
| | | | <u>\$41,825,244</u> | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

ANALYSIS OF REALIZED REVENUES

| | |
|---|----------------|
| Allocation of Current Tax Collections | |
| Revenue from Collections | \$ 120,184,365 |
| Allocated to School, County and Special District Taxes | 96,483,920 |
| | 23,700,445 |
| Add: Appropriation "Reserve for Uncollected Taxes" | 1,925,000 |
| Amount for Support of Municipal and Library Budget Appropriations | \$ 25,625,445 |
| Fees and Permits - Other | |
| Township Clerk | \$ 6,896 |
| Board of Health | 127,110 |
| Registrar | 5,538 |
| Police Department | 31,715 |
| Tax Search Officer | 10 |
| Tax Assessor | 390 |
| Engineering | 17,594 |
| Planning Board | 9,023 |
| Zoning Board | 12,610 |
| Vacant/Abandoned Property Registration | 19,500 |
| Water Testing | 906 |
| | \$ 231,292 |
| Analysis of Delinquent Taxes | |
| Taxes Receivable | \$ 518,507 |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| | |
|--|------------|
| Analysis of Non-Budget Revenues: | |
| Miscellaneous Receipts | \$ 27,476 |
| Greenspot Energy Reimbursement | 2,007 |
| Outdoor Lease Agreement | 7,000 |
| Sale of Municipal Assets | 52,186 |
| Verizon Franchise Fees | 39,209 |
| Comcast Cable Franchise Fees | 1,941 |
| Cash for Crash | 36,554 |
| Marveland Farms - PILOT | 61,161 |
| Return of LOSAP Funds for Nonvested Participants | 43,124 |
| Return Check Fees | 1,640 |
| Prior Year Refunds | 151,166 |
| FEMA - Hurricane Sandy | 79,700 |
| Abiding Peace In-Lieu Tax | 91,222 |
| Hackettstown Medical Rental | 13,200 |
| Administrative Fee- Seniors and Veterans | 1,679 |
| Donations | 100 |
| Off Duty Administrative Fee | 61,970 |
| | <hr/> |
| | \$ 671,335 |

See Accountants' Compilation Report

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

| | <u>2025 Appropriated</u> | | <u>2025 Expended</u> | | Cancelled | Overexpended |
|---|--------------------------|---------------------------|----------------------|----------|-----------|--------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| OPERATIONS - WITHIN "CAPS" | | | | | | |
| GENERAL GOVERNMENT | | | | | | |
| Mayor and Council | | | | | | |
| Salaries & Wages | \$ 109,200 | \$ 109,300 | \$ 109,200 | \$ 100 | | |
| Other Expenses | 33,300 | 33,800 | 32,931 | 869 | | |
| Township Clerk | | | | | | |
| Salaries & Wages | 244,998 | 247,598 | 247,498 | 100 | | |
| Other Expenses | 44,505 | 43,505 | 43,617 | | | \$ 112 |
| Business Administration | | | | | | |
| Salaries & Wages | 610,018 | 617,518 | 617,442 | 76 | | |
| Other Expenses | 110,612 | 104,612 | 74,852 | 29,760 | | |
| Financial Administration | | | | | | |
| Salaries & Wages | 338,566 | 338,566 | 332,917 | 5,649 | | |
| Other Expenses | 45,000 | 45,000 | 44,971 | 29 | | |
| Annual Audit | 45,000 | 45,000 | 44,386 | 614 | | |
| Revenue Administration (Tax Collection) | | | | | | |
| Salaries & Wages | 92,758 | 93,008 | 92,995 | 13 | | |
| Other Expenses | 7,415 | 7,415 | 7,398 | 17 | | |
| Assessment of Taxes | | | | | | |
| Salaries & Wages | 153,643 | 156,343 | 156,335 | 8 | | |
| Other Expenses | 26,900 | 26,900 | 20,109 | 6,791 | | |
| Legal Services & Costs | | | | | | |
| Other Expenses | 500,556 | 458,556 | 442,581 | 15,975 | | |
| Engineering Services | | | | | | |
| Salaries & Wages | 46,749 | 46,949 | 46,918 | 31 | | |
| Other Expenses | 27,525 | 30,525 | 31,418 | | | 893 |
| Industrial and Economic Development Committee | | | | | | |
| Other Expenses | 2,000 | 2,000 | | 2,000 | | |
| Open Space Committee | | | | | | |
| Other Expenses | 2,500 | 2,500 | | 2,500 | | |
| Mount Olive Historical Society | | | | | | |
| Other Expenses | 5,500 | 5,500 | 3,641 | 1,859 | | |
| Ethics Board | | | | | | |
| Other Expenses | 500 | 500 | 238 | 262 | | |
| Information Technology Support | | | | | | |
| Other Expenses | 247,524 | 238,524 | 220,915 | 17,609 | | |
| Municipal Court | | | | | | |
| Salaries & Wages | 248,695 | 248,695 | 232,133 | 16,562 | | |
| Other Expenses | 18,100 | 18,100 | 11,363 | 6,737 | | |
| Public Defender (PL 1977, C 256) Other Expenses | 33,000 | 33,000 | 30,200 | 2,800 | | |
| LAND USE ADMINISTRATION | | | | | | |
| Municipal Land Use Law (NJS 40:55D-1) | | | | | | |
| Planning Board | | | | | | |
| Salaries & Wages | 126,099 | 113,099 | 112,713 | 386 | | |
| Other Expenses | 51,150 | 51,150 | 48,368 | 2,782 | | |
| INSURANCE | | | | | | |
| General Liability | 549,134 | 549,634 | 549,403 | 231 | | |
| Workers Compensation | 397,049 | 397,049 | 397,049 | - | | |
| Employee Group Health | 4,949,360 | 4,949,360 | 4,920,406 | 28,954 | | |
| Employee Group Health - Waiver | 57,500 | 60,500 | 60,316 | 184 | | |
| PUBLIC SAFETY | | | | | | |
| Police | | | | | | |
| Salaries & Wages | 8,407,041 | 8,407,041 | 8,279,798 | 127,243 | | |
| Other Expenses | 231,239 | 231,239 | 226,631 | 4,608 | | |
| Emergency Management System | | | | | | |
| Salaries & Wages | 25,000 | 25,450 | 25,410 | 40 | | |
| Other Expenses | 3,690 | 3,690 | 1,744 | 1,946 | | |
| Fire | | | | | | |
| Other Expenses | | | | | | |
| Flanders Fire Company | 107,090 | 107,090 | 107,090 | | | |
| Budd Lake Fire Company | 109,190 | 109,190 | 109,190 | | | |
| Fire Hydrant Rental | 25,000 | 25,000 | 22,496 | 2,504 | | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | <u>2025 Appropriated</u> | | <u>2025 Expended</u> | | <u>Cancelled</u> | <u>Overexpended</u> |
|---|--------------------------|--------------------------------------|----------------------------|-----------------|------------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | | |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | | |
| PUBLIC SAFETY (Continued) | | | | | | |
| Fire (Continued) | | | | | | |
| Contribution to Volunteer Fire Companies | | | | | | |
| Flanders Fire Company | \$ 45,000 | \$ 45,000 | \$ 45,000 | - | | |
| Budd Lake Fire Company | 45,000 | 45,000 | 45,000 | - | | |
| Volunteer Incentive Program | 35,720 | 19,720 | 19,550 | \$ 170 | | |
| First Aid Organization - Contributions | | | | | | |
| Budd Lake Rescue Squad | 35,000 | 35,000 | 35,000 | - | | |
| Flanders Rescue Squad | 35,000 | 35,000 | 35,000 | - | | |
| First Aid Organization | | | | | | |
| Other Expenses | | | | | | |
| Budd Lake Rescue Squad | 71,495 | 71,495 | 70,075 | 1,420 | | |
| Flanders Rescue Squad | 69,495 | 69,495 | 62,992 | 6,503 | | |
| Uniform Fire Safety Act (PL 1983, Ch. 183) | | | | | | |
| Fire Prevention | | | | | | |
| Salaries & Wages | 326,769 | 335,369 | 335,290 | 79 | | |
| Other Expenses | 24,850 | 24,850 | 16,401 | 8,449 | | |
| PUBLIC WORKS FUNCTIONS | | | | | | |
| STREETS AND ROADS | | | | | | |
| Road Repairs and Maintenance | | | | | | |
| Salaries & Wages | 912,082 | 877,082 | 874,853 | 2,229 | | |
| Other Expenses | 710,510 | 710,510 | 651,349 | 59,161 | | |
| Street Signs | | | | | | |
| Other Expenses | 76,550 | 76,550 | 74,783 | 1,767 | | |
| Buildings and Grounds | | | | | | |
| Salaries & Wages | 973,307 | 973,307 | 953,442 | 19,865 | | |
| Other Expenses | 656,900 | 656,900 | 654,264 | 2,636 | | |
| Fleet Maintenance | | | | | | |
| Salaries & Wages | 239,867 | 239,867 | 236,584 | 3,283 | | |
| Other Expenses | 175,000 | 175,000 | 173,232 | 1,768 | | |
| HEALTH AND HUMAN SERVICES | | | | | | |
| Board of Health | | | | | | |
| Salaries & Wages | 462,834 | 462,834 | 438,065 | 24,769 | | |
| Other Expenses | 16,595 | 16,595 | (4,184) | 20,779 | | |
| Environmental Committee (R.S. 40:56A-1 et seq) | | | | | | |
| Other Expenses | 1,500 | 1,500 | 450 | 1,050 | | |
| Animal Control | | | | | | |
| Other Expenses | 123,920 | 123,920 | 123,920 | | | |
| Division of Senior Social Services | | | | | | |
| Salaries & Wages | 104,032 | 104,032 | 99,130 | 4,902 | | |
| Other Expenses | 27,580 | 27,580 | 22,682 | 4,898 | | |
| Mount Olive Municipal Alliance Commision - Other Expenses | 5,000 | 5,000 | 5,000 | | | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | <u>2025 Appropriated</u> | | <u>2025 Expended</u> | | <u>Cancelled</u> | <u>Overexpended</u> |
|---|--------------------------|--------------------------------------|----------------------------|-----------------|------------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | | |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | | |
| Uniform Construction Code | | | | | | |
| Appropriations Offset by Dedicated | | | | | | |
| Revenues (N.J.A.C. 5:23-4-17) | | | | | | |
| Construction Official | | | | | | |
| Salaries & Wages | \$ 447,816 | \$ 467,316 | \$ 467,281 | \$ 35 | | |
| Other Expenses | 24,200 | 24,200 | 19,428 | 4,772 | | |
| UNCLASSIFIED | | | | | | |
| Accumulated Absence Trust Fund | 150,000 | 150,000 | 150,000 | | | |
| UTILITY EXPENSE AND BULK PURCHASES | | | | | | |
| Electricity | 215,000 | 280,000 | 275,537 | 4,463 | | |
| Street Lighting | 165,000 | 186,800 | 173,264 | 13,536 | | |
| Gas (Natural or Propane) | 27,500 | 37,500 | 24,866 | 12,634 | | |
| Telecommunications | 205,000 | 205,000 | 185,394 | 19,606 | | |
| Vehicle Fuel | <u>380,000</u> | <u>330,000</u> | <u>300,749</u> | <u>29,251</u> | <u>-</u> | <u>-</u> |
| | | | | | | |
| Total Operations Within "CAPS" | <u>24,821,628</u> | <u>24,795,328</u> | <u>24,269,069</u> | <u>527,264</u> | <u>\$ -</u> | <u>\$ 1,005</u> |
| Detail: | | | | | | |
| Salaries & Wages | 13,905,194 | 13,863,374 | 13,658,004 | 205,370 | - | - |
| Other Expenses | <u>10,916,434</u> | <u>10,931,954</u> | <u>10,611,065</u> | <u>321,894</u> | <u>-</u> | <u>1,005</u> |
| Deferred Charges and Statutory Expenditures - | | | | | | |
| Municipal Within "CAPS" | | | | | | |
| Statutory Charges | | | | | | |
| Public Employees' Retirement System | 1,153,004 | 1,153,004 | 1,153,004 | | | |
| Social Security System (O.A.S.I.) | 1,056,000 | 1,082,300 | 1,082,260 | 40 | | |
| Police and Firemen's Retirement System of NJ | 2,288,066 | 2,288,066 | 2,288,066 | | | |
| Deferred Contribution Retirement Program | <u>15,500</u> | <u>15,500</u> | <u>14,910</u> | <u>590</u> | <u>-</u> | <u>-</u> |
| Total Deferred Charges & Statutory | | | | | | |
| Expenditures - Municipal Within "CAPS" | <u>4,512,570</u> | <u>4,538,870</u> | <u>4,538,240</u> | <u>630</u> | <u>-</u> | <u>-</u> |
| Total General Appropriations for Municipal | | | | | | |
| Purposes Within "CAPS" | <u>29,334,198</u> | <u>29,334,198</u> | <u>28,807,309</u> | <u>527,894</u> | <u>-</u> | <u>1,005</u> |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | | |
| INSURANCE (N.J.S.A. 40A:4-45.3(OO)) | | | | | | |
| Maintenance of Free Public Library | | | | | | |
| (Ch. 82, P.L. 1985) | 1,585,838 | 1,585,838 | 1,585,838 | | | |
| Health Insurance | 533,405 | 533,405 | 533,405 | - | | |
| Length of Service Award Program (LOSAP) | <u>150,000</u> | <u>150,000</u> | <u>150,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Operations Excluded from "CAPS" | | | | | | |
| | <u>2,269,243</u> | <u>2,269,243</u> | <u>2,269,243</u> | <u>-</u> | <u>-</u> | <u>-</u> |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | 2025 Appropriated | | 2025 Expended | | Cancelled | Overexpended |
|---|-------------------|---------------------------|------------------|----------|-----------|--------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| OPERATIONS - EXCLUDED FROM "CAPS" (Continued) | | | | | | |
| Interlocal Municipal Service Agreements | | | | | | |
| Health Services | \$ 283,718 | \$ 283,718 | \$ 283,718 | | | |
| Court | 65,975 | 65,975 | 65,975 | | | |
| Animal Control Services | 1,000 | 1,000 | 1,000 | | | |
| Fire Subcode Services - Roxbury | 28,550 | 28,550 | 28,550 | | | |
| Plumbing Services - Washington | 32,000 | 32,000 | 32,000 | | | |
| Transportation Services - Washington | 84,896 | 84,896 | 84,896 | | | |
| Plumbing/Mechanical - Chester | 5,000 | 5,000 | 5,000 | | | |
| SRO - MOBOE | 48,250 | 48,250 | 48,250 | | | |
| Administration - Allamuchy | 60,000 | 60,000 | 60,000 | - | - | - |
| Total Interlocal Municipal Service Agreements | 609,389 | 609,389 | 609,389 | - | - | - |
| Public and Private Programs Offset by Revenues | | | | | | |
| Connect and Protect Grant | 189,657 | 189,657 | 189,657 | - | | |
| Federal Transit Administration | 50,000 | 50,000 | 50,000 | - | | |
| Donation - Lion's Club - Bullet Proof Vests | | 3,000 | 3,000 | - | | |
| Enhancing Local Public Health Infrastructure | | 12,500 | 12,500 | - | | |
| Sustaining Local Public Health Infrastructure | | 24,951 | 24,951 | - | | |
| Strengthening Local Public Health Infrastructure | | 64,788 | 64,788 | - | | |
| Donation - Benjamin Moore - Police Equipment | | 1,000 | 1,000 | - | | |
| NJ Highlands Water Protection & Planning Council - Mine Brook Dam Removal Plan | | 90,800 | 90,800 | - | | |
| National Opioid Settlement | | 29,800 | 29,800 | - | | |
| Drive Sober or Get Pulled Over | | 7,000 | 7,000 | - | | |
| Walmart Spark Good Local Grant | | 3,000 | 3,000 | - | | |
| Clean Communities Grant | | 85,625 | 85,625 | - | | |
| National Opioid Settlement | | 3,496 | 3,496 | - | | |
| Distracted Driving Crackdown - U Drive U Text U Pay | | 7,000 | 7,000 | - | | |
| Recycling Tonnage Grant | | 35,016 | 35,016 | - | | |
| Drunk Driving Enforcement Grant | | 28,909 | 28,909 | - | | |
| Highway Traffic Safety Program | | 30,800 | 30,800 | - | | |
| NJ Highlands Water Protection & Planning Council - Habitat Conservation & Lake Management Plan | - | 88,814 | 88,814 | - | - | - |
| Total Public and Private Programs Offset by Revenues | 239,657 | 756,156 | 756,156 | - | - | - |
| Total Operations Excluded from "CAPS" | 3,118,289 | 3,634,788 | 3,634,788 | - | - | - |
| Detail: | | | | | | |
| Other Expenses | 3,118,289 | 3,634,788 | 3,634,788 | - | - | - |
| CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS" | | | | | | |
| Capital Improvement Fund | 214,088 | 214,088 | 214,088 | - | - | - |
| Total Capital Improvements Excluded from "CAPS" | 214,088 | 214,088 | 214,088 | - | - | - |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | | |
| Payment of Bond Principal | 3,665,000 | 3,665,000 | 3,665,000 | | | |
| Interest on Bonds | 891,084 | 891,084 | 891,081 | - | \$ 3 | - |
| Total Municipal Debt Service Excluded from "CAPS" | 4,556,084 | 4,556,084 | 4,556,081 | - | 3 | - |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | <u>2025 Appropriated</u> | | <u>2025 Expended</u> | | | |
|---|--------------------------|--------------------------------------|----------------------------|-------------------|------------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> | <u>Overexpended</u> |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | \$ 7,888,461 | \$ 8,404,960 | \$ 8,404,957 | \$ - | \$ 3 | - |
| Subtotal General Appropriations | 37,222,659 | 37,739,158 | 37,212,266 | 527,894 | 3 | \$ 1,005 |
| Reserve for Uncollected Taxes | <u>1,925,000</u> | <u>1,925,000</u> | <u>1,925,000</u> | - | - | - |
| Total General Appropriations | <u>\$ 39,147,659</u> | <u>\$ 39,664,158</u> | <u>\$ 39,137,266</u> | <u>\$ 527,894</u> | <u>\$ 3</u> | <u>\$ 1,005</u> |
| Adopted Budget | | \$ 39,147,659 | | | | |
| Additional Appropriations (N.J.S.A. 40A:4-87) | | <u>516,499</u> | | | | |
| | | <u>\$ 39,664,158</u> | | | | |
| Cash Disbursed | | | \$ 37,161,257 | | | |
| Less Refund Due from Other Trust Funds | | | 112,280 | | | |
| Less Refunds | | | <u>1,085,471</u> | | | |
| | | | 35,963,506 | | | |
| Federal and State Grants Appropriated | | | 756,156 | | | |
| Encumbrances Payable | | | 492,604 | | | |
| Reserve for Uncollected Taxes | | | <u>1,925,000</u> | | | |
| | | | <u>\$ 39,137,266</u> | | | |

