

SUPPLEMENT DATED JULY 9, 2024
TO OFFICIAL STATEMENT DATED JUNE 18, 2024
OF
BOROUGH OF NORTH CALDWELL
IN THE COUNTY OF ESSEX, NEW JERSEY

\$11,820,000
GENERAL OBLIGATION BONDS, SERIES 2024
CONSISTING OF
\$11,230,000 GENERAL IMPROVEMENT BONDS, SERIES 2024
AND
\$590,000 SWIMMING POOL UTILITY BONDS, SERIES 2024

AND

\$1,710,000
BOND ANTICIPATION NOTES, SERIES 2024
CONSISTING OF A
\$760,000 GENERAL IMPROVEMENT NOTE, SERIES 2024
AND
\$950,000 WATER UTILITY NOTE, SERIES 2024

The above-referenced Official Statement contained as Appendix B the Borough of North Caldwell's Independent Auditor's Report and Financial Statements for the years ended December 31, 2022, 2021, 2020 and 2019 and Unaudited Financial Statements for the year ended December 31, 2023. On June 25, 2024, the Borough of North Caldwell formally accepted its Audit for the year ended December 31, 2023. A copy of that Audit is attached as Appendix B-1, which should be inserted into the Official Statement following Appendix B.

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APPENDIX B-1

**Independent Auditor's Report and Financial Statements for the
Year ended December 31, 2023**

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**BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX
NEW JERSEY**

**REPORT ON
EXAMINATION OF ACCOUNTS
FOR THE YEAR 2023**

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

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BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

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PART II

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING, ROSTER OF OFFICIALS,
GENERAL COMMENTS, FINDINGS AND RECOMMENDATIONS**

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PART I
REPORT ON EXAMINATION
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
AND
SUPPLEMENTARY EXHIBITS
YEAR ENDED DECEMBER 31, 2023

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of North Caldwell
North Caldwell, New Jersey 07006

Opinions

We have audited the financial statements - regulatory basis of the various funds and account groups of the Borough of North Caldwell, in the State of New Jersey, as of and for the years then ended December 31, 2023 and December 31, 2022, and the related notes to the financial statements, as listed in the foregoing table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of North Caldwell at December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "*Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles*" paragraph, the financial statements - regulatory basis referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2023 and 2022 and the results of its operations for the years then ended.

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion on the LOSAP financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of North Caldwell, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Borough of North Caldwell, State of New Jersey, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division of Local Government Services, Department of Community Affairs. 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.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

As discussed in Note 1, the financial statements of the Length of Service Award program Fund ("LOSAP") have not been audited, and we are not required by the Division to audit or were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund and represent 29.82% and 26.81% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2023 and 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs. 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 Borough of North Caldwell, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Borough North of Caldwell, State of New Jersey's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of North Caldwell, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024, on our consideration of the Borough of North Caldwell, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of North Caldwell, State of New Jersey's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of North Caldwell, State of New Jersey's internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
April 30, 2024

BOROUGH OF NORTH CALDWELL
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A
Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2023</u>	<u>Balance Dec. 31, 2022</u>
<u>Regular Fund</u>			
Cash and Cash Equivalents	A-4	<u>\$2,681,274.54</u>	<u>\$4,292,361.31</u>
Due from State of New Jersey: Chapter 129, P.L. 1976	A-5	<u>250.00</u>	
Receivables and Other Assets with Offsetting Reserves:			
Change Fund	A-6	600.00	500.00
Delinquent Property Taxes	A-8	205,623.03	202,783.38
Tax Title Liens	A-9	63.55	63.55
Property Acquired for Taxes	A-10	310,900.00	310,900.00
Interfunds Receivable	A-11	436,752.23	1,101.38
Other Accounts Receivable	A-12	29,208.39	22,848.88
Revenue Accounts Receivable	A-13	<u>2,662.94</u>	<u>1,082.84</u>
		<u>985,810.14</u>	<u>539,280.03</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)	A-15	<u>13,401.25</u>	<u>100,000.00</u>
		<u>3,680,735.93</u>	<u>4,931,641.34</u>
<u>Federal and State Grant Fund</u>			
Cash and Cash Equivalents	A-4	322,236.11	224,743.92
State Grants Receivable	A-16	<u>88,825.49</u>	<u>27,842.33</u>
		<u>411,061.60</u>	<u>252,586.25</u>
		<u>\$4,091,797.53</u>	<u>\$5,184,227.59</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
<u>Regular Fund</u>			
Appropriation Reserves:			
Encumbered	A-3,17	\$ 234,835.92	\$ 454,221.21
Unencumbered	A-3,17	232,717.66	182,426.22
County Taxes Payable	A-18	9,218.43	26,523.39
Local School District Taxes	A-19	26,052.96	283,555.46
Regional High School District Taxes	A-20	29.06	
Due to State of New Jersey:			
Chapter 129, P.L. 1976	A-5		1,308.22
DCA Surcharges	A-21	1,384.00	3,484.00
Marriage License Fees	A-21	100.00	
Reserve for Term Bonds Payable	A-22		895,000.00
Interfunds Payable	A-23	111,074.83	1,152.14
Tax Overpayments	A-24	6,528.18	38,267.62
Prepaid Taxes	A-25	260,956.40	293,538.85
Accounts Payable	A-26		1,630.96
Various Reserves	A-27	895.22	46,667.72
Municipal Relief Aid	A-28	47,769.87	23,890.22
		<u>931,562.53</u>	<u>2,251,666.01</u>
Reserve for Receivables and Other			
Assets		985,810.14	539,280.03
Fund Balance	A-1	<u>1,763,363.26</u>	<u>2,140,695.30</u>
		<u>3,680,735.93</u>	<u>4,931,641.34</u>
<u>Federal and State Grant Fund</u>			
Appropriated Reserves	A-30	392,888.60	236,340.62
Unappropriated Reserves	A-31	18,173.00	16,245.63
		<u>411,061.60</u>	<u>252,586.25</u>
		<u>\$4,091,797.53</u>	<u>\$5,184,227.59</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
CURRENT FUND

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

A-1
Sheet #1

	<u>Ref.</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2,Below	\$ 958,599.08	\$ 790,500.00
Miscellaneous Revenue Anticipated	A-2	2,887,413.86	2,436,154.26
Receipts from Delinquent Taxes	A-2	179,168.83	196,767.30
Receipts from Current Taxes	A-2a	42,035,000.21	41,180,794.21
Nonbudget Revenue	A-2b	223,755.09	87,637.39
Other Credits to Income:			
Other Accounts Receivable Liquidated			37,282.35
Due to State - Senior and Veterans			
Cancelled	A-5	1,058.22	
Appropriation Reserves Lapsed	A-17	15,643.04	21,318.92
Increase in Deferred School Tax:			
Local School District Taxes	A-19	136,464.50	181,270.50
Regional High School Taxes	A-20	123,741.10	363,151.40
Marriage Licenses Due to State Cancelled			400.00
Tax Overpayments Cancelled	A-24	33,971.03	
Accounts Payable Cancelled			81.80
		<u>46,594,814.96</u>	<u>45,295,358.13</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages		3,731,553.00	3,570,039.00
Other Expenses		4,908,985.95	4,375,888.06
Deferred Charges and Statutory			
Expenditures		1,020,611.00	967,183.00
Capital Improvements		53,149.08	385,000.00
Municipal Debt Service		1,135,016.25	1,037,708.68
	A-3	10,849,315.28	10,335,818.74
Prior Years' Refund	A-4	13,755.33	495.00
County Pilot	A-4	1,611.69	1,570.50
Change Fund Established	A-6	100.00	
Interfunds Established	A-11	435,650.85	591.30
Municipal Open Space Taxes	A-11	286,002.41	284,821.05
Other Accounts Receivable Established	A-12	6,359.51	
County Taxes	A-18	9,345,522.85	8,966,802.59
Local School District Taxes	A-19	14,758,529.00	14,485,600.00
Regional High School Taxes	A-20	10,316,701.00	10,069,251.00
		<u>46,013,547.92</u>	<u>44,144,950.18</u>
Statutory Excess to Fund Balance			
(Carried Forward)		<u>581,267.04</u>	<u>1,150,407.95</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

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

A-1
Sheet #2

	<u>Ref.</u>	<u>Year 2023</u>	<u>Year 2022</u>
Statutory Excess to Fund Balance (Brought Forward)		\$ 581,267.04	\$ 1,150,407.95
<u>Fund Balance</u>			
Balance January 1	A	<u>2,140,695.30</u>	<u>1,780,787.35</u>
		2,721,962.34	2,931,195.30
Decreased by:			
Utilized as Anticipated Revenue	A-1, Sheet #1	<u>958,599.08</u>	<u>790,500.00</u>
Balance December 31	A	<u>\$ 1,763,363.26</u>	<u>\$ 2,140,695.30</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS

A-2

	Ref.	Anticipated Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Appropriated	A-1	\$ 958,599.08	\$	\$ 958,599.08	\$
<u>Miscellaneous Revenues</u>					
Licenses:					
Alcoholic Beverages	A-13	5,000.00		5,250.00	250.00
Other Fees and Permits	A-2a	44,000.00		43,933.00	(67.00)
Municipal Court - Fines and Costs	A-13	16,200.00		31,352.78	15,152.78
Interest and Cost on Taxes	A-13	48,300.00		60,432.82	12,132.82
Interest on Investments and Deposits	A-13	100,434.16		369,850.55	269,416.39
Tennis Court Fees	A-13	10,975.00		9,170.00	(1,805.00)
Cable TV Franchise Fees	A-13	113,453.76		113,453.76	
Recreation Program Fees	A-13	125,287.00		138,117.00	12,830.00
Energy Receipts Tax	A-13	461,150.00		461,149.75	(0.25)
Municipal Relief Aid	A-13	23,890.22		23,890.22	
Uniform Construction Code Fees	A-13	195,000.00		150,825.00	(44,175.00)
Interlocal Government Agreement:					
Borough of Essex Fells - Municipal Court	A-13	134,536.00		165,700.54	31,164.54
Borough of Essex Fells - Dispatch	A-13	279,585.00		292,094.98	12,509.98
Uniform Fire Safety Act	A-13	3,448.58		3,448.58	
Rental of Borough-Owned Property	A-13	24,000.00		24,000.00	
Sewer Rental Charges - Township of Fairfield	A-13	6,436.50		6,762.75	326.25
Sewer User Fees	A-13	485,500.00		556,463.28	70,963.28
Rental Cell Tower	A-13	104,414.31		108,549.09	4,134.78
Field Use Fees	A-13	12,000.00		14,505.00	2,505.00
Sewer User Fees - Additional	A-13	60,975.00			(60,975.00)
Firemen's Field Donations	A-13	50,000.00		50,000.00	
PILOT - Whiterock	A-13	29,839.53		32,233.72	2,394.19
W.E.R.S. - SLEO	A-13	80,831.74		87,540.75	6,709.01
Capital Surplus	A-13	29,767.50		29,767.50	
Recycling Fees	A-13	3,372.00		4,051.00	679.00
		<u>2,448,396.30</u>		<u>2,782,542.07</u>	<u>334,145.77</u>
Federal and State Grants:					
Municipal Alliance on Alcoholism and Drug Abuse		10,411.74		10,411.74	
Body Armor Grant		1,359.48		1,359.48	
Clean Communities Program		14,728.22		14,728.22	
Alcohol Education and Rehabilitation Fund		157.93		157.93	
Recycling Tonnage Grant		12,643.00		12,643.00	
American Rescue Plan - Firefighters		22,000.00		22,000.00	
Stormwater Assistance Grant			15,000.00	15,000.00	
Assistance to Firefighters Grant Program			28,571.42	28,571.42	
	A-11	<u>61,300.37</u>	<u>43,571.42</u>	<u>104,871.79</u>	
Total Miscellaneous Revenue	A-1	2,509,696.67	43,571.42	2,887,413.86	334,145.77
Receipts from Delinquent Taxes	A-1,2a	202,380.00		179,168.83	(23,211.17)
Amount to be Raised by Taxes for Support of Municipal Budget	A-2a,8	7,504,068.15		7,697,244.95	193,176.80
		<u>11,174,743.90</u>	<u>43,571.42</u>	<u>11,722,426.72</u>	<u>504,111.40</u>
Nonbudget Revenue	A-2b			223,755.09	223,755.09
	A-3	<u>\$ 11,174,743.90</u>	<u>\$ 43,571.42</u>	<u>\$ 11,946,181.81</u>	<u>\$ 727,866.49</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
CURRENT FUND