See Accountants' Compilation Report

TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2025 (UNAUDITED)

| | <u>2025</u> |
|---------------------------|----------------------|
| ASSETS | |
| ANIMAL CONTROL TRUST FUND | |
| Cash | \$ 14,947 |
| Due from Other Trust Fund | <u>3,934</u> |
| | <u>18,881</u> |
| OTHER TRUST FUND | |
| Cash | 8,778,061 |
| Cash Held by ADP | <u>599,122</u> |
| | <u>9,377,183</u> |
| OPEN SPACE TRUST FUND | |
| Cash | <u>1,558,380</u> |
| Total Assets | <u>\$ 10,954,444</u> |

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025</u> |
|--|--------------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | |
| ANIMAL CONTROL TRUST FUND | |
| Due to State of New Jersey | \$ 1 |
| Reserve for Animal Control Expenditures | 8,829 |
| Due to Current Fund | <u>10,051</u> |
| | <u>18,881</u> |
| OTHER TRUST FUND | |
| Developer's Escrow Deposits | 2,026,109 |
| Reserve for Payroll and Payroll Deductions | 288,202 |
| Due to Current Fund | 1,105,595 |
| Due to Animal Control Fund | 3,934 |
| Due to Federal and State Grant Fund | 6,778 |
| Due to Water-Sewer Operating Fund | 99,548 |
| Due to Solid Waste Collection District Fund | 49,402 |
| Due to Recreation Utility Operating Fund | 12,788 |
| Miscellaneous Reserves | <u>5,784,827</u> |
| | <u>9,377,183</u> |
| OPEN SPACE TRUST FUND | |
| Reserve for Open Space | 1,458,797 |
| Due to Current Fund | <u>99,583</u> |
| | <u>1,558,380</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 10,954,444</u> |

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025 Budget</u> | <u>2025 Realized</u> | <u>Variance</u> |
|---------------------------------|------------------------|--------------------------|-----------------|
| Amount to be Raised by Taxation | \$ 591,517 | \$ 591,517 | \$ - |
| Total | <u>\$ 591,517</u> | <u>591,517</u> | <u>\$ -</u> |
| Non-Budget Revenue | | <u>56,829</u> | |
| | | <u>\$ 648,346</u> | |
| Analysis of Non-Budget Revenue | | | |
| Interest on Investments | | <u>\$ 56,829</u> | |

See Accountants' Compilation Report

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025 Modified Budget</u> | <u>2025 Paid or Charged</u> | <u>Variance</u> |
|------------------------|---------------------------------|-------------------------------------|-------------------|
| Reserve for Future Use | \$ 268,585 | \$ 67,727 | \$ 200,858 |
| Debt Service | | | |
| Bond Principal | 280,886 | 280,886 | |
| Interest on Bonds | <u>42,046</u> | <u>42,046</u> | <u>-</u> |
| | <u>\$ 591,517</u> | <u>\$ 390,659</u> | <u>\$ 200,858</u> |

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025</u> |
|--|--------------------------|
| ASSETS | |
| Cash | \$ 394,564 |
| Deferred Charges to Future Taxation | |
| Funded | 22,986,000 |
| Unfunded | 8,745,131 |
| Department of Transportation Grant Receivable | 1,010,726 |
| Due From State of New Jersey | 1,786,268 |
| Due from County of Morris | 1,007,205 |
| Due from County of Morris Historic Preservation Trust Fund | <u>1,338,569</u> |
| Total Assets | <u>\$ 37,268,463</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | |
| General Serial Bonds | \$ 22,986,000 |
| Improvement Authorizations | |
| Funded | - |
| Unfunded | 3,701,577 |
| Capital Improvement Fund | 7,996 |
| Encumbrances Payable | 6,744,036 |
| Due to Current Fund | <u>3,828,854</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 37,268,463</u> |

There were bonds and notes authorized but not issued on December 31, 2025 of \$8,745,131.

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS
WATER-SEWER UTILITY FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025</u> |
|--|----------------------|
| ASSETS | |
| OPERATING FUND | |
| Cash | \$ 8,530,738 |
| Due from Payroll | 99,548 |
| Due from Water-Sewer Assessment Fund | 19 |
| Due from Water-Sewer Capital Fund | <u>125,371</u> |
| | 8,755,676 |
| Receivables With Full Reserves | |
| Utility Liens Receivable | 54,881 |
| Consumer Accounts Receivable | <u>231,551</u> |
| | <u>286,432</u> |
| Total Operating Fund | <u>9,042,108</u> |
| ASSESSMENT TRUST FUND | |
| Cash | 71,147 |
| Assessments Receivable | 586,646 |
| Assessment Liens Receivable | <u>1,645</u> |
| Total Assessment Trust Fund | <u>659,438</u> |
| CAPITAL FUND | |
| Cash | 102,484 |
| Fixed Capital Authorized and Uncompleted | 2,939,379 |
| Fixed Capital | <u>50,663,460</u> |
| Total Capital Fund | <u>53,705,323</u> |
| Total Assets | <u>\$ 63,406,869</u> |

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS
WATER-SEWER UTILITY FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025</u> |
|---|--------------------------|
| LIABILITIES, RESERVES AND FUND BALANCES | |
| OPERATING FUND | |
| Liabilities | |
| Appropriation Reserves | \$ 273,504 |
| Encumbrances Payable | 423,922 |
| Prepaid Water-Sewer Rents | 29,908 |
| Due to Current Fund | 1,327,350 |
| Reserve for PFAS Operating/Maintenance (3M) | 1,008,583 |
| Accrued Interest on Bonds and Loans | <u>31,492</u> |
| | 3,094,759 |
| Reserve for Receivables | 286,432 |
| Fund Balance | <u>5,660,917</u> |
| Total Operating Fund | <u>9,042,108</u> |
| ASSESSMENT TRUST FUND | |
| Reserve for Assessment Liens Receivable | 1,645 |
| Assessment Serial Bonds Payable | 500,000 |
| Reserve for Assessment Interest and Costs | 166 |
| Due to Water-Sewer Operating Fund | 19 |
| Due to Current Fund | 35,000 |
| Fund Balance | <u>122,608</u> |
| Total Assessment Trust Fund | <u>659,438</u> |
| CAPITAL FUND | |
| Serial Bonds | 2,585,000 |
| NJEIT Loan Payable | 121,409 |
| Encumbrances Payable | 712,605 |
| Improvement Authorizations: | |
| Funded | 88,594 |
| Unfunded | 1,183,956 |
| Capital Improvement Fund | 1,000 |
| Due to Water-Sewer Operating Fund | 125,371 |
| Due to Current Fund | 21,172 |
| Reserve for Amortization | 48,841,216 |
| Deferred Reserve for Amortization | <u>25,000</u> |
| Total Capital Fund | <u>53,705,323</u> |
| Total Liabilities, Reserves and Fund Balances | <u>\$ 63,406,869</u> |

There were bonds and notes authorized but not issued at December 31, 2025 of \$2,030,214.

See Accountants' Compilation Report

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE - REGULATORY BASIS - WATER-SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| | <u>2025</u> |
|---|-------------------------|
| REVENUES AND OTHER INCOME | |
| Fund Balance Utilized | \$ 1,633,834 |
| Water-Sewer Rents and Liens | 6,291,136 |
| Special Assessment Interest | 8,890 |
| Miscellaneous Revenues | 811,527 |
| Other Credits to Income: | |
| Unexpended Balance of Appropriation Reserves | <u>334,835</u> |
| Total Revenues and Other Income | <u>9,080,222</u> |
| EXPENDITURES | |
| Budget Appropriations | |
| Operating | 5,646,510 |
| Capital Improvements | 360,000 |
| Debt Service | 482,553 |
| Deferred Charges and Statutory Expenditures | 225,414 |
| Surplus (General Budget) | 800,000 |
| Other Charges | <u>29,420</u> |
| Total Expenditures | <u>7,543,897</u> |
| Excess in Revenues/Statutory Excess to Fund Balance | 1,536,325 |
| FUND BALANCE, JANUARY 1 | <u>5,758,426</u> |
| Decreased by: | 7,294,751 |
| Utilized as Anticipated Revenue | <u>1,633,834</u> |
| FUND BALANCE, DECEMBER 31 | <u>\$ 5,660,917</u> |
| See Accountants' Compilation Report | |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - WATER-SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| | 2025 <u>Anticipated</u> | 2025 <u>Realized</u> | <u>Excess</u> |
|-----------------------------|----------------------------|-------------------------|-------------------|
| Fund Balance Anticipated | \$ 1,633,834 | \$ 1,633,834 | |
| Rents - Water | 1,850,000 | 1,927,333 | \$ 77,333 |
| Rents - Sewer | 4,200,000 | 4,363,803 | 163,803 |
| Special Assessment Interest | 6,000 | 8,890 | 2,890 |
| Miscellaneous | <u>150,000</u> | <u>811,527</u> | <u>661,527</u> |
| | <u>\$ 7,839,834</u> | <u>\$ 8,745,387</u> | <u>\$ 905,553</u> |

Analysis of Miscellaneous Revenues

| | |
|----------------------------------|-----------------------|
| Miscellaneous Fees | |
| Connection Fees | \$ 533,485 |
| Pool Permits | 1,420 |
| Return Check Fee | 2,680 |
| Meter Fees | 272 |
| Prior Year Refunds | 12,020 |
| Interest on Investments | 208,043 |
| Service Pressure and Line Test | 81 |
| Interest on Delinquent Rents | <u>53,526</u> |
| Total Miscellaneous Revenues | <u>\$ 811,527</u> |

See Accountants' Compilation Report

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER-SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| | <u>2025 Appropriated</u> | | <u>2025 Expended</u> | | |
|--|--------------------------|--------------------------------------|----------------------------|-------------------|-------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATING | | | | | |
| Salaries and Wages | \$ 1,481,872 | \$ 1,481,872 | \$ 1,407,027 | \$ 74,845 | |
| Other Expenses | 2,449,662 | 2,449,662 | 2,267,283 | 182,379 | |
| Musconetcong Sewerage Authority | 1,714,976 | 1,714,976 | 1,714,975 | 1 | |
| CAPITAL IMPROVEMENT FUND | | | | | |
| Capital Improvement Fund | 25,000 | 25,000 | 25,000 | - | - |
| Capital Outlay | 660,000 | 660,000 | 322,571 | 12,429 | \$ 325,000 |
| DEBT SERVICE | | | | | |
| Payment of Bond Principal | 350,000 | 350,000 | 350,000 | | |
| Interest on Bonds | 112,062 | 112,062 | 112,062 | | |
| Principal and Interest on Loans | 20,848 | 20,848 | 20,491 | | 357 |
| DEFERRED CHARGES | | | | | |
| Anticipated Deficit - Sewer Assessment Trust | 2,627 | 2,627 | 2,627 | | |
| STATUTORY EXPENDITURES | | | | | |
| Contribution to Public Employees' | | | | | |
| Retirement System | 109,424 | 109,424 | 109,424 | | |
| Social Security System | 113,363 | 113,363 | 109,513 | 3,850 | - |
| Surplus (General Budget) | <u>800,000</u> | <u>800,000</u> | <u>800,000</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 7,839,834</u> | <u>\$ 7,839,834</u> | <u>\$ 7,240,973</u> | <u>\$ 273,504</u> | <u>\$ 325,357</u> |
| Cash Disbursements | | | \$ 6,732,883 | | |
| Less: Refunds | | | <u>28,995</u> | | |
| | | | 6,703,888 | | |
| Encumbrances Payable | | | 423,922 | | |
| Accrued Interest on Bonds and Loans | | | <u>113,163</u> | | |
| | | | <u>\$ 7,240,973</u> | | |

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - WATER-SEWER ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025 Budget</u> | <u>2025 Realized</u> | <u>Variance</u> |
|--------------------------------|------------------------|--------------------------|-----------------|
| Assessment Cash | \$ 32,373 | \$ 32,373 | \$ - |
| Deficit (Sewer Utility Budget) | <u>2,627</u> | <u>2,627</u> | <u>-</u> |
| | <u>\$ 35,000</u> | <u>\$ 35,000</u> | <u>\$ -</u> |

See Accountants' Compilation Report

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - WATER-SEWER ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025 Modified Budget</u> | <u>2025 Paid or Charged</u> | <u>Variance</u> |
|----------------|---------------------------------|-------------------------------------|-----------------|
| Debt Service | | | |
| Bond Principal | <u>\$ 35,000</u> | <u>\$ 35,000</u> | <u>\$ -</u> |

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS
SOLID WASTE COLLECTION DISTRICT FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025</u> |
|---|---------------------|
| ASSETS | |
| Cash | \$ 910,409 |
| Due from County of Morris | 66,263 |
| Due Other Trust Fund | <u>49,402</u> |
| Total Assets | <u>\$ 1,026,074</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | |
| Appropriation Reserves | \$ 106,747 |
| Encumbrance Payable | 108,275 |
| Amount Due to Current Fund | <u>300,000</u> |
| | 515,022 |
| Fund Balance | <u>511,052</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 1,026,074</u> |
| See Accountants' Compilation Report | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025</u> |
|---|-------------------|
| REVENUES AND OTHER INCOME | |
| Fund Balance Utilized | \$ 470,425 |
| Sanitation District Taxes | 2,165,000 |
| Host Benefit Fees | 892,102 |
| Recycling Revenue | 6,534 |
| Bulk Item Pick-Up Fees | 46,625 |
| Yard Waste Fees - Stickers and Bags | 383 |
| Dumpster Fees | 19,240 |
| Interlocal Agreement - Netcong | 87,500 |
| Nonbudget Revenue | 48,378 |
| Other Credits to Income: | |
| Unexpended Balance of Appropriation Reserves | <u>87,783</u> |
| Total Revenues and Other Income | <u>3,823,970</u> |
| EXPENDITURES | |
| Budget Appropriations: | |
| Operating | 3,288,440 |
| Surplus (General Budget) | 148,673 |
| Statutory Expenditures | 225,312 |
| Refund of Prior Year Revenue | <u>661</u> |
| Total Expenditures | <u>3,663,086</u> |
| Excess in Revenues/Statutory Excess to Fund Balance | 160,884 |
| BALANCE, JANUARY 1 | <u>820,593</u> |
| | 981,477 |
| Decreased by: | |
| Utilized as Anticipated Revenue | <u>470,425</u> |
| BALANCE, DECEMBER 31 | <u>\$ 511,052</u> |
| See Accountants' Compilation Report | |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| | <u>Budget</u> | <u>Realized</u> | <u>Excess</u> |
|-------------------------------------|-------------------------|-------------------------|----------------------|
| Fund Balance Anticipated | \$ 470,425 | \$ 470,425 | - |
| Sanitation District Taxes | <u>2,165,000</u> | <u>2,165,000</u> | - |
| Host Benefit Fees - | | | |
| Transfer Station | 800,000 | 814,277 | \$ 14,277 |
| County Reimbursement | 80,000 | 77,825 | (2,175) |
| Recycling Revenue | 7,000 | 6,534 | (466) |
| Bulk Item Pick-Up Fees | 40,000 | 46,625 | 6,625 |
| Dumpster Fees | 12,000 | 19,240 | 7,240 |
| Interlocal Agreement - Netcong | 87,500 | 87,500 | |
| Yard Waste Fees - Stickers and Bags | <u>500</u> | <u>383</u> | <u>(117)</u> |
| | <u>1,027,000</u> | <u>1,052,384</u> | <u>25,384</u> |
| Total | <u>\$ 3,662,425</u> | 3,687,809 | <u>\$ 25,384</u> |
| Nonbudget Revenues | | <u>48,378</u> | |
| | | <u>\$ 3,736,187</u> | |
| Prior Year Refunds | | \$ 125 | |
| NSF Check Fee | | 20 | |
| Interest on Investments | | <u>48,233</u> | |
| | | <u>\$ 48,378</u> | |

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
|-----------------------------------|---------------------|--------------------------------------|----------------------------|-------------------|
| OPERATING | | | | |
| Salaries and Wages | \$ 1,108,140 | \$ 1,108,140 | \$ 1,074,323 | \$ 33,817 |
| Other Expenses | 2,137,800 | 2,137,800 | 2,084,477 | 53,323 |
| Health Benefit Waiver | 15,000 | 15,000 | 1,840 | 13,160 |
| Recycling Tax | 27,500 | 27,500 | 23,499 | 4,001 |
| STATUTORY EXPENDITURES | | | | |
| Contribution to Public Employees' | | | | |
| Retirement System | 140,539 | 140,539 | 140,539 | |
| Social Security System | 84,773 | 84,773 | 82,327 | 2,446 |
| Surplus (General Budget) | <u>148,673</u> | <u>148,673</u> | <u>148,673</u> | <u>-</u> |
| Total | <u>\$ 3,662,425</u> | <u>\$ 3,662,425</u> | <u>\$ 3,555,678</u> | <u>\$ 106,747</u> |
| Cash Disbursed | | | \$ 3,447,403 | |
| Encumbrance Payable | | | <u>108,275</u> | |
| | | | <u>\$ 3,555,678</u> | |

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
BALANCE SHEET - REGULATORY BASIS
RECREATION UTILITY FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

2025

ASSETS AND DEFERRED CHARGES

OPERATING FUND

| | |
|---------------------------|----------------|
| Cash | \$ 734,429 |
| Due from Other Trust Fund | 12,788 |
| Deferred Charges: | |
| Operating Deficit | <u>117,928</u> |
| Total Operating Fund | <u>865,145</u> |

CAPITAL FUND

| | |
|-----------------------------------|-------------------|
| Fixed Capital | <u>2,595</u> |
| Total Capital Fund | <u>2,595</u> |
| Total Assets and Deferred Charges | <u>\$ 867,740</u> |

LIABILITIES, RESERVES AND FUND BALANCE

OPERATING FUND

| | |
|------------------------|----------------|
| Appropriation Reserves | \$ 393,681 |
| Encumbrance Payable | 14,238 |
| Due to Current Fund | <u>71,550</u> |
| Fund Balance | 479,469 |
| Total Operating Fund | <u>385,676</u> |
| Total Operating Fund | <u>865,145</u> |

CAPITAL FUND

| | |
|--|-------------------|
| Reserve for Amortization | <u>2,595</u> |
| Total Capital Fund | <u>2,595</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 867,740</u> |

See Accountants' Compilation Report

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>2025</u> |
|--|---------------------|
| REVENUES AND OTHER INCOME | |
| Fund Balance Utilized | \$ 155,000 |
| Program Fees | 633,745 |
| Non-Budget Revenue | 37,994 |
| Other Credits to Income: | |
| Unexpended Balance of Appropriation Reserves | <u>83,678</u> |
| Total Revenues and Other Income | <u>910,417</u> |
| EXPENDITURES | |
| Budget Appropriations: | |
| Operating | 1,002,692 |
| Statutory Expenditures | <u>25,653</u> |
| Total Expenditures | <u>1,028,345</u> |
| Operating Deficit | <u>\$ (117,928)</u> |
| BALANCE, JANUARY 1 | <u>\$ 540,676</u> |
| Decreased by: | |
| Utilized as Anticipated Revenue | <u>155,000</u> |
| BALANCE, DECEMBER 31 | <u>\$ 385,676</u> |
| See Accountants' Compilation Report | |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

| | <u>Modified</u> <u>Budget</u> | <u>Realized</u> | <u>(Deficit)</u> |
|---|----------------------------------|-----------------------|-------------------------|
| Fund Balance Anticipated | \$ 155,000 | \$ 155,000 | |
| Program Fees | <u>873,345</u> | <u>633,745</u> | <u>\$ (239,600)</u> |
| Total | <u>\$ 1,028,345</u> | 788,745 | <u>\$ (239,600)</u> |
| Nonbudget Revenue | | <u>37,994</u> | |
| | | <u>\$ 826,739</u> | |
| <u>Analysis of Nonbudget Revenues</u> | | | |
| Sale of Recycling Cans | | \$ 12,555 | |
| Prior Year Refund | | 165 | |
| Interest on Investments | | <u>25,274</u> | |
| | | <u>\$ 37,994</u> | |

See Accountants' Compilation Report

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
|------------------------|---------------------|--------------------------------------|----------------------------|-------------------|
| OPERATING | | | | |
| Salaries & Wages | \$ 335,338 | \$ 335,338 | \$ 253,790 | \$ 81,548 |
| Other Expenses | 667,354 | 667,354 | 361,459 | 305,895 |
| STATUTORY EXPENDITURES | | | | |
| Social Security System | <u>25,653</u> | <u>25,653</u> | <u>19,415</u> | <u>6,238</u> |
| Total | <u>\$ 1,028,345</u> | <u>\$ 1,028,345</u> | <u>\$ 634,664</u> | <u>\$ 393,681</u> |
| Cash Disbursements | | | \$ 630,126 | |
| Less Refunds: | | | <u>9,700</u> | |
| | | | 620,426 | |
| Encumbrances Payable | | | <u>14,238</u> | |
| | | | <u>\$ 634,664</u> | |

See Accountants' Compilation Report

APPENDIX C

**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS OF THE
TOWNSHIP OF MOUNT OLIVE, IN THE COUNTY OF MORRIS, NEW JERSEY**

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APPENDIX C

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS OF THE
TOWNSHIP OF MOUNT OLIVE,
IN THE COUNTY OF MORRIS,
STATE OF NEW JERSEY**

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Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Council
Township of Mount Olive
Mount Olive, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Township of Mount Olive, New Jersey ("Township"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance and the statements of changes in fund balance for the years then ended, the statements of revenues and statements of expenditures for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Township as of December 31, 2024 and 2023, and the regulatory basis revenues, expenditures, and changes in fund balances and the statements of changes in fund balance for the years then ended, the statements of revenues and statements of expenditures for the year ended December 31, 2024 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division") described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2024 and 2023, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and requirements prescribed by the Division. Our responsibilities under those standards and requirements are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Township’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and requirements prescribed by the Division, we:

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

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

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
May 14, 2025

Gary W. Higgins

Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Regular Fund | | |
| Cash | \$ 17,448,625 | \$ 16,088,127 |
| Change Funds | 1,800 | 1,800 |
| Due from the State of New Jersey - Senior Citizens' and Veterans' Deductions | <u>16,777</u> | <u>19,501</u> |
| | <u>17,467,202</u> | <u>16,109,428</u> |
| Receivables and Other Assets with Full Reserves | | |
| Delinquent Taxes Receivable | 520,117 | 355,737 |
| Tax Title Liens Receivable | 356,076 | 416,881 |
| Property Acquired for Taxes - Assessed Valuation | 5,002,494 | 5,002,494 |
| Revenue Accounts Receivable | <u>27,694</u> | <u>31,018</u> |
| | <u>5,906,381</u> | <u>5,806,130</u> |
| Total Regular Fund | <u>23,373,583</u> | <u>21,915,558</u> |
| Federal and State Grant Fund | | |
| Cash | 230,514 | 104,975 |
| Grants Receivable | <u>1,085,133</u> | <u>1,104,835</u> |
| Total Federal and State Grant Fund | <u>1,315,647</u> | <u>1,209,810</u> |
| Total Assets | <u>\$ 24,689,230</u> | <u>\$ 23,125,368</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| Regular Fund | | |
| Appropriation Reserves | \$ 339,930 | \$ 757,096 |
| Encumbrances Payable | 512,482 | 526,344 |
| Accounts Payable | - | 1,143 |
| Prepaid Taxes | 2,158,666 | 2,177,082 |
| Reserve for Tax Appeals | 35,517 | 35,517 |
| Reserve for Outside Lien Holders | 48,381 | - |
| Unappropriated Revenues | - | 220,527 |
| State Fees Payable | 9,686 | 30,768 |
| Reserve for Tax Sale Premiums | <u>96,800</u> | <u>239,500</u> |
| | 3,201,462 | 3,987,977 |
| Reserve for Receivables and Other Assets | 5,906,381 | 5,806,130 |
| Fund Balance | <u>14,265,740</u> | <u>12,121,451</u> |
| Total Regular Fund | <u>23,373,583</u> | <u>21,915,558</u> |
| Federal and State Grant Fund | | |
| Encumbrances Payable | 670,778 | 81,590 |
| Reserve for Grants and Donations - Appropriated | <u>644,869</u> | <u>1,128,220</u> |
| Total Federal and State Grant Fund | <u>1,315,647</u> | <u>1,209,810</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 24,689,230</u> | <u>\$ 23,125,368</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| REVENUES AND OTHER INCOME | <u>2024</u> | <u>2023</u> |
|---|------------------------|------------------------|
| Fund Balance Utilized | \$ 5,580,921 | \$ 6,122,327 |
| Miscellaneous Revenue Anticipated | 9,399,020 | 11,377,764 |
| Receipts from Delinquent Taxes | 466,556 | 555,628 |
| Receipts from Current Taxes | 118,948,709 | 108,926,652 |
| Non-Budget Revenue | 775,891 | 946,235 |
| Other Credits to Income | | |
| Unexpended Balances of Appropriation Reserves | 894,756 | 440,703 |
| Accounts Payable Cancelled | <u>16</u> | <u>400</u> |
| Total Revenues and Other Income | <u>136,065,869</u> | <u>128,369,709</u> |
| EXPENDITURES | | |
| Budget Appropriations | | |
| Operations | | |
| Salaries and Wages | 13,022,404 | 12,730,817 |
| Other Expenses | 13,444,064 | 14,564,057 |
| Capital Improvements | 140,912 | 213,053 |
| Municipal Debt Service | 4,162,209 | 4,039,338 |
| Deferred Charges and Statutory Expenditures - | | |
| Municipal | 4,376,055 | 3,943,929 |
| County Taxes | 10,716,928 | 10,095,455 |
| County Taxes - Added Taxes | 94,677 | 67,972 |
| County Taxes - Open Space Preservation | 279,919 | 254,737 |
| Local District School Taxes | 79,352,933 | 74,000,771 |
| Sanitation District Taxes | 2,154,955 | 2,133,908 |
| Sanitation District Taxes - Added Taxes | 1,535 | 2,716 |
| Municipal - Open Space Preservation | 588,606 | 584,851 |
| Municipal - Open Space Preservation - Added Taxes | 5,196 | 3,731 |
| Prior Year Senior Citizens Deduction Disallowed | <u>266</u> | <u>1,750</u> |
| Total Expenditures | <u>128,340,659</u> | <u>122,637,085</u> |
| Excess in Revenues (Carried Forward) | <u>7,725,210</u> | <u>5,732,624</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|----------------------|----------------------|
| Excess in Revenues (Brought Forward) | \$ 7,725,210 | \$ 5,732,624 |
| FUND BALANCE, JANUARY 1 | <u>12,121,451</u> | <u>12,511,154</u> |
| | 19,846,661 | 18,243,778 |
| Decreased by: | | |
| Utilized as Anticipated Revenue | <u>5,580,921</u> | <u>6,122,327</u> |
| FUND BALANCE, DECEMBER 31 | <u>\$ 14,265,740</u> | <u>\$ 12,121,451</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | 2024 Anticipated <u>Budget</u> | <u>Added</u> by NJS <u>40A:4-87</u> | Realized in 2024 | Excess or <u>(Deficit)</u> |
|--|--------------------------------------|---|---------------------|-------------------------------|
| Fund Balance Anticipated | \$ 5,580,921 | \$ - | \$ 5,580,921 | - |
| Miscellaneous Revenues | | | | |
| Licenses | | | | |
| Alcoholic Beverages | 23,900 | | 23,854 | \$ (46) |
| Fees and Permits | | | | |
| Other | 205,000 | | 268,076 | 63,076 |
| Fines and Costs - Municipal Court | 250,000 | | 280,395 | 30,395 |
| Interest and Costs on Taxes | 160,000 | | 197,737 | 37,737 |
| Interest on Investments and Deposits | 650,000 | | 962,751 | 312,751 |
| Water Tower Rentals | 450,000 | | 486,356 | 36,356 |
| Interest on Developers' Deposit Fees | 10,000 | | 15,619 | 5,619 |
| Life Hazard Use Fees | 100,000 | | 141,912 | 41,912 |
| Fire Prevention Inspection Fees | 100,000 | | 141,998 | 41,998 |
| Fire Prevention Inspection Fees - Chester | 35,000 | | 40,453 | 5,453 |
| Fire Prevention Inspection Fees - Hackettstown | 57,500 | | 77,271 | 19,771 |
| Fire Prevention Inspection Fees - Allamuchy | 9,500 | | 13,894 | 4,394 |
| Energy Tax Receipts | 1,989,677 | | 1,989,677 | |
| Garden State Trust Fund | 82,145 | | 82,145 | |
| Reserve for Municipal Relief Fund | 205,088 | | 205,089 | 1 |
| Watershed Aid | 15,438 | | 15,438 | |
| Watershed Moratorium Aid | 9,165 | | 9,165 | |
| Uniform Construction Code Fees | 525,000 | | 802,714 | 277,714 |
| Interlocal Health Agreement | 241,640 | | 241,640 | |
| Interlocal Court Agreement | 64,680 | | 64,680 | |
| Interlocal Animal Control Agreement-Mine Hill | 1,000 | | 1,865 | 865 |
| Interlocal Fire Subcode Agreement-Roxbury | 27,850 | | 27,850 | |
| Interlocal Plumbing Agreement-Washington | 31,000 | | 31,000 | |
| Interlocal Transportation Agreement-Washington | 83,232 | | 83,232 | |
| Interlocal Plumbing/Mechanical - Chester | | \$ 500 | 11,040 | 10,540 |
| Interlocal SRO - MOBOE | | 25,000 | 25,000 | |
| Interlocal Health Agreement - Mt. Lakes | | 17,500 | 17,500 | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | 2024 Anticipated <u>Budget</u> | <u>Added</u> by NJS <u>40A:4-87</u> | Realized <u>in 2024</u> | Excess or <u>(Deficit)</u> |
|--|--------------------------------------|---|----------------------------|-------------------------------|
| Public and Private Revenues Offset | | | | |
| With Appropriations | | | | |
| Donation - Fratelli Beretta - Police Equipment | | \$ 500 | \$ 500 | |
| Donation - Gunnar Bigley - Police Equipment | | 2,500 | 2,500 | |
| Donation - Dorsey & Semrau - Police Equipment | | 500 | 500 | |
| Donation - Motion KIA - Property Rewards Program | | 10,000 | 10,000 | |
| Donation - 89 Route 46 - Police Equipment | | 2,500 | 2,500 | |
| Donation - Van Cleef - Police Equipment | | 500 | 500 | |
| Donation - Benjamin Moore | \$ 1,000 | 1,000 | 2,000 | |
| American Rescue Plan Firefighter Grant | | 75,000 | 75,000 | |
| Connect and Protect Grant | 215,286 | | 215,286 | |
| CRRSAA Grant | 150,000 | | 150,000 | |
| Body Armor Grant | | 3,923 | 3,923 | |
| Strengthening Local Public Health | | 168,049 | 168,049 | |
| Strengthening Local Public Health - FY24 | | 74,664 | 74,664 | |
| Clean Communities Grant | | 86,331 | 86,331 | |
| Move Over Law Enforcement Grant | | 7,000 | 7,000 | |
| MS4 Permitting Compliance | | 50,000 | 50,000 | |
| Recycling Tonnage Grant | | 37,504 | 37,504 | |
| Bulletproof Vest | | 3,521 | 3,521 | |
| Distracted Driving Grant | | 8,750 | 8,750 | |
| National Opioid Settlement | | 112,694 | 112,694 | |
| Other Special Items: | | | | |
| Cable TV Franchise Fees | 85,211 | | 85,211 | |
| Sanitation District Surplus - Down Payment - Capital Ordinances | 3,088 | | 3,088 | |
| Hotel Tax Revenues | 300,000 | | 360,407 | \$ 60,407 |
| Due from Open Space Trust Fund - Debt Service | 329,533 | | 329,533 | |
| Due from Mt. Olive Child Care - Lease Payment | 64,503 | | 64,503 | |
| Due From Sports Organizations - Debt Payback | 125,000 | | 244,098 | 119,098 |
| Sewer Operating Surplus | 800,000 | | 800,000 | |
| Due From Sports Organizations - Down Payment | 50,000 | | 50,000 | |
| General Capital Fund Surplus | 4,305 | | 4,305 | |
| Sanitation District Surplus-Debt Service | 188,302 | - | 188,302 | - |
| Total Miscellaneous Revenues | <u>7,643,043</u> | <u>687,936</u> | <u>9,399,020</u> | <u>1,068,041</u> |
| Receipts from Delinquent Taxes | <u>330,000</u> | <u>-</u> | <u>466,556</u> | <u>136,556</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for: | | | | |
| Municipal Purposes | 21,410,688 | | 26,201,264 | 4,790,576 |
| Minimum Library Tax | 1,477,696 | - | 1,477,696 | - |
| | <u>22,888,384</u> | <u>-</u> | <u>27,678,960</u> | <u>4,790,576</u> |
| Budget Totals | <u>\$ 36,442,348</u> | <u>\$ 687,936</u> | 43,125,457 | <u>\$ 5,995,173</u> |
| Non-Budget Revenue | | | <u>775,891</u> | |
| | | | <u>\$43,901,348</u> | |