STATEMENT OF REVENUE (Continued)
ANALYSIS OF REALIZED REVENUE - REGULATORY BASIS

A-2a

	<u>Ref.</u>	<u>Amount to be Raised by Taxation</u>	<u>Receipts from Delinquent Taxes</u>	<u>Total</u>
<u>Allocation of Tax Collection</u>				
Collections	A-8	\$41,720,961.36	\$179,168.83	\$41,900,130.19
Due from State of New Jersey	A-8	20,500.00		20,500.00
Prepaid Taxes Applied	A-8	<u>293,538.85</u>		<u>293,538.85</u>
 Total Revenue	 A-1	 42,035,000.21	 179,168.83	 42,214,169.04
 Allocated to:				
Municipal Open Space Taxes	A-11	286,002.41		286,002.41
County Levy and Added Taxes	A-18	9,345,522.85		9,345,522.85
Local School District Taxes	A-19	14,758,529.00		14,758,529.00
Regional School District Taxes	A-20	10,316,701.00		10,316,701.00
Plus: Reserve for Uncollected Taxes	A-3, Sheet #8	<u>369,000.00</u>		<u>369,000.00</u>
 Realized Revenue	 A-2	 <u>\$ 7,697,244.95</u>	 <u>\$179,168.83</u>	 <u>\$ 7,876,413.78</u>
 <u>Fees and Permits - Other</u>				
Health Officer	A-13	\$ 497.00		
Engineer	A-13	16,595.00		
Police Department	A-13	4,571.00		
Planning and Zoning Department	A-13	5,470.00		
Borough Clerk	A-13	<u>16,800.00</u>		
	A-2	<u>\$ 43,933.00</u>		

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
CURRENT FUND

STATEMENT OF REVENUE (Continued)
ANALYSIS OF NONBUDGET REVENUE - REGULATORY BASIS

A-2b

	<u>Ref.</u>	
Fire Hydrant Rental		\$ 1,600.00
Film Permits		10,650.00
Fairfield - Stepping Ridge		1,399.69
Administration Fees for Senior Citizens and Veterans - 2%		405.00
Litigation Settlement		17,414.03
Police Applications		660.00
DMV N.J. Insurance Fines		200.00
FEMA Reimbursements		49,705.83
Sale of Municipal Assets		141,107.00
Miscellaneous		<u>613.54</u>
	A-1,2,4	<u>\$223,755.09</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
CURRENT FUND

A-3
Sheet #1

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<u>Appropriations</u>						
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 206,426.00	\$ 203,626.00	\$ 203,614.00	\$ 12.00	\$	
Other Expenses	113,005.00	120,005.00	118,141.70	1,734.30	129.00	
Elections:						
Other Expenses	8,700.00	8,700.00	8,328.09		371.91	
Financial Administration:						
Salaries and Wages	55,593.00	55,593.00	55,592.98		0.02	
Other Expenses	2,400.00	2,400.00	2,400.00			
Audit	39,525.00	39,525.00	39,525.00			
Assessment of Taxes:						
Salaries and Wages	32,111.00	32,111.00	32,110.78		0.22	
Other Expenses	18,985.00	18,985.00	10,864.36	3,008.00	5,112.64	
Collection of Taxes:						
Salaries and Wages	72,293.00	69,593.00	69,553.31		39.69	
Other Expenses	10,450.00	10,450.00	9,485.56		964.44	
Legal Services and Costs:						
Other Expenses	159,492.00	159,492.00	141,182.03	10,416.67	7,893.30	
Engineering Services and Costs:						
Other Expenses	48,750.00	54,900.00	50,877.25		4,022.75	
Public Buildings and Grounds:						
Other Expenses	114,000.00	118,000.00	109,687.18	6,431.50	1,881.32	
Municipal Land Use Law:						
Planning Board:						
Other Expenses	4,700.00	7,700.00	7,059.50		640.50	
Board of Adjustment:						
Salaries and Wages	3,000.00	3,000.00	2,999.88		0.12	
Other Expenses	6,100.00	6,100.00	2,519.25	896.00	2,684.75	
Historical Society:						
Other Expenses	500.00	500.00			500.00	
	<u>896,030.00</u>	<u>910,680.00</u>	<u>863,940.87</u>	<u>22,486.47</u>	<u>24,252.66</u>	

BOROUGH OF NORTH CALDWELL
CURRENT FUND

A-3
Sheet #2

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Cancelled
	Budget	Modified Budget		Reserved		
				Encumbered	Unencumbered	
\$	3,105.60	\$ 3,105.60	\$ 3,105.60	\$	\$	\$
Fire Hydrant Service						
Fire Prevention:						
Salaries and Wages	5,202.00	5,202.00	5,154.92		47.08	
Other Expenses	3,500.00	3,500.00	258.90	294.50	2,946.60	
Miscellaneous Other Expenses	85,210.00	83,881.42	68,658.61	7,076.98	8,145.83	
Police:						
Salaries and Wages	2,147,197.00	2,147,197.00	2,147,197.00			
Other Expenses	163,586.00	163,586.00	147,124.09	11,347.59	5,114.32	
Other Expenses - Vehicle Lease	70,830.00	70,830.00	20,831.01	22,547.20	27,451.79	
First Aid Organization - Contribution	10,000.00	10,000.00	10,000.00			
Emergency Management:						
Salaries and Wages	1,020.00	1,020.00	999.96		20.04	
Other Expenses	1,000.00	1,000.00			1,000.00	
	<u>2,490,650.60</u>	<u>2,489,322.02</u>	<u>2,403,330.09</u>	<u>41,266.27</u>	<u>44,725.66</u>	
STREETS AND ROADS						
Road Repairs and Maintenance:						
Salaries and Wages	448,651.00	448,651.00	428,260.09		20,390.91	
Other Expenses	96,700.00	86,700.00	62,365.63	1,920.80	22,413.57	
Snow Removal:						
Salaries and Wages	20,000.00	20,000.00	10,050.18		9,949.82	
Other Expenses	68,000.00	68,000.00	40,075.61	481.75	27,442.64	
Street Lighting:						
Contractual	105,000.00	120,000.00	103,336.18		16,663.82	
Storm Water Management:						
Other Expenses	18,000.00	18,000.00	16,925.00	1,000.00	75.00	
	<u>756,351.00</u>	<u>761,351.00</u>	<u>661,012.69</u>	<u>3,402.55</u>	<u>96,935.76</u>	

Appropriations

APPROPRIATIONS WITHIN "CAPS"

PUBLIC SAFETY

Fire:

Fire Hydrant Service

Fire Prevention:

Salaries and Wages

Other Expenses

Miscellaneous Other Expenses

Police:

Salaries and Wages

Other Expenses

Other Expenses - Vehicle Lease

First Aid Organization - Contribution

Emergency Management:

Salaries and Wages

Other Expenses

STREETS AND ROADS

Road Repairs and Maintenance:

Salaries and Wages

Other Expenses

Snow Removal:

Salaries and Wages

Other Expenses

Street Lighting:

Contractual

Storm Water Management:

Other Expenses

BOROUGH OF NORTH CALDWELL
CURRENT FUND

A-3
Sheet #3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Modified Budget</u>		<u>Encumbered</u>	<u>Reserved</u>	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>SANITATION</u>						
Sewer Maintenance:						
Other Expenses	\$ 20,000.00	\$ 22,700.00	\$ 22,170.36	\$	\$ 529.64	\$
Garbage and Trash Removal:						
Contractual	691,448.00	591,448.00	573,784.55	17,663.45		
Recycling Program:						
Other Expenses	96,825.00	93,825.00	92,573.03		1,251.97	
	<u>808,273.00</u>	<u>707,973.00</u>	<u>688,527.94</u>	<u>17,663.45</u>	<u>1,781.61</u>	
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	9,000.00	9,000.00	8,999.90		0.10	
Other Expenses	25,222.00	25,222.00	25,065.00		157.00	
Public Assistance Administration:						
Other Expenses	500.00	500.00			500.00	
Dog Regulation:						
Other Expenses	6,400.00	4,400.00	2,091.78	2,009.00	299.22	
	<u>41,122.00</u>	<u>39,122.00</u>	<u>36,156.68</u>	<u>2,009.00</u>	<u>956.32</u>	
<u>RECREATION AND EDUCATION</u>						
Parks and Playgrounds:						
Salaries and Wages	156,628.00	150,028.00	150,013.54		14.46	
Other Expenses	150,750.00	150,750.00	127,602.80	2,468.20	20,679.00	
Camp Wyanokie:						
Other Expenses	2,576.56	2,576.56	2,576.56			
Library Services:						
Other Expenses	7,900.00	9,000.00	8,877.50		122.50	
	<u>317,854.56</u>	<u>312,354.56</u>	<u>289,070.40</u>	<u>2,468.20</u>	<u>20,815.96</u>	

BOROUGH OF NORTH CALDWELL
CURRENT FUND

A-3
Sheet #4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>UNIFORM CONSTRUCTION CODE</u>						
Construction Official:						
Salaries and Wages	\$ 160,389.00	\$ 160,389.00	\$ 160,259.12	\$ 129.88	\$	
Other Expenses	6,376.00	6,376.00	4,560.12	207.78	1,608.10	
Municipal Court:						
Salaries and Wages	8,022.00	8,022.00	8,022.00			
Other Expenses	2,734.00	2,734.00	842.81	1,098.92	792.27	
Insurance (N.J.S.A. 40A:4-45.3(00)):						
General Liability	237,741.00	237,741.00	112,444.17	124,037.11	1,259.72	
Health Benefit Waiver	46,162.08	46,162.08	46,162.08			
Employee Group Health	492,912.92	492,912.92	490,182.23		2,730.69	
	<u>954,337.00</u>	<u>954,337.00</u>	<u>822,472.53</u>	<u>125,343.81</u>	<u>6,520.66</u>	
<u>UNCLASSIFIED</u>						
Unemployment Compensation Insurance						
Utilities:						
Electric	87,000.00	98,000.00	98,000.00			
Gas	8,500.00	8,500.00	7,613.20		886.80	
Gasoline	85,000.00	80,000.00	64,790.59	7,446.17	7,763.24	
Accumulated Leave Compensation	100.00	100.00			100.00	
	<u>180,600.00</u>	<u>186,600.00</u>	<u>170,403.79</u>	<u>7,446.17</u>	<u>8,750.04</u>	
<u>CONTINGENT</u>	500.00	500.00			500.00	
Total Operations Within "CAPS"	<u>6,445,718.16</u>	<u>6,362,239.58</u>	<u>5,934,914.99</u>	<u>222,085.92</u>	<u>205,238.67</u>	
Detail:						
Salaries and Wages	3,325,532.00	3,313,432.00	3,282,827.66		30,604.34	
Other Expenses	3,120,186.16	3,048,807.58	2,652,087.33	222,085.92	174,634.33	

BOROUGH OF NORTH CALDWELL
CURRENT FUND

A-3
Sheet #5

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>STATUTORY EXPENDITURES</u>						
Contribution to:						
Public Employees' Retirement System	\$ 195,768.00	\$ 195,768.00	\$ 195,768.00	\$	\$	\$
Social Security System	155,404.00	153,104.00	153,037.74		66.26	
Police and Firemen's Pension System	616,938.00	616,938.00	616,938.00			
Unemployment Compensation Insurance	1.00	1.00			1.00	
DCRP	3,500.00	4,800.00	4,780.08		19.92	
Total Statutory Expenditures	971,611.00	970,611.00	970,523.82		87.18	
Total Appropriations Within "CAPS"	7,417,329.16	7,332,850.58	6,905,438.81	222,085.92	205,325.85	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER OPERATIONS</u>						
Sewer Rental Charges:						
Other Expenses	1,429,624.00	1,549,624.00	1,536,845.52	12,750.00	28.48	
Sanitation:						
Garbage and Trash Collection	46,618.00	46,618.00	37,545.49		9,072.51	
Statutory Expenditures:						
Police and Firemen's Pension System	67,577.00	67,577.00	67,577.00			
Insurance (N.J.S.A. 40A:4-45.3(00)):						
Employee Group Health	80,959.00	40,109.00	40,109.00			
Contribution to:						
LOSAP	48,175.00	48,175.00	41,434.57		6,740.43	
Police Dispatch - Essex Fells	279,585.00	279,585.00	268,034.61		11,550.39	
Municipal Court - Essex Fells	134,536.00	138,536.00	138,536.00			
	2,087,074.00	2,170,224.00	2,130,082.19	12,750.00	27,391.81	

BOROUGH OF NORTH CALDWELL
CURRENT FUND

A-3
Sheet #6

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations			Expended		Cancelled	
	Budget	Modified Budget		Paid or Charged	Reserved		
					Encumbered		Unencumbered
\$	12,643.00	\$ 12,643.00	\$		\$		
	22,000.00	22,000.00					
	1,359.48	1,359.48					
	100.00	1,428.58					
	157.93	157.93					
	15,000.00	15,000.00					
	12,186.74	12,186.74					
	28,571.42	28,571.42					
	14,728.22	14,728.22					
	<u>106,746.79</u>	<u>108,075.37</u>					
	2,193,820.79	2,278,299.37		2,238,157.56	27,391.81		
				12,750.00			
	414,121.00	418,121.00		406,570.61	11,550.39		
	<u>1,779,699.79</u>	<u>1,860,178.37</u>		<u>1,831,586.95</u>	<u>15,841.42</u>		
	53,149.08	53,149.08		53,149.08			
	<u>50,000.00</u>	<u>50,000.00</u>		<u>50,000.00</u>			

APPROPRIATIONS EXCLUDED FROM "CAPS"

STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES

Recycling Tonnage Grant
American Rescue Plan - Firefighters
Body Armor Grant
Grant Match
Alcohol Education and Rehabilitation Fund
Water Resource Planning
Municipal Alliance on Drug Abuse
Assistance to Firefighters Grant Program
Clean Communities Program

Total Operations Excluded from "CAPS"

Detail:

Salaries and Wages
Other Expenses

CAPITAL IMPROVEMENTS

Capital Improvement Fund

DEFERRED CHARGES

Special Emergency Authorizations

BOROUGH OF NORTH CALDWELL
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #7

	Appropriations		Paid or Charged	Expended		Cancelled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>MUNICIPAL DEBT SERVICE</u>						
Payment of Bond Principal	\$ 790,000.00	\$ 790,000.00	\$ 790,000.00	\$	\$	\$
Payment of Bond Anticipation Notes	70,251.29	70,251.29	70,251.29			
Interest on Bonds	155,990.00	155,990.00	155,990.00			
Interest on Notes	118,775.00	118,775.00	118,774.96			0.04
	<u>1,135,016.29</u>	<u>1,135,016.29</u>	<u>1,135,016.25</u>			<u>0.04</u>
Total Appropriations Excluded from "CAPS"	3,431,986.16	3,516,464.74	3,476,322.89	12,750.00	27,391.81	0.04
Sub-Total Appropriations	10,849,315.32	10,849,315.32	10,381,761.70	234,835.92	232,717.66	0.04
Reserve for Uncollected Taxes	369,000.00	369,000.00	369,000.00			
Total Appropriations	<u>\$ 11,218,315.32</u>	<u>\$ 11,218,315.32</u>	<u>\$ 10,750,761.70</u>	<u>\$ 234,835.92</u>	<u>\$ 232,717.66</u>	<u>\$ 0.04</u>
Reference	A-2	Sheet #8	A-1, Sheet #8	A,A-1	A,A-1	Reserve

BOROUGH OF NORTH CALDWELL
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #8

	<u>Ref.</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>
Adopted Budget	A-2	\$11,174,743.90	\$
Appropriated by 40A:4-87	A-2	43,571.42	
Reserve for Uncollected Taxes	A-2a		369,000.00
Cash Disbursed	A-4		10,223,686.33
Reserve for Federal and State Grants	A-11		108,075.37
Special Emergency Appropriation 40A:4-53	A-15		50,000.00
		<u>\$11,218,315.32</u>	<u>\$10,750,761.70</u>
	<u>Reference</u>	<u>Sheet #7</u>	<u>Sheet #7</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

B

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
<u>Animal Control Fund</u>			
Cash	B-3	\$ 14.35	\$ 327.83
<u>General Trust Fund</u>			
Cash	B-3	1,110,035.36	1,261,819.10
Due from Current Fund	B-8	111,074.83	1,152.14
		<u>1,221,110.19</u>	<u>1,262,971.24</u>
<u>Municipal Open Space Trust Fund</u>			
Cash	B-3	291,297.86	190,812.45
<u>Length of Service Award Programs - Unaudited</u>			
Investments	Reserve	642,669.50	532,586.12
		<u>\$2,155,091.90</u>	<u>\$1,986,697.64</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-1	\$ 13.15	\$ 326.63
Due to State of New Jersey	B-5	1.20	1.20
		<u>14.35</u>	<u>327.83</u>
<u>General Trust Fund</u>			
Due to Current Fund - Payroll	B-7	1,364.40	572.03
Reserve for Expenditures	B-9	1,213,244.09	1,257,338.10
Payroll Deductions Payable	B-10	3,408.61	950.05
Reserve for State Unemployment Compensation Insurance	B-2	3,093.09	4,111.06
		<u>1,221,110.19</u>	<u>1,262,971.24</u>
<u>Municipal Open Space Trust Fund</u>			
Due to Current Fund	B-4	108,193.79	
Reserve for Open Space	B-11	183,104.07	190,812.45
		<u>291,297.86</u>	<u>190,812.45</u>
<u>Length of Service Award Programs - Unaudited</u>			
Reserve for Length of Service Award Programs	Reserve	642,669.50	532,586.12
		<u>\$2,155,091.90</u>	<u>\$1,986,697.64</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Cash	C-2	\$ 1,274,259.05	\$ 2,117,662.78
Grants Receivable	C-4	1,035,922.12	861,272.12
Deferred Charges to Future Taxation:			
Funded	C-6	4,735,000.00	6,420,000.00
Unfunded	C-7	<u>10,386,727.90</u>	<u>8,432,685.19</u>
		<u>\$17,431,909.07</u>	<u>\$17,831,620.09</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-13	\$ 4,735,000.00	\$ 6,420,000.00
Bond Anticipation Notes	C-14	7,553,750.00	6,750,000.00
Due to Current Fund	C-5	2,194.04	529.35
Capital Improvement Fund	C-8	179,842.05	302,429.25
Reserve for Preliminary Engineering Services	C-9		15,037.50
Reserve for Grants Receivable	C-10	106,272.12	106,272.12
Improvement Authorizations:			
Funded	C-11	37,301.65	11,647.89
Unfunded	C-11	4,761,953.98	4,188,547.76
Fund Balance	C-1	<u>55,595.23</u>	<u>37,156.22</u>
		<u>\$17,431,909.07</u>	<u>\$17,831,620.09</u>
Bonds and Notes Authorized but Not Issued	C-15	<u>\$ 2,832,977.90</u>	<u>\$ 1,682,685.19</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	<u>Ref.</u>		
Balance December 31, 2022	C		\$37,156.22
Increased by:			
Premium on Sale of Notes	C-2		<u>55,595.23</u>
			92,751.45
Decreased by:			
Anticipated as Current Fund Revenue	C-2	\$29,767.50	
Funded 2023 Improvement Authorizations	C-11	<u>7,388.72</u>	
			<u>37,156.22</u>
Balance December 31, 2023	C		<u><u>\$55,595.23</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
WATER UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
<u>Operating Fund</u>			
Cash	D-5	\$ 799,626.04	\$ 529,941.09
Consumer Accounts Receivable	D-7	193,808.46	220,613.54
Other Accounts Receivable	D-8	665,812.50	
Due from Water Capital Fund	D-10	392.54	793.74
		<u>1,659,639.54</u>	<u>751,348.37</u>
<u>Capital Fund</u>			
Cash	D-5	264,679.04	334,496.57
Grants Receivable	D-9	300,000.00	
Fixed Capital	D-11	4,355,986.26	3,987,183.72
Fixed Capital Authorized and Uncompleted	D-12	760,605.89	529,408.43
		<u>5,681,271.19</u>	<u>4,851,088.72</u>
		<u>\$7,340,910.73</u>	<u>\$5,602,437.09</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Appropriation Reserves:			
Encumbered	D-4,13	\$ 87,323.11	\$ 164,383.21
Unencumbered	D-4,13	245,530.78	6,269.88
Water Overpayments	D-14	24,938.81	20,490.08
Reserve for Term Bonds Payable	D-15		130,000.00
Accrued Interest on Bonds	D-16		1,974.00
Accrued Interest on Notes	D-17	15,598.26	
		<u>373,390.96</u>	<u>323,117.17</u>
Reserve for Receivables		859,620.96	220,613.54
Fund Balance	D-1	426,627.62	207,617.66
		<u>1,659,639.54</u>	<u>751,348.37</u>
<u>Capital Fund</u>			
Serial Bonds Payable	D-18		188,000.00
Bond Anticipation Notes Payable	D-19	1,275,000.00	1,000,000.00
Improvement Authorizations:			
Funded	D-20	18,807.39	337.07
Unfunded	D-20	741,798.50	529,071.36
Deferred Reserve for Amortization	D-21	54,000.00	29,000.00
Capital Improvement Fund	D-22	19,294.40	24,884.40
Due to Water Operating Fund	D-23	392.54	793.74
Reserve for Amortization	D-24	3,262,592.15	3,074,592.15
Reserve for Grants Receivable	D-25	300,000.00	
Fund Balance	D-2	9,386.21	4,410.00
		<u>5,681,271.19</u>	<u>4,851,088.72</u>
		<u>\$7,340,910.73</u>	<u>\$5,602,437.09</u>
 Bonds and Notes Authorized but Not Issued	 D-26	 <u>\$ 225,000.00</u>	 <u>\$ 225,000.00</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
WATER UTILITY

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

D-1

	<u>Ref.</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	D-3,Below	\$ 50,000.00	\$ 87,000.00
Rents	D-3	1,977,364.46	1,817,327.63
Miscellaneous Revenue	D-3	103,527.69	66,771.71
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves	D-13	89.07	18.25
		<u>2,130,981.22</u>	<u>1,971,117.59</u>
<u>Expenditures</u>			
<u>Budget Appropriations:</u>			
Operations:			
Salaries and Wages		284,553.00	228,645.00
Other Expenses		1,399,117.00	1,402,084.00
Capital Improvement Fund		15,000.00	15,000.00
Municipal Debt Service		113,145.26	72,820.00
Deferred Charges and Statutory			
Expenditures		50,156.00	125,812.00
	D-4	<u>1,861,971.26</u>	<u>1,844,361.00</u>
Statutory Excess in Revenue		269,009.96	126,756.59
<u>Fund Balance</u>			
Balance January 1	D	207,617.66	167,861.07
		<u>476,627.62</u>	<u>294,617.66</u>
Decreased by:			
Utilized as Anticipated Revenue	Above	<u>50,000.00</u>	<u>87,000.00</u>
Balance December 31	D	<u>\$ 426,627.62</u>	<u>\$ 207,617.66</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
WATER UTILITY

STATEMENT OF FUND BALANCE
CAPITAL FUND - REGULATORY BASIS

D-2

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 4,410.00
Increased by:		
Premium on Note Sale	D-5	<u>9,386.21</u>
		13,796.21
Decreased by:		
Appropriated to Fund Improvement Authorization	D-20	<u>4,410.00</u>
Balance December 31, 2023	D	<u><u>\$ 9,386.21</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
WATER UTILITY

STATEMENT OF REVENUE - REGULATORY BASIS

D-3

<u>Source</u>	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Utilized	D-1	\$ 50,000.00	\$ 50,000.00	\$
Rents	D-1,7	1,753,545.26	1,977,364.46	223,819.20
Miscellaneous	D-1,Below	<u>60,400.00</u>	<u>103,527.69</u>	<u>43,127.69</u>
	D-4	<u>\$1,863,945.26</u>	<u>\$2,130,892.15</u>	<u>\$266,946.89</u>
 <u>Analysis of Miscellaneous Revenue</u>				
Interest Earned in Water				
Capital Fund		\$ 14,598.80		
Other Water Charges		62,274.09		
Interest on Investments		<u>26,654.80</u>		
Miscellaneous Revenue	D-5,Above		<u>\$ 103,527.69</u>	

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
WATER UTILITY

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-4

<u>Appropriation</u>	<u>Budget</u>	<u>Modified Budget</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>		<u>Cancelled</u>
				<u>Encumbered</u>	<u>Unencumbered</u>	
<u>Operating</u>						
Salaries and Wages	\$ 284,553.00	\$ 284,553.00	\$ 266,882.48	\$ 87,323.11	\$ 17,670.52	\$
Other Expenses	1,399,117.00	1,399,117.00	1,085,228.41		226,565.48	
<u>Capital Improvements</u>						
Capital Improvement Fund	15,000.00	15,000.00	15,000.00			
<u>Debt Service</u>						
Payment of Bond Principal	58,000.00	58,000.00	58,000.00			1,974.00
Interest on Bonds	7,896.00	7,896.00	5,922.00			
Interest on Notes	49,223.26	49,223.26	49,223.26			
<u>Statutory and Deferred Expenditures</u>						
Social Security System	21,769.00	21,769.00	20,474.22		1,294.78	
Contribution to Public Employees' Retirement System	28,387.00	28,387.00	28,387.00			
	<u>\$ 1,863,945.26</u>	<u>\$ 1,863,945.26</u>	<u>\$ 1,529,117.37</u>	<u>\$ 87,323.11</u>	<u>\$ 245,530.78</u>	<u>\$ 1,974.00</u>
Reference		D-1.3	Below	D	D	Reserve
		<u>Ref.</u>				
Cash Disbursed		D-5	\$ 1,473,972.11			
Accrued Interest on Bonds		D-16	5,922.00			
Accrued Interest on Notes		D-17	49,223.26			
		Above	<u>\$ 1,529,117.37</u>			