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

ANALYSIS OF REALIZED REVENUES

| | |
|---|----------------|
| Allocation of Current Tax Collections | |
| Revenue from Collections | \$ 118,948,709 |
| Allocated to School, County and Special District Taxes | 93,194,749 |
| | 25,753,960 |
| Add: Appropriation "Reserve for Uncollected Taxes" | 1,925,000 |
| Amount for Support of Municipal and Library Budget Appropriations | \$ 27,678,960 |
| Fees and Permits - Other | |
| Township Clerk | \$ 6,063 |
| Board of Health | 129,683 |
| Registrar | 5,833 |
| SMA Clinic, Shots and Screenings | 1,901 |
| Police Department | 33,107 |
| Tax Search Officer | 30 |
| Tax Assessor | 550 |
| Engineering | 14,570 |
| Planning Board | 29,263 |
| Zoning Board | 13,300 |
| Vacant/Abandoned Property Registration | 33,500 |
| Water Testing | 276 |
| | \$ 268,076 |
| Analysis of Delinquent Taxes | |
| Taxes Receivable | \$ 360,919 |
| Tax Title Liens | 105,637 |
| | \$ 466,556 |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | |
|--|------------|
| Analysis of Non-Budget Revenue | |
| Miscellaneous Receipts | \$ 140,706 |
| Application Fees | 35,000 |
| Duplicate Tax Bills | 75 |
| Outdoor Lease Agreement | 24,733 |
| Sale of Municipal Assets | 49,300 |
| Verizon Franchise Fees | 40,790 |
| Cash for Crash | 35,718 |
| Marveland Farms - PILOT | 51,216 |
| Return of LOSAP Funds for Nonvested Participants | 20,975 |
| Return Check Fees | 1,220 |
| Prior Year Refunds | 67,811 |
| Premium on Bonds | 3,309 |
| Paragon In-Lieu Tax | 157,500 |
| Abiding Peace In-Lieu Tax | 86,477 |
| Hackettstown Medical Rental | 14,400 |
| Administrative Fee- Seniors and Veterans | 1,854 |
| Inspection Fines | 100 |
| Off Duty Administrative Fee | 44,707 |
| | <hr/> |
| | \$ 775,891 |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | <u>2024 Appropriated</u> | | <u>2024 Expended</u> | | <u>Cancelled</u> |
|---|--------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| OPERATIONS - WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT | | | | | |
| Mayor and Council | | | | | |
| Salaries & Wages | \$ 109,200 | \$ 109,200 | \$ 109,200 | | |
| Other Expenses | 58,275 | 58,275 | 54,203 | \$ 4,072 | |
| Township Clerk | | | | | |
| Salaries & Wages | 250,355 | 245,355 | 244,803 | 552 | |
| Other Expenses | 36,575 | 39,575 | 39,052 | 523 | |
| Business Administration | | | | | |
| Salaries & Wages | 622,679 | 597,179 | 596,687 | 492 | |
| Other Expenses | 108,000 | 103,000 | 97,908 | 5,092 | |
| Financial Administration | | | | | |
| Salaries & Wages | 328,545 | 328,545 | 328,054 | 491 | |
| Other Expenses | 52,000 | 52,000 | 51,989 | 11 | |
| Annual Audit | 45,000 | 45,000 | 41,770 | 3,230 | |
| Revenue Administration (Tax Collection) | | | | | |
| Salaries & Wages | 87,772 | 87,772 | 87,772 | | |
| Other Expenses | 7,415 | 7,415 | 6,470 | 945 | |
| Assessment of Taxes | | | | | |
| Salaries & Wages | 141,311 | 141,311 | 141,311 | | |
| Other Expenses | 30,900 | 30,900 | 27,265 | 3,635 | |
| Legal Services & Costs | | | | | |
| Other Expenses | 442,540 | 452,540 | 429,404 | 23,136 | |
| Engineering Services | | | | | |
| Salaries & Wages | 43,496 | 42,496 | 42,489 | 7 | |
| Other Expenses | 27,775 | 27,775 | 18,132 | 9,643 | |
| Industrial and Economic Development Committee | | | | | |
| Other Expenses | 2,000 | 2,000 | 234 | 1,766 | |
| Open Space Committee | | | | | |
| Other Expenses | 1,500 | 1,500 | | 1,500 | |
| Mount Olive Historical Society | | | | | |
| Other Expenses | 10,000 | 10,000 | 7,208 | 2,792 | |
| Ethics Board | | | | | |
| Other Expenses | 500 | 500 | 500 | | |
| Information Technology Support | | | | | |
| Other Expenses | 252,015 | 252,015 | 218,084 | 33,931 | |
| Municipal Court | | | | | |
| Salaries & Wages | 242,893 | 223,393 | 220,840 | 2,553 | |
| Other Expenses | 18,400 | 18,400 | 9,499 | 8,901 | |
| Public Defender (PL 1977, C 256) Other Expenses | 35,000 | 35,000 | 30,200 | 4,800 | |
| LAND USE ADMINISTRATION | | | | | |
| Municipal Land Use Law (NJS 40:55D-1) | | | | | |
| Planning Board | | | | | |
| Salaries & Wages | 223,846 | 216,846 | 215,117 | 1,729 | |
| Other Expenses | 26,150 | 26,150 | 16,891 | 9,259 | |
| INSURANCE | | | | | |
| General Liability | 510,715 | 510,715 | 505,227 | 488 | \$ 5,000 |
| Workers Compensation | 396,805 | 396,805 | 396,805 | | |
| Employee Group Health | 4,809,000 | 4,809,000 | 4,754,287 | 4,713 | 50,000 |
| Employee Group Health - Waiver | 57,500 | 57,500 | 51,970 | 2,530 | 3,000 |
| PUBLIC SAFETY | | | | | |
| Police | | | | | |
| Salaries & Wages | 7,719,636 | 7,776,636 | 7,758,166 | 18,470 | |
| Salaries & Wages - ARP | | | | | |
| Other Expenses | 220,500 | 220,500 | 217,306 | 3,194 | |
| Emergency Management System | | | | | |
| Salaries & Wages | 25,000 | 25,000 | 25,000 | | |
| Other Expenses | 3,690 | 3,690 | 1,756 | 1,934 | |
| Fire | | | | | |
| Other Expenses | | | | | |
| Flanders Fire Company | 104,250 | 104,250 | 104,250 | | |
| Budd Lake Fire Company | 106,250 | 106,250 | 106,250 | | |
| Fire Hydrant Rental | 20,000 | 22,500 | 22,135 | 365 | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>2024 Appropriated</u> | | <u>2024 Expended</u> | | |
|--|--------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | |
| PUBLIC SAFETY (Continued) | | | | | |
| Fire (Continued) | | | | | |
| Contribution to Volunteer Fire Companies | | | | | |
| Flanders Fire Company | \$ 45,000 | \$ 45,000 | \$ 45,000 | | |
| Budd Lake Fire Company | 45,000 | 45,000 | 45,000 | | |
| First Aid Organization - Contributions | | | | | |
| Budd Lake Rescue Squad | 35,000 | 35,000 | 35,000 | | |
| Flanders Rescue Squad | 35,000 | 35,000 | 35,000 | | |
| First Aid Organization | | | | | |
| Other Expenses | | | | | |
| Budd Lake Rescue Squad | 69,500 | 69,500 | 69,500 | | |
| Flanders Rescue Squad | 67,750 | 67,750 | 67,750 | | |
| Uniform Fire Safety Act (PL 1983, Ch. 183) | | | | | |
| Fire Prevention | | | | | |
| Salaries & Wages | 320,240 | 315,240 | 314,722 | \$ 518 | |
| Other Expenses | 16,400 | 16,400 | 13,858 | 2,542 | |
| PUBLIC WORKS FUNCTIONS | | | | | |
| STREETS AND ROADS | | | | | |
| Road Repairs and Maintenance | | | | | |
| Salaries & Wages | 864,626 | 803,126 | 802,501 | 625 | |
| Other Expenses | 383,885 | 433,885 | 415,088 | 18,797 | |
| Street Signs | | | | | |
| Other Expenses | 76,550 | 76,550 | 66,966 | 9,584 | |
| Buildings and Grounds | | | | | |
| Salaries & Wages | 885,000 | 906,500 | 905,654 | 846 | |
| Other Expenses | 670,750 | 670,750 | 611,357 | 59,393 | |
| Fleet Maintenance | | | | | |
| Salaries & Wages | 237,337 | 235,337 | 234,146 | 1,191 | |
| Other Expenses | 166,250 | 166,250 | 159,218 | 7,032 | |
| HEALTH AND HUMAN SERVICES | | | | | |
| Board of Health | | | | | |
| Salaries & Wages | 508,836 | 430,836 | 425,313 | 5,523 | |
| Other Expenses | 16,165 | 16,165 | 1,843 | 14,322 | |
| Environmental Committee (R.S. 40:56A-1 et seq) | | | | | |
| Other Expenses | 1,500 | 1,500 | 560 | 940 | |
| Animal Control | | | | | |
| Other Expenses | 99,000 | 107,000 | 107,000 | | |
| Division of Senior Social Services | | | | | |
| Salaries & Wages | 83,967 | 97,967 | 94,364 | 3,603 | |
| Other Expenses | 34,039 | 34,039 | 31,116 | 2,923 | |
| Mount Olive Municipal Alliance Commission - Other Expenses | 5,000 | 5,000 | 5,000 | | |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>2024 Appropriated</u> | | <u>2024 Expended</u> | | |
|---|--------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | |
| Uniform Construction Code | | | | | |
| Appropriations Offset by Dedicated | | | | | |
| Revenues (N.J.A.C. 5:23-4-17) | | | | | |
| Construction Official | | | | | |
| Salaries & Wages | \$ 440,665 | \$ 439,665 | \$ 439,164 | \$ 501 | |
| Other Expenses | 24,200 | 19,200 | 16,735 | 2,465 | |
| UNCLASSIFIED | | | | | |
| Accumulated Absence Trust Fund | 150,000 | 150,000 | 150,000 | | |
| UTILITY EXPENSE AND BULK PURCHASES | | | | | |
| Electricity | 210,000 | 210,000 | 206,211 | 3,789 | |
| Street Lighting | 150,000 | 164,000 | 160,973 | 3,027 | |
| Gas (Natural or Propane) | 27,500 | 27,500 | 15,030 | 12,470 | |
| Telecommunications | 195,000 | 202,000 | 199,426 | 2,574 | |
| Vehicle Fuel | 380,000 | 380,000 | 345,710 | 34,290 | - |
| | <u>23,421,648</u> | <u>23,393,148</u> | <u>22,997,439</u> | <u>337,709</u> | <u>\$ 58,000</u> |
| Total Operations Within "CAPS" | | | | | |
| Detail: | | | | | |
| Salaries & Wages | 13,135,404 | 13,022,404 | 12,985,303 | 37,101 | - |
| Other Expenses | 10,286,244 | 10,370,744 | 10,012,136 | 300,608 | 58,000 |
| Deferred Charges and Statutory Expenditures - | | | | | |
| Municipal Within "CAPS" | | | | | |
| Statutory Charges | | | | | |
| Public Employees' Retirement System | 1,119,647 | 1,119,647 | 1,119,647 | | |
| Social Security System (O.A.S.I.) | 990,853 | 1,019,353 | 1,017,132 | 2,221 | |
| Police and Firemen's Retirement System of NJ | 2,223,695 | 2,223,695 | 2,223,695 | | |
| Deferred Contribution Retirement Program | 15,000 | 15,000 | 13,360 | - | 1,640 |
| | <u>4,349,195</u> | <u>4,377,695</u> | <u>4,373,834</u> | <u>2,221</u> | <u>1,640</u> |
| Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS" | | | | | |
| Total General Appropriations for Municipal Purposes Within "CAPS" | | | | | |
| | <u>27,770,843</u> | <u>27,770,843</u> | <u>27,371,273</u> | <u>339,930</u> | <u>59,640</u> |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| INSURANCE (N.J.S.A. 40A:4-45.3(OO)) | | | | | |
| Maintenance of Free Public Library (Ch. 82, P.L. 1985) | 1,477,696 | 1,477,696 | 1,477,696 | | |
| Length of Service Award Program (LOSAP) | 150,000 | 150,000 | 150,000 | - | - |
| | <u>1,627,696</u> | <u>1,627,696</u> | <u>1,627,696</u> | <u>-</u> | <u>-</u> |
| Total Other Operations Excluded from "CAPS" | | | | | |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | <u>2024 Appropriated</u> | | <u>2024 Expended</u> | | |
|---|--------------------------|--------------------------------------|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATIONS - EXCLUDED FROM "CAPS" (Continued) | | | | | |
| Interlocal Municipal Service Agreements | | | | | |
| Health Services | \$ 241,640 | \$ 241,640 | \$ 241,640 | | |
| Court | 64,680 | 64,680 | 64,680 | | |
| Animal Control Services | 1,000 | 1,000 | 1,000 | | |
| Fire Subcode Services - Roxbury | 27,850 | 27,850 | 27,850 | | |
| Plumbing Services - Washington | 31,000 | 31,000 | 31,000 | | |
| Transportation Services - Washington | 83,232 | 83,232 | 83,232 | | |
| Plumbing/Mechanical - Chester | - | 500 | 500 | | |
| SRO - MOBOE | - | 25,000 | 25,000 | | |
| Health Agreement - Mt. Lakes | - | 17,500 | 17,500 | - | - |
| Total Interlocal Municipal Service Agreements | 449,402 | 492,402 | 492,402 | - | - |
| Public and Private Programs Offset by Revenues | | | | | |
| Donation - Fratelli Beretta - Police Equipment | - | 500 | 500 | | |
| Donation - Gunnar Bigley - Police Equipment | - | 2,500 | 2,500 | | |
| Donation - Dorsey & Semrau - Police Equipment | - | 500 | 500 | | |
| Donation - Motion KIA - Property Rewards | - | 10,000 | 10,000 | | |
| Donation - 89 Route 46 - Police Equipment | - | 2,500 | 2,500 | | |
| Donation - Van Cleef - Police Equipment | - | 500 | 500 | | |
| Donation - Benjamin Moore | 1,000 | 2,000 | 2,000 | | |
| American Resue Plan Firefighter Grant | - | 75,000 | 75,000 | | |
| Connect and Protect Grant | 215,286 | 215,286 | 215,286 | | |
| CRRSAA Grant | 150,000 | 150,000 | 150,000 | | |
| Body Armor Grant | - | 3,923 | 3,923 | | |
| Strengthening Local Public Health | - | 168,049 | 168,049 | | |
| Strengthening Local Public Health - FY24 | - | 74,664 | 74,664 | | |
| MS4 Permitting Compliance | - | 50,000 | 50,000 | | |
| Clean Communities Grant | - | 86,331 | 86,331 | | |
| Move Over Law Enforcement Grant | - | 7,000 | 7,000 | | |
| Recycling Tonnage Grant | - | 37,504 | 37,504 | | |
| Bulletproof Vest | - | 3,521 | 3,521 | | |
| Distracted Driving Grant | - | 8,750 | 8,750 | | |
| National Opioid Settlement | - | 112,694 | 112,694 | - | - |
| Total Public and Private Programs Offset by Revenues | 366,286 | 1,011,222 | 1,011,222 | - | - |
| Total Operations Excluded from "CAPS" | 2,443,384 | 3,131,320 | 3,131,320 | - | - |
| Detail: | | | | | |
| Other Expenses | 2,443,384 | 3,131,320 | 3,131,320 | - | - |
| CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | 140,912 | 140,912 | 140,912 | - | - |
| Total Capital Improvements Excluded from "CAPS" | 140,912 | 140,912 | 140,912 | - | - |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | 3,240,000 | 3,240,000 | 3,240,000 | | |
| Interest on Bonds | 720,809 | 720,809 | 720,809 | | |
| Interest on Notes | 201,400 | 201,400 | 201,400 | - | - |
| Total Municipal Debt Service Excluded from "CAPS" | 4,162,209 | 4,162,209 | 4,162,209 | - | - |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>2024 Appropriated</u> | | <u>2024 Expended</u> | | |
|--|--------------------------|--------------------------------------|----------------------------|-------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | \$ 6,746,505 | \$ 7,434,441 | \$ 7,434,441 | \$ - | \$ - |
| Subtotal General Appropriations | 34,517,348 | 35,205,284 | 34,805,714 | 339,930 | 59,640 |
| Reserve for Uncollected Taxes | <u>1,925,000</u> | <u>1,925,000</u> | <u>1,925,000</u> | <u>-</u> | <u>-</u> |
| Total General Appropriations | <u>\$ 36,442,348</u> | <u>\$ 37,130,284</u> | <u>\$ 36,730,714</u> | <u>\$ 339,930</u> | <u>\$ 59,640</u> |
| | | | | | |
| Adopted Budget | | \$ 36,442,348 | | | |
| Additional Appropriations (N.J.S.A. 40A:4-87) | | <u>687,936</u> | | | |
| | | <u>\$ 37,130,284</u> | | | |
| | | | | | |
| Cash Disbursed | | | \$ 34,449,786 | | |
| Less Refunds | | | <u>1,167,776</u> | | |
| | | | 33,282,010 | | |
| | | | | | |
| Federal and State Grants Appropriated | | | 1,011,222 | | |
| Encumbrances Payable | | | 512,482 | | |
| Reserve for Uncollected Taxes | | | <u>1,925,000</u> | | |
| | | | <u>\$ 36,730,714</u> | | |

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---------------------------|---------------------|---------------------|
| ASSETS | | |
| ANIMAL CONTROL TRUST FUND | | |
| Cash | \$ <u>3,001</u> | \$ <u>11,732</u> |
| OTHER TRUST FUND | | |
| Cash | <u>5,880,931</u> | <u>5,317,413</u> |
| OPEN SPACE TRUST FUND | | |
| Cash | <u>1,201,110</u> | <u>1,040,170</u> |
| Total Assets | <u>\$ 7,085,042</u> | <u>\$ 6,369,315</u> |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|--|-------------------------|-------------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| ANIMAL CONTROL TRUST FUND | | |
| Due to State of New Jersey | \$ 4 | |
| Reserve for Animal Control Expenditures | <u>2,997</u> | <u>\$ 11,732</u> |
| | <u>3,001</u> | <u>11,732</u> |
| OTHER TRUST FUND | | |
| Developer's Escrow Deposits | 2,452,424 | 2,017,069 |
| Due to the State of New Jersey - Unemployment Compensation | 5,000 | 30,000 |
| Due to the State of New Jersey - Lead Inspections | 40 | - |
| Reserve for Payroll and Payroll Deductions | 9,812 | 10,810 |
| Miscellaneous Reserves | <u>3,413,655</u> | <u>3,259,534</u> |
| | <u>5,880,931</u> | <u>5,317,413</u> |
| OPEN SPACE TRUST FUND | | |
| Reserve for Open Space | <u>1,201,110</u> | <u>1,040,170</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 7,085,042</u> | <u>\$ 6,369,315</u> |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>2024 Budget</u> | <u>2024 Realized</u> | <u>Variance</u> |
|---------------------------------|------------------------|--------------------------|-----------------|
| Amount to be Raised by Taxation | \$ 588,606 | \$ 593,802 | \$ 5,196 |
| | <u>\$ 588,606</u> | <u>\$ 593,802</u> | <u>\$ 5,196</u> |
| Non-Budget Revenue | | <u>31,764</u> | |
| | | <u>\$ 625,566</u> | |
| Analysis of Non-Budget Revenue | | | |
| Interest on Investments | | \$ 30,724 | |
| Receipts from Donations | | <u>1,040</u> | |
| | | <u>\$ 31,764</u> | |

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>2024 Modified Budget</u> | <u>2024 Paid or Charged</u> | <u>Variance</u> |
|------------------------|---------------------------------|-------------------------------------|-------------------|
| Reserve for Future Use | \$ 259,073 | \$ 135,093 | \$ 123,980 |
| Debt Service | | | |
| Bond Principal | 280,886 | 280,886 | |
| Interest on Bonds | <u>48,647</u> | <u>48,647</u> | <u>-</u> |
| | <u>\$ 588,606</u> | <u>\$ 464,626</u> | <u>\$ 123,980</u> |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Cash | \$ 243,020 | \$ 2,905,569 |
| Deferred Charges to Future Taxation | | |
| Funded | 26,651,000 | 22,906,000 |
| Unfunded | 4,234,506 | 9,170,394 |
| Department of Transportation Grant Receivable | 566,310 | 361,744 |
| Due From State of New Jersey | 2,072,172 | 2,195,063 |
| Due from County of Morris | 933,436 | 710,146 |
| Due from County of Morris Historic Preservation Trust Fund | <u>940,397</u> | <u>879,697</u> |
| Total Assets | <u>\$ 35,640,841</u> | <u>\$ 39,128,613</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| General Serial Bonds | \$ 26,651,000 | \$ 22,906,000 |
| Bond Anticipation Notes | - | 4,028,007 |
| Improvement Authorizations | | |
| Funded | 3,781,178 | 743,197 |
| Unfunded | 4,015,443 | 7,883,474 |
| Capital Improvement Fund | 11,496 | 14,746 |
| Encumbrances Payable | 1,181,724 | 3,548,884 |
| Fund Balance | <u>-</u> | <u>4,305</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 35,640,841</u> | <u>\$ 39,128,613</u> |

There were bonds and notes authorized but not issued on December 31, 2024 and 2023 of \$4,234,506 and \$5,142,387, respectively.

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Balance, January 1 | \$ 4,305 | \$ 14,563 |
| Increased By: | | |
| Cancellation of Funded Improvement Authorizations | - | 4,305 |
| | 4,305 | 18,868 |
| Decreased by: | | |
| Utilized as Current Fund Revenue | 4,305 | 14,563 |
| Balance, December 31 | \$ - | \$ 4,305 |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| OPERATING FUND | | |
| Cash | \$ 1,728,858 | \$ 1,916,714 |
| Receivables With Full Reserves | | |
| Consumer Accounts Receivable | <u>56,978</u> | <u>72,576</u> |
| Total Operating Fund | <u>1,785,836</u> | <u>1,989,290</u> |
| CAPITAL FUND | | |
| Cash | 593,502 | 438,011 |
| Fixed Capital Authorized and Uncompleted | 2,039,379 | 2,439,316 |
| Fixed Capital | <u>12,268,004</u> | <u>11,901,295</u> |
| Total Capital Fund | <u>14,900,885</u> | <u>14,778,622</u> |
| Total Assets | <u>\$ 16,686,721</u> | <u>\$ 16,767,912</u> |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| LIABILITIES, RESERVES AND FUND BALANCES | | |
| OPERATING FUND | | |
| Liabilities | | |
| Appropriation Reserves | \$ 94,495 | \$ 216,149 |
| Encumbrances Payable | 98,499 | 72,374 |
| Prepaid Water Rents | 9,424 | 9,000 |
| Accrued Interest on Bonds and Loans | <u>27,644</u> | <u>24,926</u> |
| | 230,062 | 322,449 |
| Reserve for Receivables | 56,978 | 72,576 |
| Fund Balance | <u>1,498,796</u> | <u>1,594,265</u> |
| Total Operating Fund | <u>1,785,836</u> | <u>1,989,290</u> |
| CAPITAL FUND | | |
| Serial Bonds | 2,845,000 | 2,290,000 |
| NJEIT Loan Payable | 141,156 | 160,793 |
| Bond Anticipation Notes Payable | - | 242,800 |
| Encumbrances Payable | 741,304 | 450,212 |
| Improvement Authorizations: | | |
| Funded | 127,259 | 35,306 |
| Unfunded | 879,153 | 1,682,135 |
| Capital Improvement Fund | 1,000 | 1,000 |
| Reserve for Amortization | 10,166,013 | 9,896,376 |
| Deferred Reserve for Amortization | <u>-</u> | <u>20,000</u> |
| Total Capital Fund | <u>14,900,885</u> | <u>14,778,622</u> |
| Total Liabilities, Reserves and Fund Balances | <u>\$ 16,686,721</u> | <u>\$ 16,767,912</u> |

There were bonds and notes authorized but not issued at December 31, 2024 and 2023 of \$1,155,214 and \$1,730,642, respectively.

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE - REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|--------------|--------------|
| REVENUES AND OTHER INCOME | | |
| Fund Balance Utilized | \$ 430,837 | \$ 387,072 |
| Rents | 1,936,289 | 1,890,273 |
| Miscellaneous Revenues | 112,376 | 105,641 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | 201,151 | 82,767 |
| Total Revenues and Other Income | 2,680,653 | 2,465,753 |
| EXPENDITURES | | |
| Budget Appropriations | | |
| Operating | 1,882,962 | 1,759,343 |
| Debt Service | 345,804 | 330,558 |
| Deferred Charges and Statutory Expenditures | 116,519 | 104,730 |
| Total Expenditures | 2,345,285 | 2,194,631 |
| Excess in Revenue/Statutory Excess to Fund Balance | 335,368 | 271,122 |
| FUND BALANCE, JANUARY 1 | 1,594,265 | 1,710,215 |
| Decreased by: | 1,929,633 | 1,981,337 |
| Utilized as Anticipated Revenue | 430,837 | 387,072 |
| FUND BALANCE, DECEMBER 31 | \$ 1,498,796 | \$ 1,594,265 |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | 2024 <u>Anticipated</u> | 2024 <u>Realized</u> | <u>Excess</u> |
|--------------------------|----------------------------|-------------------------|-------------------|
| Fund Balance Anticipated | \$ 430,837 | \$ 430,837 | |
| Rents | 1,850,000 | 1,936,289 | \$ 86,289 |
| Miscellaneous | <u>70,000</u> | <u>112,376</u> | <u>42,376</u> |
| | <u>\$ 2,350,837</u> | <u>\$ 2,479,502</u> | <u>\$ 128,665</u> |

Analysis of Miscellaneous Revenues

| | | |
|----------------------------------|--|-----------------------|
| Miscellaneous Fees | | |
| Tower Rental Fees | | \$ 54,313 |
| Connection Fees | | 9,120 |
| Pool Permits | | 1,420 |
| Return Check Fee | | 700 |
| Meter Fees | | 816 |
| Water Violation Fee | | 195 |
| Interest on Investments | | 32,173 |
| Service Pressure and Line Test | | 243 |
| Interest on Delinquent Rents | | <u>13,396</u> |
| Total Miscellaneous Revenues | | <u>\$ 112,376</u> |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>2024 Appropriated</u> | | <u>2024 Expended</u> | | |
|--|--------------------------|--------------------------------------|----------------------------|------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATING | | | | | |
| Salaries and Wages | \$ 738,630 | \$ 738,630 | \$ 728,324 | \$ 5,306 | \$ 5,000 |
| Other Expenses | 1,152,600 | 1,149,332 | 1,060,931 | 88,401 | |
| DEBT SERVICE | | | | | |
| Payment of Bond Principal | 230,000 | 230,000 | 230,000 | | |
| Interest on Bonds | 80,100 | 80,100 | 80,100 | | |
| Interest on Notes | 12,140 | 15,408 | 15,408 | | |
| Principal and Interest on Loans | 20,848 | 20,848 | 20,296 | | 552 |
| STATUTORY EXPENDITURES | | | | | |
| Contribution to Public Employees' | | | | | |
| Retirement System | 60,014 | 60,014 | 60,014 | | |
| Social Security System | <u>56,505</u> | <u>56,505</u> | <u>55,717</u> | 788 | - |
| | <u>\$ 2,350,837</u> | <u>\$ 2,350,837</u> | <u>\$ 2,250,790</u> | <u>\$ 94,495</u> | <u>\$ 5,552</u> |
| | | | | | |
| Cash Disbursements | | | \$ 2,063,082 | | |
| Less: Refunds | | | <u>6,299</u> | | |
| | | | 2,056,783 | | |
| Encumbrances Payable | | | 98,499 | | |
| Accrued Interest on Bonds and Loans | | | <u>95,508</u> | | |
| | | | <u>\$ 2,250,790</u> | | |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|----------------------|----------------------|
| ASSETS | | |
| OPERATING FUND | | |
| Cash | \$ 4,712,277 | \$ 4,492,634 |
| Receivables With Full Reserves | | |
| Consumer Accounts Receivable | 142,618 | 440,816 |
| Utility Liens Receivable | <u>50,113</u> | <u>52,441</u> |
| | <u>192,731</u> | <u>493,257</u> |
| Total Operating Fund | <u>4,905,008</u> | <u>4,985,891</u> |
| ASSESSMENT TRUST FUND | | |
| Cash | 32,373 | 25,596 |
| Assessments Receivable | 622,774 | 655,147 |
| Assessment Liens Receivable | <u>1,645</u> | <u>1,645</u> |
| Total Assessment Trust Fund | <u>656,792</u> | <u>682,388</u> |
| CAPITAL FUND | | |
| Fixed Capital | <u>38,072,885</u> | <u>37,708,838</u> |
| Total Capital Fund | <u>38,072,885</u> | <u>37,708,838</u> |
| Total Assets | <u>\$ 43,634,685</u> | <u>\$ 43,377,117</u> |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| OPERATING FUND | | |
| Appropriation Reserves | \$ 141,527 | \$ 265,924 |
| Encumbrances Payable | 188,721 | 161,879 |
| Prepaid Sewer Rents | 119,103 | 119,292 |
| Accrued Interest on Bonds | <u>3,296</u> | <u>3,661</u> |
| | 452,647 | 550,756 |
| Reserve for Receivables | 192,731 | 493,257 |
| Fund Balance | <u>4,259,630</u> | <u>3,941,878</u> |
| Total Operating Fund | <u>4,905,008</u> | <u>4,985,891</u> |
| ASSESSMENT TRUST FUND | | |
| Reserve for Assessment Liens Receivable | 1,645 | 1,645 |
| Assessment Serial Bonds Payable | 535,000 | 570,000 |
| Reserve for Assessment Interest and Costs | 166 | 166 |
| Fund Balance | <u>119,981</u> | <u>110,577</u> |
| Total Assessment Trust Fund | <u>656,792</u> | <u>682,388</u> |
| CAPITAL FUND | | |
| Serial Bonds Payable | 90,000 | 180,000 |
| Reserve for Amortization | <u>37,982,885</u> | <u>37,528,838</u> |
| Total Capital Fund | <u>38,072,885</u> | <u>37,708,838</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 43,634,685</u> | <u>\$ 43,377,117</u> |

There were no bonds and notes authorized but not issued at December 31, 2024 and 2023.

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|-------------------------|-------------------------|
| REVENUES AND OTHER INCOME | | |
| Fund Balance Utilized | \$ 1,377,091 | \$ 1,278,384 |
| Sewer Rents and Liens | 4,435,974 | 4,204,033 |
| Special Assessment Interest | 8,772 | 6,767 |
| Miscellaneous | 530,230 | 151,655 |
| Sewer Capital Fund Balance | | 600 |
| Sewer Assessment Surplus | - | 7,000 |
| Other Credits to Income | | |
| Accounts Payable Cancelled | - | 14,002 |
| Unexpended Balance of Appropriation Reserves | <u>295,502</u> | <u>293,940</u> |
| Total Revenues and Other Income | <u>6,647,569</u> | <u>5,956,381</u> |
| EXPENDITURES | | |
| Budget Appropriations | | |
| Operating | 3,493,119 | 3,369,834 |
| Capital Improvements | 445,000 | 181,937 |
| Deferred Charges and Statutory Expenditures | 112,420 | 204,724 |
| Surplus (General Budget) | 800,000 | 700,000 |
| Debt Service | <u>102,187</u> | <u>107,924</u> |
| Total Expenditures | <u>4,952,726</u> | <u>4,564,419</u> |
| Excess in Revenues/Statutory Excess to Fund Balance | 1,694,843 | 1,391,962 |
| FUND BALANCE, JANUARY 1 | <u>3,941,878</u> | <u>3,828,300</u> |
| Decreased by: | 5,636,721 | 5,220,262 |
| Utilized as Anticipated Revenue | <u>1,377,091</u> | <u>1,278,384</u> |
| FUND BALANCE, DECEMBER 31 | <u>\$ 4,259,630</u> | <u>\$ 3,941,878</u> |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | 2024 <u>Anticipated</u> | 2024 <u>Realized</u> | <u>Excess</u> |
|-----------------------------|----------------------------|-------------------------|-------------------|
| Fund Balance Anticipated | \$ 1,377,091 | \$ 1,377,091 | |
| Rents | 3,900,000 | 4,435,974 | \$ 535,974 |
| Special Assessment Interest | 6,000 | 8,772 | 2,772 |
| Miscellaneous | <u>70,000</u> | <u>530,230</u> | <u>460,230</u> |
| | <u>\$ 5,353,091</u> | <u>\$ 6,352,067</u> | <u>\$ 998,976</u> |

Analysis of Miscellaneous Revenues

| | | |
|------------------------------|-------------|-------------------|
| Miscellaneous Fees | | |
| Interest on Delinquent Rents | | \$ 49,956 |
| Connection Fees | | 405,696 |
| Prior Year Refund | | 200 |
| Interest on Investments | | 73,498 |
| Return Check Fees | | <u>880</u> |
| Total Miscellaneous Fees | E-1,E-2,E-5 | <u>\$ 530,230</u> |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>Appropriated</u> | <u>Expended</u> | | |
|--|---------------------|--------------------------------------|----------------------------|-------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
| | | | | <u>Cancelled</u> |
| OPERATING | | | | |
| Salaries and Wages | \$ 666,223 | \$ 666,223 | \$ 653,352 | \$ 12,871 |
| Other Expenses | 1,169,650 | 1,169,650 | 1,059,745 | 109,905 |
| Musconetcong Sewerage Authority | 1,657,246 | 1,657,246 | 1,657,245 | 1 |
| CAPITAL IMPROVEMENTS | | | | |
| Capital Outlay | 845,000 | 845,000 | 427,189 | 17,811 |
| | | | | \$ 400,000 |
| DEBT SERVICE | | | | |
| Bond Principal | 90,000 | 90,000 | 90,000 | |
| Interest on Bonds | 12,552 | 12,552 | 12,187 | 365 |
| DEFERRED CHARGES | | | | |
| Anticipated Deficit - Sewer Assessment Trust | 9,404 | 9,404 | 9,404 | |
| STATUTORY EXPENDITURES | | | | |
| Contribution to Public Employees' | | | | |
| Retirement System | 52,050 | 52,050 | 52,050 | |
| Social Security System | 50,966 | 50,966 | 50,027 | 939 |
| Surplus (General Budget) | <u>800,000</u> | <u>800,000</u> | <u>800,000</u> | <u>-</u> |
| | <u>\$ 5,353,091</u> | <u>\$ 5,353,091</u> | <u>\$ 4,811,199</u> | <u>\$ 141,527</u> |
| | | | | <u>\$ 400,365</u> |

| | |
|-------------------------------------|---------------------|
| Cash Disbursements | \$ 4,610,291 |
| Accrued Interest on Bonds and Notes | 12,187 |
| Encumbrances Payable | <u>188,721</u> |
| | <u>\$ 4,811,199</u> |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF FUND BALANCE
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Fund Balance, January 1 | \$ - | \$ 600 |
| Decreased by: | | |
| Utilized as Sewer Operating Fund Revenue | - | 600 |
| Fund Balance, December 31, | \$ - | \$ - |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SOLID WASTE COLLECTION DISTRICT FUND
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 957,897 | \$ 1,057,236 |
| Due from County of Morris | <u>72,257</u> | <u>73,301</u> |
| Total Assets | <u>\$ 1,030,154</u> | <u>\$ 1,130,537</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| Appropriation Reserves | \$ 80,579 | \$ 131,933 |
| Accounts Payable | 9,221 | - |
| Encumbrance Payable | <u>119,761</u> | <u>146,776</u> |
| Fund Balance | <u>209,561</u> | <u>278,709</u> |
| | <u>820,593</u> | <u>851,828</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 1,030,154</u> | <u>\$ 1,130,537</u> |