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

E

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
<u>Operating Fund</u>			
Cash	E-5	\$ 33,554.04	\$ 60,949.23
Due from Swimming Pool Capital Fund	E-7	38,016.19	
<u>Deferred Charges:</u>			
Deficit in Operations	E-8	9,318.80	
Emergency Appropriation	E-8		21,000.00
		<u>80,889.03</u>	<u>81,949.23</u>
<u>Capital Fund</u>			
Cash	E-5		3,314.73
Fixed Capital	E-9	2,004,347.95	1,547,101.92
Fixed Capital Authorized and Uncompleted	E-10	74,350.40	453,189.88
		<u>2,078,698.35</u>	<u>2,003,606.53</u>
		<u>\$2,159,587.38</u>	<u>\$2,085,555.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
<u>Appropriation Reserves:</u>			
Encumbered	E-11	\$	\$ 471.00
Unencumbered	E-4,11	2,843.29	9.37
Reserve for Accrued Interest on Bonds	E-13	950.00	1,200.00
Reserve for Accrued Interest on Notes	E-14	1,327.36	0.48
Fund Balance	E-1	75,768.38	80,268.38
		<u>80,889.03</u>	<u>81,949.23</u>
<u>Capital Fund</u>			
Serial Bonds Payable	E-19	175,000.00	200,000.00
Bond Anticipation Notes Payable	E-20	171,250.00	85,000.00
<u>Improvement Authorizations:</u>			
Unfunded	E-15	74,350.40	453,189.88
Interfunds Payable	E-16	363,016.19	
Reserve for Amortization	E-17	1,235,448.35	1,207,041.80
Deferred Reserve for Amortization	E-18	58,000.00	58,000.00
Fund Balance	E-2	1,633.41	374.85
		<u>2,078,698.35</u>	<u>2,003,606.53</u>
		<u>\$2,159,587.38</u>	<u>\$2,085,555.76</u>
 Bonds and Notes Authorized but Not Issued	 E-21	 \$ 439,000.00	 \$ 450,250.00

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

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

E-1

	<u>Ref.</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Revenue and Other Income</u>			
Surplus Anticipated	E-3,Below	\$ 4,500.00	\$ 4,500.00
Membership Fees	E-3	197,850.00	222,365.00
Guest Fees	E-3	21,449.68	24,218.75
Rentals	E-3	12,500.00	10,000.00
Interest on Investments	E-3	3,733.45	804.15
Snack Bar	E-3	9,658.00	11,668.00
Nonbudget Revenue			465.00
Other Credits to Income:			
Appropriation Reserves Lapsed	E-11	480.37	459.82
		<u>250,171.50</u>	<u>274,480.72</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages		133,210.00	118,300.00
Other Expenses		55,775.30	55,465.00
Capital Improvements		5,932.00	4,520.00
Debt Service		33,235.00	29,974.00
Statutory Expenditures and Deferred Charges		31,338.00	9,050.00
Prior Year's Bills			2,408.65
	E-4	<u>259,490.30</u>	<u>219,717.65</u>
Excess (Deficit) in Revenue		(9,318.80)	54,763.07
Adjustment to Income Before Fund Balance			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		_____	<u>21,000.00</u>
Statutory Excess in Revenue			75,763.07
Deficit in Operations	E-8	<u>\$ (9,318.80)</u>	
<u>Fund Balance</u>			
Balance January 1	E	<u>\$ 80,268.38</u>	<u>9,005.31</u>
		80,268.38	84,768.38
Decreased by:			
Utilized as Anticipated Revenue	Above	<u>4,500.00</u>	<u>4,500.00</u>
Balance December 31	E	<u>\$ 75,768.38</u>	<u>\$ 80,268.38</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

STATEMENT OF FUND BALANCE
CAPITAL FUND - REGULATORY BASIS

E-2

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 374.85
Increased by:		
Premium on Sale of Notes	E-16	<u>1,258.56</u>
Balance December 31, 2023	E	<u>\$1,633.41</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

STATEMENT OF REVENUE - REGULATORY BASIS

E-3

<u>Source</u>	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Surplus Anticipated	E-1	\$ 4,500.00	\$ 4,500.00	\$
Membership Fees	E-1,5	210,440.00	197,850.00	(12,590.00)
Guest Fees	E-1,5	20,500.00	21,449.68	949.68
Rental of Pool	E-1,5	12,000.00	12,500.00	500.00
Interest on Investments	E-1,5	800.30	3,733.45	2,933.15
Snack Bar	E-1,5	<u>11,500.00</u>	<u>9,658.00</u>	<u>(1,842.00)</u>
	E-4	<u>\$259,740.30</u>	<u>\$249,691.13</u>	<u>\$(10,049.17)</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

STATEMENT OF EXPENDITURES - REGULATORY BASIS

E-4

<u>Appropriation</u>	<u>Budget</u>	<u>Modified Budget</u>	<u>Expended Paid or Charged</u>	<u>Reserved Unencumbered</u>	<u>Cancelled</u>
<u>Operating</u>					
Salaries and Wages	\$ 133,250.00	\$ 133,210.00	\$ 133,201.29	\$ 8.71	\$
Other Expenses	57,290.30	55,775.30	55,466.29	309.01	
<u>Capital Improvements</u>					
Capital Outlay	4,520.00	5,932.00	3,406.55	2,525.45	
<u>Deferred Charges</u>					
Emergency Authorization	21,000.00	21,000.00	21,000.00		
<u>Debt Service</u>					
Payment of Bond Principal	25,000.00	25,000.00	25,000.00		
Interest on Bonds	4,300.00	4,300.00	4,050.00		250.00
Interest on Notes	4,185.00	4,185.00	4,185.00		
<u>Statutory Expenditures</u>					
Social Security System	10,195.00	10,338.00	10,337.88	0.12	
	<u>\$259,740.30</u>	<u>\$259,740.30</u>	<u>\$256,647.01</u>	<u>\$ 2,843.29</u>	<u>\$250.00</u>
<u>Reference</u>		<u>E-3</u>	<u>Below</u>	<u>E</u>	<u>Reserve</u>
		<u>Ref.</u>			
Cash Disbursed		E-5	\$227,162.01		
Deferred Charges		E-8	21,000.00		
Accrued Interest on Bonds		E-13	4,300.00		
Accrued Interest on Notes		E-14	4,185.00		
		Above	<u>\$256,647.01</u>		

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

F

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
<u>Trust Fund Account #1</u>			
Cash	F-1	<u>\$3,531.46</u>	<u>\$3,368.73</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>Trust Fund Account #1</u>			
Due to State of New Jersey	F-2	\$ 442.31	\$ 442.31
Reserve for Expenditures	F-3	<u>3,089.15</u>	<u>2,926.42</u>
		<u>\$3,531.46</u>	<u>\$3,368.73</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
CAPITAL FIXED ASSETS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

G

<u>ASSETS</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
Land	\$ 12,831,000.00	\$ 12,459,200.00
Buildings and Building Improvements	5,408,200.00	5,699,500.00
Machinery and Equipment	<u>6,709,418.00</u>	<u>6,515,955.00</u>
	<u>\$ 24,948,618.00</u>	<u>\$ 24,674,655.00</u>
 <u>RESERVES</u>		
Investment in Capital Fixed Assets	<u>\$ 24,948,618.00</u>	<u>\$ 24,674,655.00</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF NORTH CALDWELL

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of North Caldwell is organized as a Mayor-Council municipality under the provisions of N.J.S. 40A:60-1 et seq. The Mayor is elected in a general election for a term of four years. There are six councilpersons each elected in a general election to serve a term of three years. Each member of the Council carries the power of one legislative vote.

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

The financial statements of the Borough of North Caldwell include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S. 40A:5-5.

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

Description of Funds

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description of Funds (Continued)

Utility Funds - Water and Swimming Pool Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Borough of North Caldwell pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund. The activity of this fund has been transferred to the County of Essex, State of New Jersey.

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

Basis of Accounting

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

Property Taxes and Other Revenue

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

Grant Revenue

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

Expenditures

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Expenditures (Continued)

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

Encumbrances

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

Appropriation Reserves

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

Compensated Absences

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

Property Acquired for Taxes

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

Self-Insurance Contributions

Contributions to the State Unemployment Insurance Trust Fund are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

Interfunds Receivable

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Inventories of Supplies

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

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

Capital Fixed Assets

General:

A capital fixed assets accounting system was not established in accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services which differs in certain respects from GAAP.

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

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

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

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

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

Utilities:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utilities: (Continued)

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

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's Volunteer Fire Department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements Not Yet Effective

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements Not Yet Effective (Continued)

- *GASB No.101 Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

- *GASB No.102 Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints.

Effective Date: The requirements of this Statement are effective for fiscal year beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

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

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

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

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

The market value of the collateral must equal 5 percent of the average daily balance of public funds or

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the Borough's Trustee in the Borough's name.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Borough does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

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

Concentrations - The Borough's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 31, 2023 and 2022, the Borough's cash, cash equivalents and investments consisted of:

	<u>2023</u>	<u>2022</u>
Valley Bank - Checking Accounts	\$ 6,616,400.91	\$ 8,206,249.54
TD North Bank - Checking Accounts	924,820.56	986,989.98
Spencer Savings Bank - Checking Accounts	811,051.29	539,799.37
AIG Retirement - Investments	<u>642,669.50</u>	<u>532,586.12</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 8,994,942.26</u>	<u>\$ 10,265,625.01</u>

The carrying amount of the Borough's cash, cash equivalents and investments at December 31, 2023 was \$8,994,942.26. Of the bank balance, \$750,000.00 was covered by Federal Depository Insurance, \$642,669.50 is in a State Approved Awards Program and \$7,602,272.76 was covered by the Governmental Unit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the Federal deposit maximums.

During the year the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2023 and 2022, no such investments were held by the Borough.

As of December 31, 2023 and 2022, the Borough had no investments.

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of state laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Category

As of December 31, 2023, the Borough had funds invested and on deposit in checking accounts. The amount of the Borough's cash and cash equivalents as of December 31, 2023 was \$8,994,942.26. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities that the Borough held that could be categorized as investments.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

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

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

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

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

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

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

Comparative Schedule of Tax Rates

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$2.216</u>	<u>\$2.179</u>	<u>\$2.096</u>	<u>\$2.375</u>	<u>\$2.343</u>
Apportionment of Tax Rate:					
Municipal	\$0.394	\$0.394	\$0.374	\$0.398	\$0.398
Municipal Open Space	0.015	0.016	0.013	0.015	
County*	0.490	0.457	0.470	0.548	0.545
Local School	0.775	0.780	0.746	0.847	0.838
Regional High School	0.542	0.532	0.493	0.567	0.562

*Includes Open Space.

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2023	\$ 1,904,799,900.00
2022	1,893,222,200.00
2021	1,659,555,400.00
2020	1,639,509,600.00
2019	1,619,144,100.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2023	\$42,266,625.76	\$42,035,000.21	99.45 %
2022	41,384,762.97 *	41,180,794.21	99.50
2021	40,077,667.77 *	39,875,295.18	99.49
2020	39,301,631.09 *	39,031,281.03	99.31
2019	38,185,434.16	37,956,965.13	99.40

*Net of reductions due to tax appeals.

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	\$205,623.03	\$63.55	\$205,686.58	0.49 %
2022	202,783.38	63.55	202,846.93	0.49
2021	202,383.67	63.55	202,447.22	0.51
2020	265,712.83	63.55	265,776.38	0.68
2019	228,469.03	63.55	228,532.58	0.60

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The total value of property acquired by liquidation of tax title liens, on the basis of the last assessed valuations of such properties in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2023	\$310,900.00
2022	310,900.00
2021	310,900.00
2020	310,900.00
2019	310,900.00

5. WATER CONSUMER ACCOUNTS RECEIVABLE

The Borough of North Caldwell maintains a utility fund for the billing and collection of water rents.

A comparison of Water Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection*</u>
2023	\$1,950,559.38	\$1,977,364.46
2022	1,808,830.74	1,817,327.63
2021	1,727,895.92	1,725,923.14
2020	1,716,373.18	1,621,279.54
2019	1,473,604.45	1,481,161.56

*Includes Collections of Prior Year Balances.

6. SWIMMING POOL UTILITY INCOME

A comparison of memberships and guest fees for the past five years are as follows:

<u>Year</u>	<u>Memberships</u>	<u>Guests</u>
2023	\$197,850.00	\$21,449.68
2022	222,365.00	24,218.75
2021	183,090.00	18,676.00
2020	77,871.00	- **
2019	151,145.00	16,019.00

**No guest fees sold due to COVID-19.

7. FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2023	\$1,763,363.26	\$900,000.00 *
	2022	2,140,695.30	958,599.08
	2021	1,780,787.35	790,500.00
	2020	1,800,157.53	762,000.00
	2019	2,070,172.68	907,591.00
Water Utility Operating Fund:	2023	426,627.62	350,000.00 *
	2022	207,617.66	50,000.00
	2021	167,861.07	87,000.00
	2020	128,499.85	60,000.00
	2019	190,509.73	156,500.00
Swimming Pool Utility Operating Fund:	2023	75,768.38	53,818.00 *
	2022	80,268.38	4,500.00
	2021	9,005.31	4,500.00
	2020	2,183.12	-
	2019	26,462.12	24,279.00

*Introduced Budget.

8. PENSION PLANS

Description of Systems

The following information under this Note is the latest information available as of the date of this audit. The State of New Jersey Public Employee's and New Jersey Police and Firemen's Retirement Systems have not issued the audit report as of June 30, 2023.