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| REVENUES AND OTHER INCOME | | |
| Fund Balance Utilized | \$ 433,807 | \$ 368,175 |
| Sanitation District Taxes | 2,156,490 | 2,136,624 |
| Host Benefit Fees | 924,206 | 887,018 |
| Recycling Revenue | 8,341 | 7,848 |
| Bulk Item Pick-Up Fees | 45,921 | 43,820 |
| Yard Waste Fees - Stickers and Bags | 524 | 596 |
| Dumpster Fees | 15,730 | 15,210 |
| Interlocal Agreement - Chester Borough | 48,130 | 46,730 |
| Interlocal Agreement - Netcong | 85,000 | 115,000 |
| Nonbudget Revenue | 64,988 | 102,568 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | <u>156,372</u> | <u>132,579</u> |
| Total Revenues and Other Income | <u>3,939,509</u> | <u>3,856,168</u> |
| EXPENDITURES | | |
| Budget Appropriations: | | |
| Operating | 3,116,248 | 3,042,146 |
| Surplus (General Budget) | 191,390 | 235,894 |
| Statutory Expenditures | <u>229,299</u> | <u>203,273</u> |
| Total Expenditures | <u>3,536,937</u> | <u>3,481,313</u> |
| Excess in Revenues/Statutory Excess to Fund Balance | 402,572 | 374,855 |
| BALANCE, JANUARY 1 | <u>851,828</u> | <u>845,148</u> |
| | 1,254,400 | 1,220,003 |
| Decreased by: | | |
| Utilized as Anticipated Revenue | <u>433,807</u> | <u>368,175</u> |
| BALANCE, DECEMBER 31 | <u>\$ 820,593</u> | <u>\$ 851,828</u> |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | <u>Budget</u> | <u>Realized</u> | <u>Excess</u> |
|--|---------------------|---------------------|------------------|
| Fund Balance Anticipated | \$ 433,807 | \$ 433,807 | - |
| Sanitation District Taxes | <u>2,144,000</u> | <u>2,156,490</u> | <u>\$ 12,490</u> |
| Host Benefit Fees - | | | |
| Transfer Station | 775,000 | 840,404 | 65,404 |
| County Reimbursement | 75,000 | 83,802 | 8,802 |
| Recycling Revenue | 7,000 | 8,341 | 1,341 |
| Bulk Item Pick-Up Fees | 40,000 | 45,921 | 5,921 |
| Dumpster Fees | 12,000 | 15,730 | 3,730 |
| Interlocal Agreement - Chester Borough | 48,130 | 48,130 | |
| Interlocal Agreement - Netcong | 85,000 | 85,000 | |
| Yard Waste Fees - Stickers and Bags | <u>500</u> | <u>524</u> | <u>24</u> |
| | <u>1,042,630</u> | <u>1,127,852</u> | <u>85,222</u> |
| Total | <u>\$ 3,620,437</u> | <u>3,718,149</u> | <u>\$ 97,712</u> |
| Nonbudget Revenue | | <u>64,988</u> | |
| | | <u>\$ 3,783,137</u> | |
| <u>Analysis of Realized Revenues</u> | | | |
| Cash Receipts | | \$ 2,443,938 | |
| Due from County of Morris | | 840,404 | |
| Fund Balance Utilized | | <u>433,807</u> | |
| | | <u>\$ 3,718,149</u> | |
| <u>Analysis of Nonbudget Revenue</u> | | | |
| NSF Fee | | \$ 60 | |
| Interest on Investments | | <u>64,928</u> | |
| | | <u>\$ 64,988</u> | |

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
|-----------------------------------|---------------------|--------------------------------------|----------------------------|------------------|------------------|
| OPERATING | | | | | |
| Salaries and Wages | \$ 1,058,548 | \$ 1,058,548 | \$ 1,011,217 | \$ 2,331 | \$ 45,000 |
| Other Expenses | 2,091,700 | 2,091,700 | 1,996,579 | 70,121 | 25,000 |
| Health Benefit Waiver | 20,000 | 20,000 | 4,192 | 5,808 | 10,000 |
| Recycling Tax | 27,500 | 27,500 | 24,888 | 1,112 | 1,500 |
| STATUTORY EXPENDITURES | | | | | |
| Contribution to Public Employees' | | | | | |
| Retirement System | 150,320 | 150,320 | 150,320 | | |
| Social Security System | 80,979 | 80,979 | 77,772 | 1,207 | 2,000 |
| Surplus (General Budget) | <u>191,390</u> | <u>191,390</u> | <u>191,390</u> | - | - |
| Total | <u>\$ 3,620,437</u> | <u>\$ 3,620,437</u> | <u>\$ 3,456,358</u> | <u>\$ 80,579</u> | <u>\$ 83,500</u> |
| | | | | | |
| Cash Disbursed | | | \$ 3,337,816 | | |
| Less Refunds | | | <u>(1,219)</u> | | |
| | | | | | |
| Encumbrance Payable | | | 3,336,597 | | |
| | | | <u>119,761</u> | | |
| | | | <u>\$ 3,456,358</u> | | |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
RECREATION UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| OPERATING FUND | | |
| Cash | \$ 625,022 | \$ 608,599 |
| Total Operating Fund | <u>625,022</u> | <u>608,599</u> |
| CAPITAL FUND | | |
| Fixed Capital | <u>2,595</u> | <u>2,595</u> |
| Total Capital Fund | <u>2,595</u> | <u>2,595</u> |
| Total Assets | <u>\$ 627,617</u> | <u>\$ 611,194</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | |
| OPERATING FUND | | |
| Appropriation Reserves | \$ 82,412 | \$ 37,667 |
| Encumbrance Payable | <u>1,934</u> | <u>48,742</u> |
| Fund Balance | <u>84,346</u> | <u>86,409</u> |
| Total Operating Fund | <u>625,022</u> | <u>608,599</u> |
| CAPITAL FUND | | |
| Reserve for Amortization | <u>2,595</u> | <u>2,595</u> |
| Total Capital Fund | <u>2,595</u> | <u>2,595</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 627,617</u> | <u>\$ 611,194</u> |

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - RECREATION UTILITY FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------|-----------------------|
| REVENUES AND OTHER INCOME | | |
| Fund Balance Utilized | \$ 113,000 | \$ 90,000 |
| Program Fees | 588,223 | 580,001 |
| Non-Budget Revenue | 40,958 | 11,535 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | <u>78,056</u> | <u>168,888</u> |
| Total Revenues and Other Income | <u>820,237</u> | <u>850,424</u> |
| EXPENDITURES | | |
| Budget Appropriations: | | |
| Operating | 665,582 | 638,246 |
| Statutory Expenditures | <u>23,169</u> | <u>20,599</u> |
| Total Expenditures | <u>688,751</u> | <u>658,845</u> |
| Excess in Revenues/Statutory Excess to Fund Balance | 131,486 | 191,579 |
| BALANCE, JANUARY 1 | <u>522,190</u> | <u>420,611</u> |
| | 653,676 | 612,190 |
| Decreased by: | | |
| Utilized as Anticipated Revenue | <u>113,000</u> | <u>90,000</u> |
| BALANCE, DECEMBER 31 | <u>\$ 540,676</u> | <u>\$ 522,190</u> |

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>Modified Budget</u> | <u>Realized</u> | <u>(Deficit)</u> |
|---|----------------------------|-----------------------|-------------------------|
| Fund Balance Anticipated | \$ 113,000 | \$ 113,000 | |
| Program Fees | <u>925,751</u> | <u>588,223</u> | \$ (337,528) |
| Total | <u>\$ 1,038,751</u> | 701,223 | <u>\$ (337,528)</u> |
| Nonbudget Revenue | | <u>40,958</u> | |
| | | <u>\$ 742,181</u> | |
| <u>Analysis of Nonbudget Revenues</u> | | | |
| Sale of Recycling Cans | | \$ 12,700 | |
| NSF Fees | | 20 | |
| Interest on Investments | | <u>28,238</u> | |
| | | <u>\$ 40,958</u> | |

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
|-----------------------------------|-------------------------|--------------------------------------|----------------------------|----------------------|-----------------------|
| OPERATING | | | | | |
| Salaries & Wages | \$ 329,012 | \$ 329,012 | \$ 286,702 | \$ 3,310 | \$ 39,000 |
| Other Expenses | 684,570 | 684,570 | 297,704 | 77,866 | 309,000 |
| STATUTORY EXPENDITURES | | | | | |
| Social Security System | <u>25,169</u> | <u>25,169</u> | <u>21,933</u> | <u>1,236</u> | <u>2,000</u> |
| Total | <u>\$ 1,038,751</u> | <u>\$ 1,038,751</u> | <u>\$ 606,339</u> | <u>\$ 82,412</u> | <u>\$ 350,000</u> |
| Cash Disbursements | | | \$ 604,405 | | |
| Encumbrances Payable | | | <u>1,934</u> | | |
| | | | <u>\$ 606,339</u> | | |

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2024 AND 2023**

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Land | \$ 26,713,300 | \$ 26,713,300 |
| Buildings and Building Improvements | 13,632,200 | 13,632,200 |
| Machinery and Equipment | <u>40,798,013</u> | <u>39,202,807</u> |
| Total Assets | <u>\$ 81,143,513</u> | <u>\$ 79,548,307</u> |
| RESERVES | | |
| Investment in General Fixed Assets | <u>\$ 81,143,513</u> | <u>\$ 79,548,307</u> |
| Total Reserves | <u>\$ 81,143,513</u> | <u>\$ 79,548,307</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Mount Olive (the “Township”) was incorporated in 1871 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the seven council members are elected at-large, for terms of four years. The Mayor is the Chief Executive Officer of the Township and as such presides over all public meetings and makes appointments to various boards. The Township Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor’s appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Township Administrator is appointed by the Township Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

The Governmental Accounting Standards Board, (“GASB”) requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, volunteer fire department and rescue squads which are considered component units under accounting principles generally accepted in the United States of America, (“GAAP”). Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Mount Olive have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

B. Description of Regulatory Basis of Accounting (Cont'd.)

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

C. Basis of Presentation – Financial Statements

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Open Space Trust Fund - This fund is used to account for the receipts and disbursements relating to the preservation of open space.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Presentation – Financial Statements (Cont'd.)

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's sanitary sewerage system and the assets and liabilities relative to such activities. Special benefit assessments levied against properties for specific purposes are accounted for in the assessment trust section of the fund. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

Solid Waste Collection District Fund – This fund is used to account for the revenues and expenditures for operation of the solid waste collection district and the assets and liabilities relative to such activities.

Recreation Utility Fund - This fund is used to account for the revenues and expenditures for operation of the Township's recreation and recreational facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the recreation utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the water, sewer and recreation utility funds. The Township's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2023 balances to conform to the December 31, 2024 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D. Measurement Focus and Basis of Accounting (Cont'd.)

The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items 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 measurable and available).

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's water and sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Deferred Charges – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D. Measurement Focus and Basis of Accounting (Cont'd.)

Appropriation Reserves – Appropriation reserves are recorded as liabilities and 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.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements.

Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that liabilities for compensated absences be recorded for leave that has not been used when the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash. Compensated absences liabilities are not recorded on the balance sheet.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$3,000 and an estimated useful life in excess of two years.

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

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D. Measurement Focus and Basis of Accounting (Cont'd.)

Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets are stated as follows:

| | |
|------------------------------------|-----------------------------------|
| Land | Assessed Value |
| Building and Building Improvements | Assessed Value |
| Machinery and Equipment | Cost or Estimated Historical Cost |

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water, sewer and recreation utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Length of Service Awards Program (LOSAP)

Financial reporting standards established by the Division exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Township's LOSAP program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the volunteers, is not reported as part of the Township's basic financial statements. As the LOSAP Plan's assets remain the property of the Township until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Township's basic financial statements. See Note 14 regarding the availability of LOSAP Plan financial information.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D. Measurement Focus and Basis of Accounting (Cont'd.)

Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense

The requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflow of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of the liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB 68 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Public Employees' Retirement System Report and the 2023 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 9 to the Financial Statements for these disclosures.

Other Post-Employment Benefits Other Than Pensions – The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflow of resources, deferred inflow of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow GAAP, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASBs. As it relates to the State of New Jersey multi-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 10 to the Financial Statements for the disclosures.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Trust Funds (Except for Open Space Trust Fund and Sewer Assessment Trust Fund)
Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year.

The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2024 and 2023 the Township Council increased the original Current Fund budget by \$687,936 and \$1,371,761, respectively. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2024 and 2023.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

- A. Cash Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 CASH DEPOSITS AND INVESTMENTS (CONT'D.)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2024 and 2023, the book value of the Township's deposits were \$33,658,930 and \$34,008,576 and bank and brokerage firm balances of the Township's deposits amounted to \$33,873,996 and \$34,279,857, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> | |
|--------------------------------|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Insured | \$ 7,004,977 | \$ 6,310,579 |
| Uninsured and Uncollateralized | <u>26,869,019</u> | <u>27,969,278</u> |
| | <u>\$ 33,873,996</u> | <u>\$ 34,279,857</u> |

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2024 and 2023, the Township's bank balances of \$26,869,019 and \$27,969,278 were exposed to custodial credit risk as follows:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Uninsured and Uncollateralized | | |
| Collateral held by pledging financial institution's trust department but not in the Township's name | <u>\$ 26,869,019</u> | <u>\$ 27,969,278</u> |

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2024 and 2023, the Township had no investments.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 CASH DEPOSITS AND INVESTMENTS (CONT'D.)

B. Investments (Cont'd.)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk.

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Township does not have an investment policy that would further limit its investment choices.

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

Interest earned in the General Capital Fund, Animal Control Trust Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds and Sewer Utility Assessment Trust Funds are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2024 consisted of the following:

| | <u>Current</u> | <u>Water</u> | <u>Utility</u> <u>Sewer</u> | <u>Total</u> |
|--------------------------|-------------------|------------------|--------------------------------|---------------------|
| <u>2024</u> | | | | |
| Property Taxes | \$ 520,117 | | | \$ 520,117 |
| Tax Title Liens | 356,076 | | | 356,076 |
| Utility Charges and Fees | | \$ 56,978 | \$ 142,618 | 199,596 |
| Utility Liens | - | - | 50,113 | 50,113 |
| | <u>\$ 876,193</u> | <u>\$ 56,978</u> | <u>\$ 192,731</u> | <u>\$ 1,125,902</u> |

In 2024, the Township collected \$466,556 and \$515,720 from delinquent taxes and liens and utility charges and fees, which represented 71%, 100% and 89% of the delinquent tax, water and sewer charges receivable at December 31, 2023.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

Receivables at December 31, 2023 consisted of the following:

| | <u>Current</u> | <u>Water</u> | <u>Utility</u> | <u>Sewer</u> | <u>Total</u> |
|--------------------------|-------------------|------------------|----------------|-------------------|---------------------|
| <u>2023</u> | | | | | |
| Property Taxes | \$ 355,737 | | | | \$ 355,737 |
| Tax Title Liens | 416,881 | | | | 416,881 |
| Utility Charges and Fees | | \$ 72,576 | | \$ 440,816 | 513,392 |
| Utility Liens | <u>-</u> | <u>-</u> | | <u>52,441</u> | <u>52,441</u> |
| | <u>\$ 772,618</u> | <u>\$ 72,576</u> | | <u>\$ 493,257</u> | <u>\$ 1,338,451</u> |

In 2023, the Township collected \$555,628 and \$263,849 from delinquent taxes and liens and utility charges and fees, which represented 61%, 100% and 79% of the delinquent tax, water and sewer charges receivable at December 31, 2022.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

| | <u>2024</u> | | <u>2023</u> | |
|--------------------------------------|--|--|--|--|
| | Fund Balance <u>December 31,</u> | Utilized in Subsequent Year's Budget | Fund Balance <u>December 31,</u> | Utilized in Subsequent Year's Budget |
| Current Fund | | | | |
| Cash Surplus | \$ 14,248,963 | \$ 6,600,000 | \$ 12,101,950 | \$ 5,580,921 |
| Non-Cash Surplus | <u>16,777</u> | <u>-</u> | <u>19,501</u> | <u>-</u> |
| | <u>\$ 14,265,740</u> | <u>\$ 6,600,000</u> | <u>\$ 12,121,451</u> | <u>\$ 5,580,921</u> |
| Water Utility Operating Fund | | | | |
| Cash Surplus | \$ 1,498,796 | (A) | \$ 1,594,265 | \$ 430,837 |
| Non-Cash Surplus | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,498,796</u> | <u>\$ -</u> | <u>\$ 1,594,265</u> | <u>\$ 430,837</u> |
| Sewer Utility Operating Fund | | | | |
| Cash Surplus | \$ 4,259,630 | (A) | \$ 3,941,878 | \$ 1,377,091 |
| Non-Cash Surplus | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 4,259,630</u> | <u>\$ -</u> | <u>\$ 3,941,878</u> | <u>\$ 1,377,091</u> |
| Solid Waste Collection District Fund | | | | |
| Cash Surplus | \$ 748,336 | \$ 470,425 | \$ 778,527 | \$ 433,807 |
| Non-Cash Surplus | <u>72,257</u> | <u>-</u> | <u>73,301</u> | <u>-</u> |
| | <u>\$ 820,593</u> | <u>\$ 470,425</u> | <u>\$ 851,828</u> | <u>\$ 433,807</u> |
| Recreation Utility Fund | | | | |
| Cash Surplus | \$ 540,676 | \$ 155,000 | \$ 522,190 | \$ 113,000 |
| Non-Cash Surplus | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 540,676</u> | <u>\$ 155,000</u> | <u>\$ 522,190</u> | <u>\$ 113,000</u> |

(A) The Water and Sewer Utility funds were consolidated effective January 1, 2025. (See Footnote 18)

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2024 and 2023.

| | Balance, January 1, <u>2024</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2024</u> |
|-------------------------------------|---------------------------------------|--------------------|---------------------|---|
| <u>2024</u> | | | | |
| Land | \$ 26,713,300 | | | \$ 26,713,300 |
| Buildings and Building Improvements | 13,632,200 | | | 13,632,200 |
| Machinery and Equipment | <u>39,202,807</u> | <u>\$4,032,510</u> | <u>\$ 2,437,304</u> | <u>40,798,013</u> |
| | <u>\$ 79,548,307</u> | <u>\$4,032,510</u> | <u>\$ 2,437,304</u> | <u>\$ 81,143,513</u> |
| | | | | |
| | Balance, January 1, <u>2023</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2023</u> |
| <u>2023</u> | | | | |
| Land | \$ 26,697,100 | \$ 27,400 | \$ 11,200 | \$ 26,713,300 |
| Buildings and Building Improvements | 13,632,200 | | | 13,632,200 |
| Machinery and Equipment | <u>36,873,861</u> | <u>2,674,158</u> | <u>345,212</u> | <u>39,202,807</u> |
| | <u>\$ 77,203,161</u> | <u>\$2,701,558</u> | <u>\$ 356,412</u> | <u>\$ 79,548,307</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6 FIXED ASSETS (CONT'D)

B. Utility Funds Fixed Assets

The following is a summary of changes in the utility funds fixed assets for the years ended December 31, 2024 and 2023.

| | Balance, January 1, <u>2024</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2024</u> |
|----------------------------------|---------------------------------------|------------------|------------------|---|
| <u>Water Utility Fund</u> | | | | |
| <u>2024</u> | | | | |
| Fixed Capital | | | | |
| System and System Improvements | \$ 11,901,295 | \$ 366,709 | \$ - | \$ 12,268,004 |

| | Balance, January 1, <u>2023</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2023</u> |
|----------------------------------|---------------------------------------|------------------|------------------|---|
| <u>Water Utility Fund</u> | | | | |
| <u>2023</u> | | | | |
| Fixed Capital | | | | |
| System and System Improvements | \$ 11,362,318 | \$ 538,977 | \$ - | \$ 11,901,295 |

| | Balance, January 1, <u>2024</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2024</u> |
|----------------------------------|---------------------------------------|-------------------|------------------|---|
| <u>Sewer Utility Fund</u> | | | | |
| <u>2024</u> | | | | |
| Fixed Capital | | | | |
| Sewer Coll. & Treatment System | \$ 25,488,955 | | | \$ 25,488,955 |
| Construction of Sewer Connection | 1,508,302 | | | 1,508,302 |
| MSA Capital Charges | 675,018 | | | 675,018 |
| Refunding Bond Ordinances | 5,130,142 | | | 5,130,142 |
| Pump Station Improvements | 469,652 | | | 469,652 |
| Various Improvements | 4,133,743 | \$ 364,047 | | 4,497,790 |
| Vehicles and Equipment | 303,026 | - | - | 303,026 |
| | <u>\$ 37,708,838</u> | <u>\$ 364,047</u> | <u>\$ -</u> | <u>\$ 38,072,885</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6 FIXED ASSETS (CONT'D.)

B. Utility Funds Fixed Assets (Cont'd.)

| | Balance, January 1, <u>2023</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2023</u> |
|----------------------------------|---------------------------------------|-------------------|------------------|---|
| <u>Sewer Utility Fund</u> | | | | |
| <u>2023</u> | | | | |
| Fixed Capital | | | | |
| Sewer Coll. & Treatment System | \$ 25,488,955 | | | \$ 25,488,955 |
| Construction of Sewer Connection | 1,508,302 | | | 1,508,302 |
| MSA Capital Charges | 675,018 | | | 675,018 |
| Refunding Bond Ordinances | 5,130,142 | | | 5,130,142 |
| Pump Station Improvements | 469,652 | | | 469,652 |
| Various Improvements | 4,003,581 | \$ 130,162 | | 4,133,743 |
| Vehicles and Equipment | <u>303,026</u> | <u>-</u> | <u>-</u> | <u>303,026</u> |
| | <u>\$ 37,578,676</u> | <u>\$ 130,162</u> | <u>\$ -</u> | <u>\$ 37,708,838</u> |

| | Balance January 1, <u>2024</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2024</u> |
|---------------------------------------|--------------------------------------|------------------|------------------|---|
| <u>Recreation Utility Fund</u> | | | | |
| <u>2024</u> | | | | |
| Fixed Capital | | | | |
| Various Equipment & Improvements | \$ <u>2,595</u> | <u>\$ -</u> | <u>\$ -</u> | \$ <u>2,595</u> |

| | Balance January 1, <u>2023</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2023</u> |
|----------------------------------|--------------------------------------|------------------|------------------|---|
| <u>2023</u> | | | | |
| Fixed Capital | | | | |
| Various Equipment & Improvements | \$ <u>2,595</u> | <u>\$ -</u> | <u>\$ -</u> | \$ <u>2,595</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Issued | | |
| General | | |
| Bonds, Notes and Loans | \$ 26,651,000 | \$ 26,934,007 |
| Water Utility | | |
| Bonds, Notes and Loans | 2,986,156 | 2,693,593 |
| Sewer Utility | | |
| Bonds and Loans | 90,000 | 180,000 |
| Sewer Utility Assessment | | |
| Bonds and Loans | <u>535,000</u> | <u>570,000</u> |
| | <u>30,262,156</u> | <u>30,377,600</u> |
| Less Funds Temporarily Held to Pay Bonds and Notes | <u>32,373</u> | <u>25,596</u> |
| Net Debt Issued | <u>30,229,783</u> | <u>30,352,004</u> |
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | 4,234,506 | 5,142,387 |
| Water Utility | | |
| Bonds and Notes | <u>1,155,214</u> | <u>1,730,642</u> |
| | <u>5,389,720</u> | <u>6,873,029</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 35,619,503</u> | <u>\$ 37,225,033</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 0.70% and 0.80% at December 31, 2024 and 2023, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------|----------------------|----------------------|----------------------|
| <u>2024</u> | | | |
| General Debt | \$ 30,885,506 | - | \$ 30,885,506 |
| School Debt | 8,385,000 | \$ 8,385,000 | |
| Utility Debt | <u>4,766,370</u> | <u>4,766,370</u> | <u>-</u> |
| Total | <u>\$ 44,036,876</u> | <u>\$ 13,151,370</u> | <u>\$ 30,885,506</u> |

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------|----------------------|----------------------|----------------------|
| <u>2023</u> | | | |
| General Debt | \$ 32,076,394 | | \$ 32,076,394 |
| School Debt | 9,900,000 | \$ 9,900,000 | |
| Utility Debt | <u>5,174,235</u> | <u>5,174,235</u> | <u>-</u> |
| Total | <u>\$ 47,150,629</u> | <u>\$ 15,074,235</u> | <u>\$ 32,076,394</u> |

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------|-----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 153,770,050 | \$ 140,750,591 |
| Less: Net Debt | <u>30,885,506</u> | <u>32,076,394</u> |
| Remaining Borrowing Power | <u>\$ 122,884,544</u> | <u>\$ 108,674,197</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.)

A. Long-Term Debt

The Township's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| \$7,416,000, 2016 Bonds, due in annual installments of \$791,000 to \$800,000 through October 1, 2026 at 2.00%. | \$ 1,591,000 | \$ 2,391,000 |
| \$8,260,000, 2018 Bonds, due in annual installments of \$870,000 through August 15, 2028 at 3.00% to 4.00% | 3,480,000 | 4,350,000 |
| \$8,485,000, 2020 Bonds, due in annual installments of \$900,000 to \$1,000,000 through September 15, 2030 at 1.25% to 2.00% | 5,685,000 | 6,585,000 |
| \$10,255,000, 2022 Bonds, due in annual installments of \$670,000 to \$1,345,000 through October 15, 2033 at 3.25% to 4.00% | 8,910,000 | 9,580,000 |
| \$6,985,000, 2024 Bonds, due in annual installments of \$425,000 to \$855,000 through October 15, 2034 at 3.00% to 4.00% | <u>6,985,000</u> | <u>-</u> |
| | <u>\$ 26,651,000</u> | <u>\$ 22,906,000</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.)

A. Long-Term Debt (Cont'd.)
Utility Bonds

The Township pledges revenue from operations to pay debt service on utility bonds issued. The water and sewer utility bonds outstanding at December 31 are as follows:

Water Utility Bonds

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| \$1,665,000, 2018 Bonds, due in annual installments of \$125,000 to \$130,000 through August 15, 2033, at 3.00% to 4.00% | \$ 1,155,000 | \$ 1,280,000 |
| \$260,000, 2020 Bonds, due in annual installment of \$65,000 through September 15, 2025, at 1.25% | 65,000 | 130,000 |
| \$920,000, 2022 Bonds, due in annual installments of \$40,000 to \$80,000 through October 15, 2035 at 3.25% to 5.00% | 840,000 | 880,000 |
| \$785,000, 2024 Bonds, due in annual installments of \$30,000 to \$60,000 through October 15, 2039 at 3.00% to 4.00% | 785,000 | - |
| Total Water Utility Bonds | \$ 2,845,000 | \$ 2,290,000 |

Sewer Utility Bonds

Sewer Capital Bonds

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|--------------------|
| \$440,000, 2020 Bonds, due in annual installment of \$90,000 through September 15, 2025, at 1.25% | \$ 90,000 | \$ 180,000 |
| Total Sewer Capital Bonds | \$ 90,000 | \$ 180,000 |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.)

A. Long-Term Debt (Cont'd.)
Utility Bonds

Sewer Utility Assessment Bonds

The Township pledges revenue from special benefit sewer assessments to pay debt service on sewer utility assessment bonds issued. The sewer utility assessment bonds outstanding at December 31 are as follows:

Sewer Assessment Bonds

| | | | | |
|---|--------|--------------------|--------|--------------------|
| \$640,000, 2020 Bonds, due in annual installments of \$30,000 to \$35,000 through September 15, 2040, at 1.25% to 2.00% | \$ | <u>535,000</u> | \$ | <u>570,000</u> |
| Total Sewer Assessment Bonds | \$ | <u>535,000</u> | \$ | <u>570,000</u> |

New Jersey Environmental Infrastructure Trust (NJEIT)

The Township has entered into a loan agreement with the NJEIT for water supply system improvements. The Township pledges water utility fees to pay debt service in the Water Utility Capital Fund. The loan balance in the Water Utility Capital Fund at December 31 are as follows:

| | | | | |
|--|----|--------------------|----|--------------------|
| | | <u>2024</u> | | <u>2023</u> |
| \$382,200, 2011 Loan due in semi-annual installments of \$4,858 to \$15,798 through August 2031, interest at .22% to 3.14% | \$ | <u>141,156</u> | \$ | <u>160,793</u> |

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2024 is as follows:

| Calendar Year | <u>General</u> | | <u>Water Utility</u> | | <u>Sewer Utility</u> | | <u>Total</u> |
|---------------|----------------------|---------------------|----------------------|-------------------|----------------------|------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2025 | \$ 3,665,000 | \$ 891,084 | \$ 279,744 | \$ 101,863 | \$ 125,000 | \$ 11,300 | \$ 5,073,991 |
| 2026 | 3,656,000 | 791,820 | 254,859 | 93,851 | 35,000 | 9,738 | 4,841,268 |
| 2027 | 3,190,000 | 683,901 | 254,982 | 84,327 | 35,000 | 9,212 | 4,257,422 |
| 2028 | 3,205,000 | 586,038 | 280,137 | 76,023 | 35,000 | 8,600 | 4,190,798 |
| 2029 | 3,035,000 | 485,538 | 285,301 | 66,759 | 35,000 | 7,900 | 3,915,498 |
| 2030-2034 | 9,900,000 | 907,590 | 1,251,133 | 183,476 | 175,000 | 29,000 | 12,446,199 |
| 2035-2039 | | | 380,000 | 34,575 | 155,000 | 12,100 | 581,675 |
| 2040-2041 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>30,000</u> | <u>600</u> | <u>30,600</u> |
| Total | <u>\$ 26,651,000</u> | <u>\$ 4,345,971</u> | <u>\$ 2,986,156</u> | <u>\$ 640,874</u> | <u>\$ 625,000</u> | <u>\$ 88,450</u> | <u>\$ 35,337,451</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Cont'd.)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2024 and 2023 were as follows:

| | Balance, January 1, <u>2024</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2024</u> | Due Within <u>One Year</u> |
|---|---------------------------------------|---------------------|---------------------|---|----------------------------------|
| <u>2024</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 22,906,000 | \$ 6,985,000 | \$ 3,240,000 | \$ 26,651,000 | \$ 3,665,000 |
| General Capital Fund Long-Term Liabilities | <u>\$ 22,906,000</u> | <u>\$ 6,985,000</u> | <u>\$ 3,240,000</u> | <u>\$ 26,651,000</u> | <u>\$ 3,665,000</u> |
| Water Utility Capital Fund | | | | | |
| Bonds Payable | \$ 2,290,000 | \$ 785,000 | \$ 230,000 | \$ 2,845,000 | \$ 260,000 |
| Intergovernmental Loans | <u>160,793</u> | <u>-</u> | <u>19,637</u> | <u>141,156</u> | <u>19,744</u> |
| Water Utility Capital Fund Long-Term Liabilities | <u>\$ 2,450,793</u> | <u>\$ 785,000</u> | <u>\$ 249,637</u> | <u>\$ 2,986,156</u> | <u>\$ 279,744</u> |
| Sewer Utility Capital Fund | | | | | |
| Bonds Payable | \$ 180,000 | - | \$ 90,000 | \$ 90,000 | \$ 90,000 |
| Sewer Utility Capital Fund Long-Term Liabilities | <u>\$ 180,000</u> | <u>\$ -</u> | <u>\$ 90,000</u> | <u>\$ 90,000</u> | <u>\$ 90,000</u> |
| Sewer Assessment Trust Fund | | | | | |
| Bonds Payable | \$ 570,000 | - | \$ 35,000 | \$ 535,000 | \$ 35,000 |
| Sewer Assessment Trust Fund Long-Term Liabilities | <u>\$ 570,000</u> | <u>\$ -</u> | <u>\$ 35,000</u> | <u>\$ 535,000</u> | <u>\$ 35,000</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.))

A. Long-Term Debt (Cont'd.)

Changes in Long-Term Municipal Debt (Cont'd.)

| | Balance, January 1, <u>2023</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2023</u> | Due Within <u>One Year</u> |
|--------------------------------------|---------------------------------------|------------------|---------------------|---|----------------------------------|
| <u>2023</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 26,151,000 | - | \$ 3,245,000 | \$ 22,906,000 | \$3,240,000 |
| General Capital Fund Long-Term | | | | | |
| Liabilities | <u>\$26,151,000</u> | <u>\$ -</u> | <u>\$ 3,245,000</u> | <u>\$22,906,000</u> | <u>\$3,240,000</u> |
| Water Utility Capital Fund | | | | | |
| Bonds Payable | \$ 2,515,000 | - | \$ 225,000 | \$ 2,290,000 | \$ 230,000 |
| Intergovernmental Loans | <u>180,332</u> | <u>-</u> | <u>19,539</u> | <u>160,793</u> | <u>19,637</u> |
| Water Utility Capital Fund Long-Term | | | | | |
| Liabilities | <u>\$ 2,695,332</u> | <u>\$ -</u> | <u>\$ 244,539</u> | <u>\$ 2,450,793</u> | <u>\$ 249,637</u> |
| Sewer Utility Capital Fund | | | | | |
| Bonds Payable | \$ 270,000 | - | \$ 90,000 | \$ 180,000 | \$ 90,000 |
| Sewer Utility Capital Fund | | | | | |
| Long-Term Liabilities | <u>\$ 270,000</u> | <u>\$ -</u> | <u>\$ 90,000</u> | <u>\$ 180,000</u> | <u>\$ 90,000</u> |
| Sewer Assessment Trust Fund | | | | | |
| Bonds Payable | \$ 750,000 | - | \$ 180,000 | \$ 570,000 | \$ 35,000 |
| Sewer Assessment Trust Fund | | | | | |
| Long-Term Liabilities | <u>\$ 750,000</u> | <u>\$ -</u> | <u>\$ 180,000</u> | <u>\$ 570,000</u> | <u>\$ 35,000</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2024 and 2023 was as follows:

Bond Anticipation Notes

| <u>Purpose</u> | <u>Rate</u> (%) | <u>Maturity</u> <u>Date</u> | Balance, January 1, <u>2024</u> | <u>Issued</u> | <u>Retired</u> | Balance, December 31, <u>2024</u> |
|---------------------------------------|--------------------|--------------------------------|---------------------------------------|---------------|---------------------|---|
| <u>2024</u> | | | | | | |
| <u>General Capital Fund</u> | | | | | | |
| Various Improvements | 5.00% | 12/13/2024 | \$ 974 | | \$ 974 | \$ - |
| Various Improvements | 5.00% | 12/13/2024 | 500,000 | | 500,000 | - |
| Various Improvements | 5.00% | 12/13/2024 | 175,000 | | 175,000 | - |
| Purchase of Pondview Lane | 5.00% | 12/13/2024 | 2,033 | | 2,033 | - |
| Various Improvements | 5.00% | 12/13/2024 | 450,000 | | 450,000 | - |
| Various Improvements | 5.00% | 12/13/2024 | <u>2,900,000</u> | <u>-</u> | <u>2,900,000</u> | <u>-</u> |
| Total General Capital Fund | | | <u>4,028,007</u> | <u>-</u> | <u>4,028,007</u> | <u>-</u> |
| <u>Water Capital Fund</u> | | | | | | |
| Various Improvements | 5.00% | 12/13/2024 | 36,550 | | 36,550 | - |
| Various Improvements | 5.00% | 12/13/2024 | 135,000 | | 135,000 | - |
| Various Improvements | 5.00% | 12/13/2024 | <u>71,250</u> | <u>-</u> | <u>71,250</u> | <u>-</u> |
| Total Water Capital Fund | | | <u>242,800</u> | <u>-</u> | <u>242,800</u> | <u>-</u> |
| Total Bond Anticipation Notes Payable | | | <u>\$ 4,270,807</u> | <u>\$ -</u> | <u>\$ 4,270,807</u> | <u>\$ -</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.)