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

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

8. PENSION PLANS (Continued)

Description of Systems (Continued)

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

	PERS		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Covered Employee Payroll	\$ 1,339,519.00	\$ 1,256,595.00	\$ 1,241,449.00
Total Payroll	4,157,993.00	3,958,622.00	3,907,772.94
Actuarial Contribution			
Requirements	224,155.00	202,765.00	165,117.00
Total Contributions	324,619.00	297,020.00	258,226.00
Employer Share	224,155.00	202,765.00	165,117.00
% of Covered Payroll	16.73%	16.14%	13.30%
Employee's Share	100,464.00	94,255.00	93,109.00
% of Covered Payroll	7.50%	7.50%	7.50%
	PFRS		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Covered Employee Payroll	\$ 1,941,538.00	\$ 1,780,155.00	\$ 1,772,153.00
Total Payroll	4,157,993.00	3,958,622.00	3,907,772.94
Actuarial Contribution			
Requirements	684,516.00	595,689.00	584,112.00
Total Contributions	878,670.00	773,705.00	761,327.00
Employer Share	684,516.00	595,689.00	584,112.00
% of Covered Payroll	35.26%	33.46%	32.96%
Employee's Share	194,154.00	178,016.00	177,215.00
% of Covered Payroll	10.00%	10.00%	10.00%

Assumptions

The collective total PERS pension liability for June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS. The pension liability was rolled forward to June 30, 2022. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through 2026 of 2.75% to 6.55% for PERS based on years of service and an investment rate of return of 7.00%.

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

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

8. PENSION PLANS (Continued)

Assumptions (Continued)

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

The discount rate used to measure the total pension liability was 7.00% for PERS as of June 30, 2022 and 7.00% for PFRS as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability. More information on mortality rates and other assumptions and investment policies can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System:

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

Significant Legislation

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

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

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

8. **PENSION PLANS (Continued)**

Public Employees' Retirement System: (Continued)

Significant Legislation (Continued)

The following presents the Borough's proportionate share of the Collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2022	<u>\$ 3,452,742</u>	<u>\$ 2,682,537</u>	<u>\$ 2,027,061</u>
	At 1% Decrease <u>(6.00%)</u>	At Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
2021	<u>\$ 2,801,068</u>	<u>\$ 2,051,082</u>	<u>\$ 2,027,914</u>

Special Funding Situation

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

	<u>2022</u>	<u>2021</u>
Employer Net Pension Liability	\$ 2,682,537.00	\$ 2,051,082.00
Nonemployer Proportional Share of the Net Pension Liability	<u>22,718.00</u>	<u>21,865.00</u>
	<u>\$ 2,705,255.00</u>	<u>\$ 2,072,947.00</u>

8. PENSION PLANS (Continued)

Police and Firemen's Retirement System:

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

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

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

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

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

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

The following presents the Borough's proportionate share of the Collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
2022	<u>\$ 8,665,265</u>	<u>\$ 6,024,523</u>	<u>\$ 3,826,091</u>
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
2021	<u>\$ 6,217,503</u>	<u>\$ 3,735,834</u>	<u>\$ 1,670,112</u>

8. PENSION PLANS (Continued)

Special Funding Situation

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

	<u>2022</u>	<u>2021</u>
Employer Net Pension Liability	\$ 6,024,523	\$ 3,735,834
Non-employer Proportionate Share of the Net Pension Liability	<u>1,072,189</u>	<u>1,050,703</u>
	<u>\$ 7,096,712</u>	<u>\$ 4,786,537</u>

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

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

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

Following is the total of the Borough's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2022 for PERS and June 30, 2022 for PFRS:

	<u>PERS</u> <u>June 30, 2022</u>	<u>PFRS</u> <u>June 30, 2022</u>
Net Pension Liabilities	\$ 2,682,537	\$ 6,024,523
Deferred Outflow of Resources	525,003	1,157,484
Deferred Inflow of Resources	658,968	1,319,245
Pension Expense	(499,885)	8,068
Contributions Made After Measurement Date	224,155	684,516

8. **PENSION PLANS (Continued)**

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021 and for the years ended June 30, 2022 and 2021 to the PFRS. The Borough's proportionate share of the collective net pension liability as of June 30, 2022 and 2021 was .0177752945 and .0173138238% for PERS. The Borough's proportionate share of the collective net pension liability as of June 30, 2022 and 2021 was .05263267% and .0511117323% for PFRS.

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

At June 30, 2022, the amount determined as the Borough's proportionate share of the PERS net pension liability was \$2,682,537. For the year ended June 30, 2022, the Borough would have recognized PERS pension expense of \$(499,885). At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follow:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference Between Expected and Actual Experience	\$ 19,361	\$ 17,074
Change of Assumptions	8,311	401,682
Net Difference Between Projected and Actual Investment Earnings	111,028	
Net Change in Proportions	386,303	240,152
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>224,155</u>	<u> </u>
	<u>\$ 749,158</u>	<u>\$ 658,908</u>

At June 30, 2022, the amount determined as the Borough's proportionate share of the PFRS net pension liability was \$6,024,523. For the year ended June 30, 2022, the Borough would have recognized PFRS pension expense of \$8,068. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

8. PENSION PLANS (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 272,686	\$ 369,084
Change of Assumptions	16,511	758,368
Net Difference Between Projected and Actual Investment Earnings	551,669	
Net Change in Proportions	316,618	191,793
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>684,516</u>	
	<u>\$ 1,842,000</u>	<u>\$ 1,319,245</u>

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Contributions Required and Made

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

8. PENSION PLANS (Continued)

Contributions Required and Made (Continued)

Year	PERS		PFRS	
	Borough	Employees	Borough	Employees
2023	\$ 224,155.00	\$ 147,364.43	\$ 684,515.00	\$ 244,916.79
2022	202,765.00	103,609.00	595,689.00	194,544.00
2021	165,117.00	118,805.00	584,112.00	223,259.00

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The following information under this Note is the latest information available as of the date of the audit. The State of New Jersey State Health Benefits Local Government Retired Employee's Plan Audit has not been issued as of June 30, 2023.

In addition to the pension described in Note 8, the Borough provides postemployment health care benefits as part of the State Health Benefits Local Government Retired Employees Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. 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* (GASB Statement No. 75); 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>.

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

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 providing 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.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability

At December 31, 2022, the Borough had a liability of \$4,711,644 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2022, the Borough's proportion was .029175% which was a decrease of .0134590% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Borough would have recognized OPEB expense of \$38,556. At December 31, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 628,788	\$ 1,607,993
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,240	
Difference Between Expected and Actual Experience	243,314	873,339
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	<u>888,870</u>	<u>636,052</u>
Total	<u>\$ 1,762,212</u>	<u>\$ 3,117,384</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	\$ (426,942)
2024	(427,318)
2025	(337,447)
2026	(150,706)
2027	(33,788)
2028-2029	(231,789)

Changes in Proportion

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

Actual Assumptions and Other Inputs

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actual Assumptions and Other Inputs (Continued)

Certain actuarial assumptions used in the June 30, 2021 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the period July 1, 2018 to June 30, 2021.

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

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

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS):	
Initial Fiscal Year Applied:	
Rate All Future Years	2.75% - 6.55%
	Based on Years of Service
Police and Firemen's Retirement System (PFRS):	
Rate for All Future Years	3.25% - 16.25%
	Based on Years of Service
Mortality:	
PERS	Pub-2010 General Classification Headcount-Weighted Mortality with Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021
PFRS	Pub-2010 Safety Classification Headcount-Weighted Mortality with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021

*Salary Increases are Based on Years of Service Within the Respective Plan.

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1%	At Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Borough's Proportionate Share of Net OPEB Liability	\$ 5,461,744	\$ 4,711,644	\$ 4,108,119
	June 30, 2021		
	1%	At Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Borough's Proportionate Share of Net OPEB Liability	\$ 9,030,858	\$ 7,674,027	\$ 6,598,709

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1%	Healthcare Cost	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Borough's Proportionate Share of Net OPEB Liability	\$ 3,997,030	\$ 4,711,644	\$ 5,626,865
	June 30, 2021		
	1%	Healthcare Cost	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Borough's Proportionate Share of Net OPEB Liability	\$ 6,402,723	\$ 7,674,027	\$ 9,332,921

Special Funding Situation

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Special Funding Situation (Continued)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The Borough as of December 31, 2022 has 28 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the Borough is \$5,746,138.

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

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

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

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

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

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Contributions Required and Made

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

During the year 2023, there were six (6) officials/employees enrolled in the DCRP.

11. MUNICIPAL DEBT

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

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$12,288,750.00	\$13,170,000.00	\$11,905,146.00
Water Utility:			
Bonds and Notes	1,275,000.00	1,188,000.00	188,000.00
Swimming Pool Utility:			
Bonds and Notes	346,250.00	285,000.00	285,000.00
Total Issued	<u>13,910,000.00</u>	<u>14,643,000.00</u>	<u>12,378,146.00</u>
<u>Authorized but Not Issued</u>			
General Capital Fund:			
Bonds and Notes	2,832,977.90	1,682,685.19	782,346.54
Water Utility:			
Bonds and Notes	225,000.00	225,000.00	
Swimming Pool Utility:			
Bonds and Notes	439,000.00	450,250.00	25,250.00
Total Authorized but Not Issued	<u>3,496,977.90</u>	<u>2,357,935.19</u>	<u>807,596.54</u>
Total Debt	<u>17,406,977.90</u>	<u>17,000,935.19</u>	<u>13,185,742.54</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$17,406,977.90</u>	<u>\$17,000,935.19</u>	<u>\$13,185,742.54</u>

11. MUNICIPAL DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.708%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 613,933.24	\$ 613,933.24	\$
Water Utility Debt	1,500,000.00	1,500,000.00	
Swimming Pool Utility Debt	785,250.00	785,250.00	
General Debt	<u>15,121,727.90</u>		<u>15,121,727.90</u>
	<u>\$18,020,911.14</u>	<u>\$2,899,183.24</u>	<u>\$15,121,727.90</u>

Net debt, \$15,121,727.90, divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$2,135,241,868.67 equals 0.708%.

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

3 1/2% of Equalized Valuation Basis	\$ 74,733,465.40
Net Debt	<u>15,121,727.90</u>
Remaining Borrowing Power	<u>\$ 59,611,737.50</u>

School Debt Deductions

School debt is deductible up to the extent of 2.5% of the Average Equalized Assessed Valuations of real property for the Local School District.

Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S. 40A:2-45

Surplus and Cash Receipts from Fees, Rents or Other Charges for the Year		\$2,130,892.15
Deductions:		
Operating and Maintenance Cost	\$1,733,826.00	
Debt Service per Water Utility Operating Fund	<u>113,145.26</u>	
		<u>1,846,971.26</u>
Excess in Revenue		<u>\$ 283,920.89</u>

There being an "excess in revenue" the Water Utility Debt is considered self-liquidating for debt statement purposes.

11. MUNICIPAL DEBT (Continued)

Calculation of "Self-Liquidating Purposes" Swimming Pool Utility per N.J.S. 40A:2-45

Surplus and Cash Receipts from Fees, Rents or Other Charges for the Year		\$249,691.13
Deductions:		
Operating and Maintenance Cost	\$199,323.30	
Debt Service per Swimming Pool Utility Operating Fund	<u>33,235.00</u>	
		<u>232,558.30</u>
Excess in Revenue		<u>\$ 17,132.83</u>

There being an "excess in revenue", the Swimming Pool Utility Debt is considered self-liquidating for debt statement purposes.