B. Short-Term Debt (Cont'd)

Bond Anticipation Notes (Cont'd)

| <u>Purpose</u> | Rate (%) | Maturity Date | Balance, January 1, <u>2023</u> | <u>Issued</u> | <u>Retired</u> | Balance, December 31, <u>2023</u> |
|---------------------------------------|-------------|------------------|---------------------------------------|---------------------|----------------|---|
| <u>2023</u> | | | | | | |
| <u>General Capital Fund</u> | | | | | | |
| Various Improvements | 5.00% | 12/13/2024 | | \$ 974 | | \$ 974 |
| Various Improvements | 5.00% | 12/13/2024 | | 500,000 | | 500,000 |
| Various Improvements | 5.00% | 12/13/2024 | | 175,000 | | 175,000 |
| Purchase of Pondview Lane | 5.00% | 12/13/2024 | | 2,033 | | 2,033 |
| Various Improvements | 5.00% | 12/13/2024 | | 450,000 | | 450,000 |
| Various Improvements | 5.00% | 12/13/2024 | - | <u>2,900,000</u> | - | <u>2,900,000</u> |
| Total General Capital Fund | | | <u>-</u> | <u>4,028,007</u> | <u>-</u> | <u>4,028,007</u> |
| <u>Water Capital Fund</u> | | | | | | |
| Various Improvements | 5.00% | 12/13/2024 | | 36,550 | | 36,550 |
| Various Improvements | 5.00% | 12/13/2024 | | 135,000 | | 135,000 |
| Various Improvements | 5.00% | 12/13/2024 | - | <u>71,250</u> | - | <u>71,250</u> |
| Total Water Capital Fund | | | <u>-</u> | <u>242,800</u> | <u>-</u> | <u>242,800</u> |
| Total Bond Anticipation Notes Payable | | | <u>\$ -</u> | <u>\$ 4,270,807</u> | <u>\$ -</u> | <u>\$ 4,270,807</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 MUNICIPAL DEBT (CONT'D.)

B. Short-Term Debt (Cont'd.)

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general governmental activities are accounted for in the General Capital Fund. The amounts issued for the water and sewer utility activities are accounted for in the Water and Sewer Utility Capital Funds.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 8 OTHER LONG-TERM LIABILITIES

Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$3,678,577 and \$3,552,236 at December 31, 2024 and 2023, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, the Township has reserved in the Other Trust Fund \$151,370 and \$177,219, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen’s Retirement System (PFRS) – 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 or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PFRS:

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

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

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2023 was \$14.6 billion. The collective net pension liability of the participating employers for local PFRS at June 30, 2023 was \$13.4 billion.

Actuarial Methods and Assumptions

In the July 1, 2022 PERS and July 1, 2022 PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2024 and 2023 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee’s pensionable compensation.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Township for 2024, 2023 and 2022 were equal to the required contributions.

During the years ended December 31, 2024, 2023 and 2022, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

| <u>Year Ended</u> <u>December 31</u> | <u>PFRS</u> | <u>PERS</u> | <u>DCRP</u> |
|---|--------------|--------------|-------------|
| 2024 | \$ 2,223,695 | \$ 1,422,135 | \$ 13,360 |
| 2023 | 2,179,582 | 1,382,031 | 10,469 |
| 2022 | 1,908,658 | 1,300,285 | 11,587 |

For the years ended December 31, 2024, 2023 and 2022 the Township had no required contributions for long-term disability insurance premiums (LTDI) for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) 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 are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2023 and June 30, 2022. Employer allocation percentages have been rounded for presentation purposes.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS)

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

At December 31, 2023, the Township reported a liability of \$15,412,122 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Township's proportionate share of the net pension liability was based on the ratio of the Township's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Township's proportionate share was 0.10641 percent, which was an increase of 0.00330 percent from its proportionate share measured as of June 30, 2022 of 0.10311 percent.

For the year ended December 31, 2023, the pension system has determined the Township's pension expense to be \$254,915 for PERS based on the actuarial valuations which is less than the actual reported contribution reported in the Township's financial statements of \$1,300,285. At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

| | 2023 | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference Between Expected and Actual Experience | \$ 147,360 | \$ 63,000 |
| Changes of Assumptions | 33,857 | 934,041 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 70,975 | |
| Changes in Proportion | 1,058,521 | 18,105 |
| Township Contribution Subsequent to the Measurement Date | 1,422,135 | - |
| Total | \$ 2,732,848 | \$ 1,015,146 |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

The \$1,422,135 of deferred outflows of resources resulting from the Township's contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

| Year Ending <u>December 31,</u> | <u>Total</u> |
|---------------------------------------|----------------------------|
| 2024 | \$ (424,623) |
| 2025 | (113,141) |
| 2026 | 817,777 |
| 2027 | 4,830 |
| 2028 | 10,724 |
| Thereafter | <u> -</u> |
| | <u><u>\$ 295,567</u></u> |

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | <u>2023</u> |
|---------------------------|--------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.75%-6.55% |
| | Based on Years |
| | of Service |
| Thereafter | Not Applicable |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub - 2010 |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Actuarial Assumptions (Continued)

Assumptions for mortality improvements are based on Society of Actuaries Scale MP - 2021.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023 is summarized in the following table:

| | 2023 | |
|--------------------------------|--------------------------|---|
| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| US Equity | 28.00% | 8.98% |
| Non-US Developed Market | 12.75% | 9.22 |
| International Small Cap Equity | 1.25% | 9.22% |
| Emerging Markets Equity | 5.50% | 11.13% |
| Private Equity | 13.00% | 12.5% |
| 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 | <u>3.00%</u> | 6.21% |
| | <u>100.00%</u> | |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

| Calendar | Discount |
|-----------------|--|
| <u>Year</u> | <u>Measurement Date</u> <u>Rate</u> |
| 2023 | June 30, 2023 7.00% |

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

| | <u>2023</u> |
|-----------------------------------|-------------|
| Period of Projected Benefit | |
| Payments for which the Following | |
| Rates were Applied: | |
| Long-Term Expected Rate of Return | All Periods |

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

| | 1% Decrease <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|---|---|---|---|
| <u>2023</u> | | | |
| Township's Proportionate Share of the PERS Net Pension Liability | <u>\$ 20,063,304</u> | <u>\$ 15,412,122</u> | <u>\$ 11,453,351</u> |

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2023. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Special Funding Situation – PERS

Under N.J.S.A. 43:15A-15, the Township is responsible for their own PERS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 365, P.L. 2001, and Chapter 133, P.L. 2001. The amounts contributed on behalf of the Township by the State 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. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PERS under this legislation.

At December 31, 2023, the State's proportionate share of the net pension liability attributable to the Township for the PERS special funding situation is \$0. For the year ended December 31, 2023, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PERS, special funding situation is \$48,065, which is equal to the actual contribution the State made on behalf of the Township of \$48,065. At December 31, 2023 (measurement date June 30, 2023) the State's share of the PERS net pension liability attributable to the Township was 0.10681 percent. The State's proportionate share attributable to the Township was developed based on actual contributions made to PERS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Police and Firemen's Retirement System (PFRS)

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

At December 31, 2023, the Township reported a liability of \$18,456,358 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Township's proportionate share of the net pension liability was based on the ratio of the Township's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Township's proportionate share was 0.16704 percent, which was a decrease of 0.00055 percent from its proportionate share measured as of June 30, 2022 of 0.16759 percent.

For the year ended December 31, 2023, the pension system has determined the Township pension expense to be \$1,328,122 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Township's financial statements of \$2,179,582. At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

TOWNSHIP OF MOUNT OLIVE
, MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

| | 2023 | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference Between Expected and Actual Experience | \$ 790,264 | \$ 880,205 |
| Changes of Assumptions | 39,835 | 1,246,246 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 939,947 | |
| Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions | 933,680 | 54,698 |
| Township Contributions Subsequent to the Measurement Date | 2,223,695 | - |
| Total | \$ 4,927,421 | \$ 2,181,149 |

The \$2,223,695 of deferred outflows of resources resulting from the Township’s contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

| Year Ending <u>December 31,</u> | | <u>Total</u> |
|---------------------------------------|----|--------------|
| 2024 | \$ | (341,445) |
| 2025 | | (366,822) |
| 2026 | | 1,196,595 |
| 2027 | | (16,491) |
| 2028 | | 47,857 |
| 2029 | | 2,883 |
| Thereafter | | - |
| | \$ | 522,577 |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Township’s total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | <u>2023</u> |
|---------------------------|------------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Salary Increases: | |
| Through all future years | 3.25%-16.25% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pubs - 2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP - 2021.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023 is summarized in the following table:

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return (Continued)

| | 2023 | |
|---------------------------------|------------------------------|---|
| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| U.S. Equity | 28.00% | 8.98% |
| Non-US 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 Assets | 3.00% | 8.58% |
| Real Estate | 8.00% | 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 | <u>3.00%</u> | 6.21% |
| | <u>100.00%</u> | |

Discount Rate

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

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

The following presents the Township’s proportionate share of the PFRS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the Township’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 1-percentage-point higher 8.00% than the current rate:

| <u>2023</u> | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------------------|--|------------------------------------|
| Township's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 25,715,703</u> | <u>\$ 18,456,358</u> | <u>\$ 12,411,058</u> |

The sensitivity analysis was based on the proportionate share of the Township’s net pension liability at December 31, 2023. A sensitivity analysis specific to the Township’s net pension liability was not provided by the pension system.

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions 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 Township by the State 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. Accordingly, the Township’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State’s proportionate share is 100% for PFRS under this legislation.

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$3,400,799. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$386,834, which is less than the actual contribution the State made on behalf of the Township of \$388,920. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Township was 0.16704 percent, which was a decrease of 0.00055 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of 0.16759 percent. The State’s proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township’s financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 PENSION PLANS (continued)

C. DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees’ base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable.

A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Total DCRP covered payroll for 2024 was \$445,377. Covered payroll refers to all compensation paid by the Township to active Township employees covered by the Plan. Employee contributions to the DCRP for the year ended December 31, 2024 were \$24,496 and employer contributions were \$13,630.

Total DCRP covered payroll for 2023 was \$190,345. Covered payroll refers to all compensation paid by the Township to active Township employees covered by the Plan. Employee contributions to the DCRP for the year ended December 31, 2023 were \$5,710 and employer contributions were \$10,649.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10 OTHER POSTEMPLOYMENT BENEFITS

State 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 postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. 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 dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

Contributions

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

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10 OTHER POSTEMPLOYMENT BENEFITS

Plan Membership and Contributing Employers

Plan membership and contributing employers/nonemployers consisted of the following at June 30, 2023:

| | June 30, 2023 |
|---|---------------|
| Inactive plan members or beneficiaries currently receiving benefits | 34,771 |
| Active plan members | 65,613 |
| Total | 99,044 |
| Contributing employers | 590 |
| Contributing nonemployers | 1 |

Funding Situation - The State of New Jersey's Total OPEB Liability was \$14,889,576,786 at June 30, 2023.

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:

| | June 30, 2023 |
|--|-----------------------|
| Total OPEB Liability | \$ 14,889,576,786 |
| Plan Fiduciary Net Position (Deficit) | (116,962,691) |
| Net OPEB Liability | \$ 15,006,539,477 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | -0.79% |

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. 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 all periods (2023) in the measurement:

| | |
|---|--|
| Salary increases* | |
| Public Employees' Retirement Systems (PERS) | |
| Rate for all future years | 2.75% to 6.55% |
| Police and Firemen's Retirement System (PFRS) | |
| Rate for all future years | 3.25% to 16.25% |
| 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 safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021 |

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

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 10 OTHER POSTEMPLOYMENT BENEFITS

Preretirement and postretirement mortality rates were based on the Pub-2010 General and Safety Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale. Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021, respectively.

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

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. The GASB statement does not require a particular source for information to determine health care trends, but it does recommend selecting a source that is “publicly available, objective, and unbiased”.

Discount Rate - The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State’s Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers and the Township as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

| | 1% Decrease <u>(2.65%)</u> | Current Discount Rate <u>(3.65%)</u> | 1% Increase <u>(4.65%)</u> |
|---|---|---|---|
| Net OPEB Liability | \$ 17,382,355,978 | \$ 15,006,539,477 | \$ 13,095,561,553 |
| Township's Proportionate Share of the Net OPEB Liability | \$ 48,018,237 | \$ 41,455,115 | \$ 36,176,096 |

Sensitivity of the State’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the participating employers and of the Township as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Healthcare Cost | | |
|---|------------------------|-------------------|--------------------|
| | 1% Decrease | Trend Rate | 1% Increase |
| Net OPEB Liability | \$ 12,753,792,805 | \$ 15,006,539,477 | \$ 17,890,743,651 |
| Township's Proportionate Share of the Net OPEB Liability | \$ 35,231,970 | \$ 41,455,115 | \$ 49,422,642 |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 11 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Mount Olive is a member of the Morris County Municipal Joint Insurance Fund (MJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The MJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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

| <u>Year Ended</u> <u>December 31</u> | <u>Beginning</u> <u>Balance</u> | <u>Employee</u> <u>Contributions</u> | <u>Amount</u> <u>Reimbursed</u> | <u>Ending</u> <u>Balance</u> |
|---|------------------------------------|---|------------------------------------|---------------------------------|
| 2024 | \$ 112,602 | \$ 32,089 | \$ 32 | \$ 144,659 |
| 2023 | 148,714 | 24,139 | 60,251 | 112,602 |
| 2022 | 136,098 | 22,389 | 9,773 | 148,714 |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 12 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Certain tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2024 and 2023, the Township reserved \$35,517 and \$35,517, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2024 and 2023, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 13 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024, the Township has calculated and determined there are no arbitrage earnings due to the IRS.

NOTE 14 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)-UNAUDITED

The Township of Mount Olive Length of Service Awards Program (the Plan) was created by a Township ordinance adopted on August 24, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Mount Olive approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Budd Lake Volunteer Fire Department, Flanders Fire Company and Rescue Squad and Budd Lake First Aid and Rescue Squad, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 14 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)-UNAUDITED (CONT'D.)

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of Mount Olive has contributed \$2,041 and \$1,974 for 2024 and 2023, respectively, for each eligible volunteer fire department and rescue squad member into the Plan. The total Township contributions were \$136,767 and \$124,973 for 2024 and 2023, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln National Life Insurance Company is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 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 (AICPA) Statements on Standards for Accounting and Review Services.

NOTE 15 TAX ABATEMENTS

For the years ended December 31, 2024 and 2023, the Township provided property tax abatements through a certain program authorized under State statutes. The program is included in the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2024 and 2023 the Township abated property taxes totaling \$721,382 and \$920,347, respectively, under the NJHMFA program. The Township received \$295,193 and \$464,309 in PILOT payments under this program for the years ended December 31, 2024 and 2023, respectively.

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 16 LESSEE AGREEMENTS/LESSEE REVENUE

Lessee Agreements

The Township leases vehicles, copiers and a postage machine, for which they are the lessee, under noncancelable leases agreements. Lease payments for the years ended December 31, 2024 and 2023 were \$58,464 and \$64,307, respectively. The future minimum lease payments for these leases are as follows:

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|--------------------------------|------------------|
| 2025 | \$ 45,734 |
| 2026 | 22,750 |
| 2027 | 9,029 |
| 2028 | <u>788</u> |
| Total | <u>\$ 78,301</u> |

Lessee Revenues

In addition, the Township has entered into certain leases, for which they are the lessor, for the use of Township owned real property. The leases are due to the Township in installments as outlined in each individual lease agreement. The Township recognizes the revenues on an annual basis based upon cash received. The following table represents the future lease principle throughout the term of the leases.

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|--------------------------------|----------------------|
| 2025 | \$ 532,633 |
| 2026 | 552,723 |
| 2027 | 572,076 |
| 2028 | 592,400 |
| 2029 | 614,708 |
| 2030-2034 | 3,022,218 |
| 2035-2039 | 1,695,241 |
| 2040-2044 | 1,134,338 |
| 2045-2049 | 1,061,925 |
| 2050-2052 | <u>411,970</u> |
| | <u>\$ 10,190,232</u> |

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 17 SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2024 through the date of May 14, 2025, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that the subsequent events that have occurred which requires disclosure in the financial statements are as follows:

1. The Township adopted two bond ordinances authorizing the issuance of \$4,419,125 of bonds or bond anticipation notes to fund various capital projects. As of the date of this report, the Township has not issued nor awarded the sale of said bonds or notes.

NOTE 18 CONSOLIDATION AND COMBINATION OF THE WATER AND SEWER UTILITY FUNDS

On October 15, 2024, the Township adopted Ordinance #33-2024 consolidating and combining the Water Utility and the Sewer Utility to form a single Water/Sewer Utility and amending all applicable ordinances to reflect the combined utility effective January 1, 2025. The 2025 municipal budget reflects the utilization of \$1,633,834 in fund balance of the Water/Sewer Utility combined fund balance at January 1, 2025 of \$5,758,426.

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APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2026

Township Council of the
Township of Mount Olive, in the
County of Morris, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Mount Olive, in the County of Morris, New Jersey (the "Township"), in connection with the issuance by the Township of its \$19,500,000 Bond Anticipation Notes, Series 2026, consisting of the \$16,222,750 General Improvement Bond Anticipation Note, the \$3,111,000 Water/Sewer Utility Bond Anticipation Note and the \$166,250 Recreation Utility Bond Anticipation Note (collectively, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined such laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

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

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

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

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

Very truly yours,

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