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

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

General Obligation Bonds

\$6,725,000, 2019 Bonds due in annual installments of \$785,000 to \$790,000 through October 2029, interest at 2.00% to 3.00%. \$ 4,735,000.00

Swimming Pool Utility Bonds

\$275,000, 2019 Bonds due in annual installments of \$25,000 to \$30,000 through October 2029, interest at 2.00% to 3.00%. \$ 175,000.00

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

<u>Notes</u>	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	4.50%	<u>\$ 7,553,750.00</u>
Water Utility Operating Fund	4.50%	<u>\$ 1,275,000.00</u>
Swimming Pool Utility Fund	4.50%	<u>\$ 171,250.00</u>

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

<u>Original Note Issued</u>	<u>Legal Installments Due</u>	<u>Funding Required as of</u>
2016	2019 - 2026	2027
2020	2023 - 2030	2031
2021	2024 - 2031	2032
2022	2025 - 2032	2033
2023	2026 - 2033	2034

11. MUNICIPAL DEBT (Continued)

Schedule of Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	General Bonds - Series 2019	
	General	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 790,000.00	\$ 102,600.00
2025	790,000.00	86,800.00
2026	790,000.00	71,000.00
2027	790,000.00	55,200.00
2028	790,000.00	31,500.00
2029	785,000.00	15,700.00
	<u>\$ 4,735,000.00</u>	<u>\$ 362,800.00</u>

Calendar Year	Swimming Pool Utility Bonds - Series 2019	
	Pool	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 25,000.00	\$ 3,800.00
2025	30,000.00	3,300.00
2026	30,000.00	2,700.00
2027	30,000.00	2,100.00
2028	30,000.00	1,200.00
2029	30,000.00	600.00
	<u>\$ 175,000.00</u>	<u>\$ 13,700.00</u>

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>
General Capital Fund:		
General Improvements	<u>\$2,832,977.90</u>	<u>\$1,682,685.19</u>
Water Utility Capital Fund:		
General Improvements	<u>\$ 225,000.00</u>	<u>\$ 225,000.00</u>
Swimming Pool Utility Capital Fund:		
General Improvements	<u>\$ 439,000.00</u>	<u>\$ 450,250.00</u>

12. CAPITAL ASSETS

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

	Balance <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirement</u>	<u>Reclassification</u>	Balance <u>Dec. 31, 2023</u>
Buildings and Improvements	\$ 5,699,500.00	\$	\$ 291,300.00	\$	\$ 5,408,200.00
Land	12,459,200.00	371,800.00			12,831,000.00
Machinery and Equipment	6,515,955.00	337,253.00	143,790.00		6,709,418.00
	<u>\$ 24,674,655.00</u>	<u>\$ 709,053.00</u>	<u>\$ 435,090.00</u>	<u>\$ -</u>	<u>\$ 24,948,618.00</u>

	Balance <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Retirement</u>	<u>Reclassification</u>	Balance <u>Dec. 31, 2022</u>
Buildings and Improvements	\$ 5,408,200.00	\$	\$	\$ 291,300.00	\$ 5,699,500.00
Land	12,750,500.00			(291,300.00)	12,459,200.00
Machinery and Equipment	5,494,670.00	1,049,117.00	27,832.00		6,515,955.00
	<u>\$ 23,653,370.00</u>	<u>\$ 1,049,117.00</u>	<u>\$ 27,832.00</u>	<u>\$ -</u>	<u>\$ 24,674,655.00</u>

13. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 436,752.23	\$ 111,074.83
General Trust Fund	111074.83	1364.4
Municipal Open Space Trust Fund		108,193.79
General Capital Fund		2,194.04
Water Utility Operating Fund	392.54	
Water Utility Capital Fund		392.54
Swimming Pool Utility Operating Fund	38,016.19	
Swimming Pool Utility Capital Fund		363,016.19
	<u>\$ 586,235.79</u>	<u>\$ 586,235.79</u>

14. DEFERRED COMPENSATION PLAN

The Borough of North Caldwell offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 40:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

14. DEFERRED COMPENSATION PLAN (Continued)

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Borough of North Caldwell authorized such modifications to their plan by resolution of the Borough Council adopted September 9, 1997.

The Administrator for the Borough of North Caldwell's Deferred Compensation Plan is the Variable Annuity Life Insurance Company.

15. DEFERRED SCHOOL TAXES

The Local School District Tax and the Regional High School Tax were raised on the school year basis and liability deferred by statute, resulting in school taxes payable set forth in liabilities computed as follows:

	<u>Local School District Balance Dec. 31, 2023</u>	<u>Regional High School Balance Dec. 31, 2023</u>
*Balance of Tax	\$7,405,317.46	\$5,158,350.50
Amount Deferred	<u>7,379,264.50</u>	<u>5,158,350.50</u>
Tax Payable	<u>\$ 26,052.96</u>	<u>\$ -</u>

*Required for school operations for the six month period following December 31st.

16. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2003.

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

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

16. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED (Continued)

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

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

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

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

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

17. LEASES

In June 2017, the GASB issued GASB No. 87, Leases.

The Borough has commitments to lease copying equipment under operating leases. The Borough also has financing lease agreements for vehicles, construction equipment and laptops. Future minimum lease payments are as follows:

<u>Year</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 40,892.42	\$ 8,299.92
2025		8,299.92
2026		8,211.92
2027		1,566.00
	<hr/>	<hr/>
Total Future Minimum Lease Payments	<u>\$ 40,892.42</u>	<u>\$ 26,377.76</u>

17. LEASES (Continued)

The Borough is also the lessor to several lease agreements involving cell towers and property. These leases were classified as operating leases. Future minimum lease receivables are as follows:

<u>Year</u>	<u>Operating Leases</u>
2024	\$ 137,600.04
2025	137,600.04
2026	137,600.04
2027	<u>137,600.04</u>
Total Future Minimum Lease Payments	<u>\$ 550,400.16</u>

18. SBITAs

Pursuant to Paragraph 60-61 of GASB Statement No. 96 for disclosure requirements related to subscription-based information technology arrangements (SBITAs) government units should disclose in notes to financial statements the following information about its SBITAs (which may be grouped for purposes of disclosure) other than short-term SBITAs: A general description of its SBITAs, including the basis, terms and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability; principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The Borough of North Caldwell reviewed all of their subscription-based information technology arrangements and determined that they are considered short-term and require no disclosure under GASB Statement No. 96.

19. RISK MANAGEMENT

The Borough maintains a self-insurance program for State Unemployment Compensation.

20. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

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

	<u>Balance Dec. 31, 2023</u>	<u>2024 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorizations	<u>\$ 13,401.25</u>	<u>\$ 13,401.25</u>
Swimming Pool Utility Fund	<u>\$ 9,318.80</u>	<u>\$ 9,318.80</u>

21. CONTINGENT LIABILITIES

A. Compensated Absences

The Borough's policy concerning compensated absences is as follows:

Civilian Personnel - Every permanent employee is granted one (1) working day's sick leave for each month of service; the use of same is restricted to a maximum of 30 days in a calendar year, except with the specific approval of Mayor and Council. No payments are made for unused accumulations.

Police Personnel - All officers are entitled to 150 hours of sick leave per year. Unused time may be accumulated to a maximum sum of 1,400 hours which would be paid as terminal leave upon retirement.

It is estimated that the sum of \$492,693.92 computed internally at the 2023 salary rates would be payable to officials and employees of the Borough of North Caldwell as of December 31, 2023 for accumulated sick days and unused holidays. This amount was not verified by audit.

Provision for the above is not reflected on the Financial Statements of the Borough.

B. Tax Appeals

There are a number of tax appeals pending as of December 31, 2023. It is impossible to determine the Borough's ultimate liability for these appeals, however, it is not anticipated that this will materially impact the Borough.

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

C. Federal and State Awards

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

D. Arbitrage Rebate Calculation

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

E. Payments in Lieu of Taxes (PILOT)

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

21. CONTINGENT LIABILITIES (Continued)

F. Litigation

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material impact on the Borough.

22. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 1602-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

23. SUBSEQUENT EVENT

The Borough of North Caldwell has evaluated subsequent events that occurred after the balance sheet date, but before April 30, 2024, and it was determined that there were no items that require disclosure.

BOROUGH OF NORTH CALDWELL
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER

A-4

	<u>Ref.</u>		<u>Current Fund</u>		<u>Federal and State Grant Fund</u>
Balance December 31, 2022	A		\$ 4,292,361.31		\$224,743.92
Increased by Receipts:					
Nonbudget Revenue	A-2b	\$	223,755.09		\$
Due from State of New Jersey -					
Per Ch. 129, P.L. 1976	A-5		20,000.00		
Petty Cash Returned	A-7		500.00		
Taxes Receivable	A-8		41,900,130.19		
Other Accounts Receivable	A-12		22,848.88		
Revenue Accounts Receivable	A-13		2,729,443.46		
Health Benefits Receivable	A-14		186,217.01		
State Grants Receivable	A-16			27,643.00	
Due to State of New Jersey	A-21		9,449.00		
Interfunds Payable	A-23		336,950.74		
Tax Overpayments	A-24		51,563.88		
Prepaid Taxes	A-25		260,956.40		
Municipal Relief Aid	A-28		47,769.87		
Interfunds Payable	A-29			3,203.58	
Reserve for State and Federal					
Grants:					
Grant Reimbursement	A-30			132,300.00	
Unappropriated Reserves	A-31			18,173.00	
			45,789,584.52		181,319.58
			50,081,945.83		406,063.50
Decreased by Disbursements:					
Prior Years' Refunds	A-1		13,755.33		
County PILOT	A-1		1,611.69		
Budget Appropriations	A-3		10,223,686.33		
Change Funds Established	A-6		100.00		
Petty Cash Established	A-7		500.00		
Interfunds Receivable	A-11		724,856.84		
Health Benefits Receivable	A-14		186,217.01		
Appropriation Reserves	A-17		621,004.39		
County Taxes Payable	A-18		9,362,827.81		
Local School District Tax	A-19		14,879,567.00		
Regional High School Tax	A-20		10,192,930.84		
Due to State of New Jersey	A-21		11,449.00		
Term Bonds Payable	A-22		895,000.00		
Interfunds Payable	A-23		227,028.05		
Tax Overpayments	A-24		49,332.29		
Accounts Payable	A-26		1,630.96		
Various Reserves	A-27		9,173.75		
Appropriated Reserves - Grants	A-30			83,827.39	
			47,400,671.29		83,827.39
Balance December 31, 2023	A		\$ 2,681,274.54		\$322,236.11

BOROUGH OF NORTH CALDWELL
CURRENT FUND

DUE (TO)/FROM STATE OF NEW JERSEY
PER CHAPTER 129, P.L. 1976

A-5

	<u>Ref.</u>	
Balance December 31, 2022:		
Due (to) State of New Jersey	A	\$ (1,308.22)
Increased by:		
Exemptions per Tax Duplicate:		
Senior Citizens		\$ 21,250.00
Veterans		250.00
Deductions Disallowed by Tax Collector:		
Senior Citizens and Veterans		<u>(1,000.00)</u>
Cancelled to Fund Balance	A-8 A-1	20,500.00 <u>1,058.22</u> 20,250.00
Decreased by:		
Collections	A-4	<u>20,000.00</u>
Balance December 31, 2023:		
Due from State of New Jersey	A	<u>\$ 250.00</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

CHANGE FUND

A-6

	<u>Ref.</u>	
Balance December 31, 2022	A, Below	\$ 500.00
Increased by:		
Funds Established	A-4	<u>100.00</u>
Balance December 31, 2023	A, Below	<u>\$ 600.00</u>
<u>Analysis of Net Debit to Operations</u>		
Balance December 31, 2023	Above	\$ 600.00
Balance December 31, 2022	Above	<u>500.00</u>
Net Debit to Operations	A-1	<u>\$ 100.00</u>

PETTY CASH FUNDS

A-7

	<u>Funds Established</u>	<u>Funds Returned</u>
Police Chief	\$ 100.00	\$ 100.00
Recreation Director	200.00	200.00
Chief Financial Officer	<u>200.00</u>	<u>200.00</u>
	<u>\$ 500.00</u>	<u>\$ 500.00</u>
<u>Reference</u>	<u>A-4</u>	<u>A-4</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

TAX TITLE LIENS

A-9

	<u>Ref.</u>	
Balance December 31, 2022	A	<u>\$63.55</u>
Balance December 31, 2023	A,Below	<u>\$63.55</u>

Analysis of Balance

<u>Certificate Number</u>	<u>Block</u>	<u>Lot</u>		<u>Amount</u>
96-2	107	2		<u>\$63.55</u>
			<u>Reference</u>	<u>Above</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

A-10

	<u>Ref.</u>	
Balance December 31, 2022	A	<u>\$310,900.00</u>
Balance December 31, 2023	A, Below	<u>\$310,900.00</u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
3	38	\$ 1,000.00
4	7	10,500.00
5	14	45,000.00
31	1,2,3	14,600.00
31	9,24,25	42,600.00
51	8	1,000.00
57	2A	19,500.00
60	8	30,400.00
75	6C	5,400.00
93	15	1,000.00
99	1	15,700.00
403	10	51,000.00
1207	3	70,200.00
1401	2	2,000.00
2101	9	1,000.00
		<u>\$310,900.00</u>

Reference

Above

BOROUGH OF NORTH CALDWELL
CURRENT FUND

INTERFUNDS RECEIVABLE

A-11

	<u>Ref.</u>	<u>Total</u>	<u>General Capital Fund</u>	<u>Payroll Trust Fund</u>	<u>Open Space Trust Fund</u>	<u>Federal and State Grant Fund</u>	<u>Pool Utility Fund</u>
Balance December 31, 2022	A, Below	\$ 1,101.38	\$ 529.35	\$ 572.03	\$	\$	\$
Increased by:							
Federal and State Grants Realized	A-2	104,871.79				104,871.79	
Cash Disbursed	A-4	<u>724,856.84</u>	<u>1,664.69</u>	<u>792.37</u>	<u>394,196.20</u>	<u>3,203.58</u>	<u>325,000.00</u>
		<u>829,728.63</u>	<u>2,194.04</u>	<u>1,364.40</u>	<u>394,196.20</u>	<u>108,075.37</u>	<u>325,000.00</u>
Decreased by:							
Municipal Open Space Levy	A-1,2a,8	286,002.41			286,002.41		
Federal and State Grants Appropriated	A-3, Sheet #8	<u>108,075.37</u>				<u>108,075.37</u>	
		<u>394,077.78</u>			<u>286,002.41</u>	<u>108,075.37</u>	
Balance December 31, 2023	A, Below	<u>\$436,752.23</u>	<u>\$2,194.04</u>	<u>\$1,364.40</u>	<u>\$108,193.79</u>	<u>\$</u>	<u>\$325,000.00</u>
<u>Analysis of Net Debit to Operations</u>							
Balance December 31, 2023	Above	\$436,752.23					
Balance December 31, 2022	Above	<u>1,101.38</u>					
Net Debit to Operations	A-1	<u>\$435,650.85</u>					

BOROUGH OF NORTH CALDWELL
CURRENT FUND

OTHER ACCOUNTS RECEIVABLE

A-12

	<u>Ref.</u>	
Balance December 31, 2022	A,Below	\$22,848.88
Increased by:		
Revenue Accounts Receivable	A-13	<u>29,208.39</u> 52,057.27
Decreased by:		
Cash Receipts	A-4	<u>22,848.88</u>
Balance December 31, 2023	A,Below	<u>\$29,208.39</u>
.		
<u>Analysis of Net Credit to Operations</u>		
Balance December 31, 2023	Above	\$29,208.39
Balance December 31, 2022	Above	<u>22,848.88</u>
Net Debit to Operations	A-1	<u>\$ 6,359.51</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE

A-13

		<u>Balance</u>	<u>2023</u>	<u>Collected</u>	<u>Balance</u>
	<u>Ref.</u>	<u>Dec. 31, 2022</u>	<u>Accrued</u>	<u>in 2023</u>	<u>Dec. 31, 2023</u>
<u>Budget Revenue</u>					
Borough Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 5,250.00	\$ 5,250.00	\$
Fees and Permits	A-2a		16,800.00	16,800.00	
Health Officer:					
Fees and Permits	A-2a		497.00	497.00	
Engineer:					
Fees and Permits	A-2a		16,595.00	16,595.00	
Police Department:					
Fees and Permits	A-2a		4,571.00	4,571.00	
Planning and Zoning:					
Fees and Permits	A-2a		5,470.00	5,470.00	
Construction Code Official:					
Uniform Construction Code Fees	A-2		150,825.00	150,825.00	
Collector of Taxes:					
Interest and Cost on Taxes	A-2		60,432.82	60,432.82	
Interest on Investments					
	A-2		369,850.55	369,850.55	
Recreation:					
Tennis Court Fees	A-2		9,170.00	9,170.00	
Recreation Program Fees					
	A-2		138,117.00	138,117.00	
Cable TV Franchise Fees					
	A-2		113,453.76	113,453.76	
State Aid:					
Energy Receipts Tax	A-2		461,149.75	461,149.75	
Municipal Relief Aid	A-2		23,890.22	23,890.22	
Uniform Fire Safety Act	A-2		3,448.58	3,448.58	
Rental Borough-Owned Property					
Sewer Rental Charges - Township	A-2		24,000.00	24,000.00	
of Fairfield - Current	A-2		6,762.75	6,762.75	
Sewer User Fees					
	A-2		556,463.28	556,463.28	
Municipal Court:					
Fines and Costs	A-2	1,082.84	32,932.88	31,352.78	2,662.94
Interlocal Government Agreement:					
Borough of Essex Fells:					
Municipal Court	A-2		165,700.54	165,700.54	
Dispatch	A-2		292,094.98	292,094.98	
Rental Cell Tower					
	A-2		108,549.09	108,549.09	
Field Use Fees					
	A-2		14,505.00	14,505.00	
Firemen's Field Donations					
	A-2		50,000.00	50,000.00	
PILOT - Whiterock					
	A-2		32,233.72	32,233.72	
W.E.R.S. - SLEO					
	A-2		87,540.75	87,540.75	
Capital Surplus					
	A-2		29,767.50	29,767.50	
Recycling Fees					
	A-2		4,051.00	4,051.00	
		<u>\$1,082.84</u>	<u>\$2,784,122.17</u>	<u>\$2,782,542.07</u>	<u>\$2,662.94</u>

<u>Reference</u>	<u>A</u>	<u>Reserve</u>	<u>Below</u>	<u>A</u>
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Ref.

Cash Receipts	A-4	\$2,729,443.46		
Other Accounts Receivable	A-12	29,208.39		
Municipal Relief Aid	A-28	23,890.22		
		<u>23,890.22</u>		
	Above	<u>\$2,782,542.07</u>		

BOROUGH OF NORTH CALDWELL
CURRENT FUND

HEALTH BENEFITS RECEIVABLE

A-14

	<u>Ref.</u>	
Increased by:		
Cash Receipts	A-4	\$186,217.01
Decreased by:		
Cash Disbursed	A-4	<u>186,217.01</u>
		<u>\$ -</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

DEFERRED CHARGES
N.J.S. 40A:4-53 SPECIAL EMERGENCY

A-15

	<u>Date</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Decrease</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Revaluation and Tax Map Upgrades	06/11/19	<u>\$ 100,000.00</u>	<u>\$ 50,000.00</u>	<u>\$36,598.75</u>	<u>\$ 13,401.25</u>
	<u>Reference</u>	<u>A</u>	<u>A-3,Sheet #8</u>	<u>A-27</u>	<u>A, Below</u>
 <u>Analysis of Balance</u>					
			<u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Amount</u> <u>Authorized</u>	<u>Amount</u>
Revaluation and Tax Map Upgrades			<u>\$ 250,000.00</u>	<u>\$50,000.00</u>	<u>\$ 13,401.25</u>
		<u>Reference</u>			<u>Above</u>

BOROUGH OF NORTH CALDWELL
FEDERAL AND STATE GRANT FUND

STATE GRANTS RECEIVABLE

A-16

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>2023</u> <u>Budget</u> <u>Revenue</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Municipal Alliance:				
CY 2023	\$	\$ 10,411.74	\$	\$ 10,411.74
CY 2022	7,100.00			7,100.00
CY 2020	10,237.14			10,237.14
CY 2019	10,505.19			10,505.19
Body Armor Grant		1,359.48	1,359.48	
Recycling Tonnage Grant		12,643.00	12,643.00	
Clean Communities Program		14,728.22	14,728.22	
Alcohol Education and Rehabilitation		157.93	157.93	
American Rescue Plan - Firefighters		22,000.00		22,000.00
Stormwater Assistance Grant		15,000.00	15,000.00	
Assistance to Firefighters Grant Program		28,571.42		28,571.42
	<u>\$27,842.33</u>	<u>\$104,871.79</u>	<u>\$43,888.63</u>	<u>\$ 88,825.49</u>

<u>Reference</u>	<u>A</u>	<u>A-29</u>	<u>Below</u>	<u>A</u>
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	<u>Ref.</u>	
Collections	A-4	\$27,643.00
Unappropriated Reserves	A-31	<u>16,245.63</u>
	Above	<u>\$43,888.63</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

2022 APPROPRIATION RESERVES

A-17
Sheet #1

	Balance Dec. 31, 2022		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>General Government</u>					
<u>Administrative and Executive:</u>					
Salaries and Wages	\$	\$ 262.08	\$ 262.08	\$ 257.25	\$ 4.83
Other Expenses	6,417.71	124.95	10,542.66	9,890.68	651.98
<u>Elections:</u>					
Other Expenses	17.62	3.36	20.98		20.98
<u>Financial Administration:</u>					
Salaries and Wages		0.39	0.39		0.39
Other Expenses		1.29	1.29		1.29
<u>Assessment of Taxes:</u>					
Salaries and Wages		0.94	0.94		0.94
Other Expenses	7,500.00	4,464.33	11,964.33	11,900.00	64.33
<u>Collection of Taxes:</u>					
Salaries and Wages		0.55	0.55		0.55
Other Expenses		7.42	1,257.42	1,248.00	9.42
<u>Legal Services and Costs:</u>					
Other Expenses	4,166.66	63,709.65	72,826.31	72,604.83	221.48
<u>Engineering Services and Costs:</u>					
Other Expenses	4,791.50	750.83	4,942.33	4,791.50	150.83
<u>Public Buildings and Grounds:</u>					
Other Expenses	5,977.28	16,986.79	8,464.07	8,113.89	350.18
<u>Municipal Land Use Law:</u>					
<u>Planning Board:</u>					
Other Expenses	2,695.00	2,423.75	2,718.75	2,695.00	23.75
<u>Board of Adjustment:</u>					
Salaries and Wages		0.12	0.12		0.12
Other Expenses	770.00	4,726.25	996.25	770.00	226.25
<u>Historical Society:</u>					
Other Expenses		500.00	500.00		500.00
<u>Public Safety</u>					
<u>Fire:</u>					
Fire Hydrant Service		152.89	152.89		152.89
<u>Fire Prevention:</u>					
Salaries and Wages		0.10	0.10		0.10
Other Expenses		3,375.00	375.00	294.50	80.50
Miscellaneous	8,902.97	3,344.39	12,247.36	8,209.78	4,037.58
<u>Police:</u>					
Salaries and Wages		471.56	12,571.56	12,498.84	72.72
Other Expenses	11,013.43	2,970.02	13,983.45	11,692.22	2,291.23
Vehicle Lease	11,949.33	2,700.67	14,650.00	14,621.69	28.31
<u>Emergency Management:</u>					
Salaries and Wages		1,020.00	20.00		20.00
Other Expenses		0.04	0.04		0.04
<u>Streets and Roads</u>					
<u>Road Repairs and Maintenance:</u>					
Salaries and Wages	2,739.69	21,424.20	21,424.20	21,176.12	248.08
Other Expenses		3,551.71	6,291.40	5,767.50	523.90
<u>Snow Removal:</u>					
Salaries and Wages		13,898.12	13,898.12	13,898.12	
Other Expenses	6,500.00	1.86	6,501.86	6,501.86	
<u>Street Lighting:</u>					
Contractual		6,618.24	6,718.24	6,710.88	7.36
<u>Storm Water Management</u>					
Other Expenses		4,010.00	10.00		10.00
<u>Sanitation</u>					
<u>Sewer Maintenance:</u>					
Other Expenses		425.91	425.91		425.91
<u>Garbage and Trash Removal:</u>					
Contractual	57,786.17	399.36	63,385.53	63,312.95	72.58
<u>Recycling Program:</u>					
Other Expenses		17.84	17.84		17.84

BOROUGH OF NORTH CALDWELL
CURRENT FUND

2022 APPROPRIATION RESERVES

A-17
Sheet #2

	Balance Dec. 31, 2022		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>Health and Welfare</u>					
Board of Health:					
Salaries and Wages	\$	\$ 0.10	\$ 0.10	\$	\$ 0.10
Other Expenses		0.97	0.97		0.97
Public Assistance Administration:					
Other Expenses		100.00	100.00		100.00
Dog Regulation:					
Other Expenses		277.78	277.78		277.78
<u>Recreation and Education</u>					
Parks and Playgrounds:					
Salaries and Wages		34.24	34.24		34.24
Other Expenses	1,522.00	1,141.45	3,663.45	3,275.83	387.62
Camp Wyanokie					
Other Expenses		3.00	3.00		3.00
Library Services:					
Other Expenses		212.50	212.50	125.00	87.50
<u>Uniform Construction Code</u>					
Construction Official:					
Salaries and Wages		44.08	44.08		44.08
Other Expenses	123.00	1,567.01	190.01	123.00	67.01
Municipal Court:					
Salaries and Wages		0.09	0.09		0.09
Other Expenses	341.70	2,689.63	3,031.33	496.99	2,534.34
Insurance:					
General Liability Insurance		4.00	4.00		4.00
Employer Group Health	117,507.15	1,029.33	118,536.48	117,507.15	1,029.33
<u>Unclassified</u>					
Utilities:					
Gas/Electric		541.34	541.34	90.81	450.53
Gasoline		2,123.76	5,023.76	5,000.00	23.76
<u>Statutory Expenditures</u>					
Contribution to Social Security System					
		163.72	163.72		163.72
Unemployment Compensation Insurance					
		1.00	1.00		1.00
DCRP Contribution					
		60.82	60.82		60.82
<u>Other Operations</u>					
Sewer Rental Charges:					
Other Expenses	203,500.00	13,936.03	217,436.03	217,430.00	6.03
Contribution to LOSAP					
		50.76	50.76		50.76
<u>State and Federal Programs</u>					
Grant Match					
		100.00	100.00		100.00
Total Appropriations	<u>\$ 454,221.21</u>	<u>\$ 182,426.22</u>	<u>\$ 636,647.43</u>	<u>\$ 621,004.39</u>	<u>\$ 15,643.04</u>
Reference	A	A		A-4	A-1

BOROUGH OF NORTH CALDWELL
CURRENT FUND

COUNTY TAXES PAYABLE

A-18

	<u>Ref.</u>		
Balance December 31, 2022	A		\$ 26,523.39
Increased by:			
2023 County Tax Levy		\$9,007,272.47	
2023 Open Space Levy		329,031.94	
2023 Added and Omitted Taxes		<u>9,218.44</u>	
	A-1,2a,8		<u>9,345,522.85</u>
			<u>9,372,046.24</u>
Decreased by:			
Payments	A-4		<u>9,362,827.81</u>
Balance December 31, 2023	A		<u>\$ 9,218.43</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

LOCAL SCHOOL DISTRICT TAXES

A-19

	<u>Ref.</u>	<u>Net Tax Payable</u>	<u>Deferred School Tax</u>	<u>Local School Tax</u>
Balance December 31, 2022	A	\$ 283,555.46	\$ (7,242,800.00)	\$ 7,526,355.46
Increased by:				
Levy School Year 2023 - 2024	A-1,2a,8	14,758,529.00		14,758,529.00
Additional Deferred	A-1	<u>(136,464.50)</u>	<u>(136,464.50)</u>	
		14,905,619.96	(7,379,264.50)	<u>22,284,884.46</u>
Decreased by:				
Payments	A-4	<u>14,879,567.00</u>		<u>14,879,567.00</u>
Balance December 31, 2023	A	<u>\$ 26,052.96</u>	<u>\$ (7,379,264.50)</u>	<u>\$ 7,405,317.46</u>

REGIONAL HIGH SCHOOL TAXES

A-20

	<u>Ref.</u>	<u>Net Tax Payable</u>	<u>Deferred School Tax</u>	<u>Regional School Tax</u>
Balance December 31, 2022	A, Below	\$	\$ (5,034,609.40)	\$ 5,034,609.40
Increased by:				
Levy School Year 2023 - 2024	A-1,2a,8	10,316,701.00		10,316,701.00
Additional Deferred	A-1	<u>(123,741.10)</u>	<u>(123,741.10)</u>	
		10,192,959.90	(5,158,350.50)	<u>15,351,310.40</u>
Decreased by:				
Payments	A-4	<u>10,192,930.84</u>		<u>10,192,930.84</u>
Balance December 31, 2023	A	<u>\$ 29.06</u>	<u>\$ (5,158,350.50)</u>	<u>\$ 5,158,379.56</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

DUE TO STATE OF NEW JERSEY

A-21

	<u>Ref.</u>	<u>Total</u>	<u>DCA Surcharges</u>	<u>Marriage License Fees</u>
Balance December 31, 2022	A	\$ 3,484.00	\$ 3,484.00	\$
Increased by:				
Collection of State Fees	A-4	<u>9,449.00</u> 12,933.00	<u>9,224.00</u> 12,708.00	<u>225.00</u> 225.00
Decreased by:				
Payments	A-4	<u>11,449.00</u>	<u>11,324.00</u>	<u>125.00</u>
Balance December 31, 2023	A	<u>\$ 1,484.00</u>	<u>\$ 1,384.00</u>	<u>\$100.00</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

RESERVE FOR TERM BONDS PAYABLE

A-22

	<u>Ref.</u>	
Balance December 31, 2022	A	\$895,000.00
Decreased by:		
Bond Payment	A-4	<u>895,000.00</u>
		<u>\$ -</u>

INTERFUNDS PAYABLE

A-23

	<u>Ref.</u>	<u>Other Trust Fund</u>
Balance December 31, 2022	A	\$ 1,152.14
Increased by:		
Cash Receipts	A-4	<u>336,950.74</u>
		<u>338,102.88</u>
Decreased by:		
Cash Disbursed	A-4	<u>227,028.05</u>
Balance December 31, 2023	A	<u>\$111,074.83</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

TAX OVERPAYMENTS

A-24

	<u>Ref.</u>		
Balance December 31, 2022	A		\$ 38,267.62
Increased by:			
Collections	A-4		<u>51,563.88</u>
			89,831.50
Decreased by:			
Cancelled	A-1	\$33,971.03	
Payments	A-4	<u>49,332.29</u>	
			<u>83,303.32</u>
Balance December 31, 2023	A		<u>\$ 6,528.18</u>

PREPAID TAXES

A-25

	<u>Ref.</u>		
Balance December 31, 2022	A		\$293,538.85
Increased by:			
Collections	A-4		<u>260,956.40</u>
			554,495.25
Decreased by:			
Applied to Taxes Receivable	A-8		<u>293,538.85</u>
Balance December 31, 2023	A		<u>\$260,956.40</u>

BOROUGH OF NORTH CALDWELL
CURRENT FUND

ACCOUNTS PAYABLE

A-26

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 1,630.96
Decreased by:		
Cash Disbursed	A-4	<u>1,630.96</u>
		<u>\$ -</u>

VARIOUS RESERVES

A-27

	<u>Ref.</u>	
Balance December 31, 2022	A	\$46,667.72
Decreased by:		
Cash Disbursed	A-4	\$ 9,173.75
Cancelled	A-15	<u>36,598.75</u>
		<u>45,772.50</u>
Balance December 31, 2023	A,Below	<u>\$ 895.22</u>
<u>Analysis of Balance</u>		
Master Plan and Tax Map Upgrades	Above	<u>\$ 895.22</u>

BOROUGH OF NORTH CALDWELL
FEDERAL AND STATE GRANT FUND

MUNICIPAL RELIEF AID

A-28

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 23,890.22
Increased by:		
Additional Aid Received	A-4	<u>47,769.87</u>
		71,660.09
Decreased by:		
Realized as Revenue in Budget	A-13	<u>23,890.22</u>
Balance December 31, 2023	A	<u><u>\$ 47,769.87</u></u>

DUE TO CURRENT FUND

A-29

	<u>Ref.</u>	
Increased by:		
Grants Appropriated	A-30	\$108,075.37
Decreased by:		
Cash Receipts	A-4	\$ 3,203.58
Grants Receivable	A-16	<u>104,871.79</u>
		<u>108,075.37</u>
		<u><u>\$ -</u></u>

BOROUGH OF NORTH CALDWELL
FEDERAL AND STATE GRANT FUND

APPROPRIATED GRANT RESERVES

A-30

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Transferred</u> <u>from 2023</u> <u>Budget</u> <u>Grant</u> <u>Appropriations</u>	<u>Reimbursement</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Municipal Alliance:					
2019	\$ 13,390.31	\$	\$	\$	\$ 13,390.31
2020	11,144.75				11,144.75
2021	81.92				81.92
2022	7,382.96			7,382.96	
2023		12,186.74		1,157.12	11,029.62
Clean Communities Program Act	13,889.31	14,728.22		13,889.31	14,728.22
American Rescue Plan - Drainage			132,300.00	42,255.00	262,682.77
Projects	172,637.77				3,782.32
Alcohol Education and Rehabilitation	3,624.39	157.93			608.68
Firefighter's Donation Grant	608.68				2,965.23
Body Armor Replacement Fund	1,605.75	1,359.48			8,200.00
Recycling Tonnage Grant	8,200.00	12,643.00		12,643.00	3,774.78
Drunk Driving Enforcement Fund	3,774.78				8,500.00
Stormwater Assistance Grant		15,000.00		6,500.00	28,571.42
Assistance to Firefighters Grant		28,571.42			1,428.58
Assistance to Firefighters Grant - Local Match		1,428.58			22,000.00
American Rescue Plan - Firefighters Grant		22,000.00			22,000.00
	<u>\$ 236,340.62</u>	<u>\$ 108,075.37</u>	<u>\$ 132,300.00</u>	<u>\$ 83,827.39</u>	<u>\$ 392,888.60</u>
	A	A-29	A-4	A-4	A

BOROUGH OF NORTH CALDWELL
FEDERAL AND STATE GRANT FUND

UNAPPROPRIATED RESERVES

A-31

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Alcohol Education and Rehabilitation	\$ 157.93	\$ 129.79	\$ 157.93	\$ 129.79
Clean Communities	14,728.22	16,519.40	14,728.22	16,519.40
Body Armor	<u>1,359.48</u>	<u>1,523.81</u>	<u>1,359.48</u>	<u>1,523.81</u>
	<u>\$16,245.63</u>	<u>\$18,173.00</u>	<u>\$16,245.63</u>	<u>\$18,173.00</u>
<u>Reference</u>	<u>A</u>	<u>A-4</u>	<u>A-16</u>	<u>A</u>

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

RESERVE FOR ANIMAL CONTROL EXPENDITURES

B-1

	<u>Ref.</u>		
Balance December 31, 2022	B		\$ 326.63
Increased by:			
Animal Control Fees:			
Dog Licenses		\$ 9,338.00	
Replacement Fees		5.00	
Late Fees		660.00	
Cat Licenses		340.00	
Animal Removal Fees		1,300.00	
Interest Earned		<u>149.75</u>	
	B-3		<u>11,792.75</u>
			<u>12,119.38</u>
Decreased by:			
Animal Control Expenditures	B-3		<u>12,106.23</u>
Balance December 31, 2023	B		<u>\$ 13.15</u>

License Fees Collected

Year

2022	\$ 8,723.20
2023	<u>9,338.00</u>
Maximum Reserve	<u>\$18,061.20</u>

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

RESERVE FOR STATE UNEMPLOYMENT COMPENSATION INSURANCE

B-2

	<u>Ref.</u>	
Balance December 31, 2022	B	\$4,111.06
Decreased by:		
Cash Disbursed	B-3	<u>1,017.97</u>
Balance December 31, 2023	B	<u>\$3,093.09</u>

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

CASH RECEIPTS AND DISBURSEMENTS - TREASURER

B-3

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>General Trust Fund</u>	<u>Municipal Open Space Trust Fund</u>
Balance December 31, 2022	B	\$ 327.83	\$1,261,819.10	\$190,812.45
Increased by Receipts:				
Reserve for Animal Control Fund				
Expenditures	B-1	\$11,792.75	\$	
Due to State of New Jersey	B-5	690.00		
Due to Current Fund - Payroll	B-7		1,076,939.11	
Due from Current Fund - Trust Other	B-8		227,028.05	
Reserve for Expenditures	B-9		742,813.56	
Payroll Deductions Payable	B-10		5,654,221.05	
Open Space Tax Levy	B-11			286,002.41
		<u>12,482.75</u>	<u>7,701,001.77</u>	<u>286,002.41</u>
		12,810.58	8,962,820.87	476,814.86
Decreased by Disbursements:				
Reserve for Animal Control Fund				
Expenditures	B-1	12,106.23		
Reserve for State Unemployment Compensation	B-2		1,017.97	
Due to State of New Jersey	B-5	690.00		
Due to Capital Fund	B-6			185,517.00
Due to Current Fund - Payroll	B-7		1,076,146.74	
Due from Current Fund- Trust Other	B-8		336,750.74	
Reserve for Expenditures	B-9		787,107.57	
Payroll Deductions Payable	B-10		5,651,762.49	
		<u>12,796.23</u>	<u>7,852,785.51</u>	
Balance December 31, 2023	B	<u>\$ 14.35</u>	<u>\$1,110,035.36</u>	<u>\$291,297.86</u>

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

DUE FROM CURRENT FUND - OPEN SPACE

B-4

	<u>Ref.</u>	
Increased by:		
Open Space Receipts Collected in Current Fund	B-11	<u>\$108,193.79</u>
Balance December 31, 2023	B	<u><u>\$108,193.79</u></u>

DUE TO STATE OF NEW JERSEY

B-5

	<u>Ref.</u>	<u>Animal Control Fund</u>
Balance December 31, 2022	B	\$ 1.20
Increased by:		
Collections:		
Dog License State Fees	B-3	<u>690.00</u>
		691.20
Decreased by:		
Payments	B-3	<u>690.00</u>
Balance December 31, 2023	B	<u><u>\$ 1.20</u></u>

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

DUE TO CAPITAL FUND

B-6

	<u>Ref.</u>	
Increased by:		
Open Space Expended in Capital Fund	B-11	\$185,517.00
Decreased by:		
Cash Receipts from Capital Fund	B-3	<u>185,517.00</u>
		<u>\$ -</u>

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

DUE TO CURRENT FUND - PAYROLL FUND

B-7

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 572.03
Increased by:		
Cash Receipts	B-3	1,076,939.11
		<u>1,077,511.14</u>
Decreased by:		
Cash Disbursements to Current Fund	B-3	1,076,146.74
		<u>1,076,146.74</u>
Balance December 31, 2023	B	<u>\$ 1,364.40</u>

DUE FROM CURRENT FUND

B-8

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 1,152.14
Increased by:		
Cash Disbursements	B-3	\$ 336,750.74
Public Defender Fees Collected in Current Fund	B-9	<u>200.00</u>
		<u>336,950.74</u>
		338,102.88
Decreased by:		
Cash Receipts	B-3	<u>227,028.05</u>
Balance December 31, 2023	B	<u>\$ 111,074.83</u>

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

RESERVE FOR EXPENDITURES

B-9

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Parking Offense Adjudication Act	\$ 1,550.10	\$ 124.00	\$	\$ 1,674.10
Police Forfeitures	1,832.16			1,832.16
Accumulated Absences	20,271.01	50,771.93	64,330.03	6,712.91
T.T.L. Redemption	0.01	42,989.59	42,989.29	0.31
Affordable Housing	645,006.25	68,233.82	119,400.29	593,839.78
Developers' Escrows	316,533.61	40,758.05	57,473.85	299,817.81
Tax Sale Premiums	108,200.00	69,800.00	21,200.00	156,800.00
Police Outside Duty	6,418.77	172,323.12	177,093.95	1,647.94
Recreation	128,412.19	285,468.16	304,552.21	109,328.14
Public Defender Fees	2,062.39	200.00		2,262.39
Snow Removal	<u>27,051.61</u>	<u>12,344.89</u>	<u>67.95</u>	<u>39,328.55</u>
	<u>\$1,257,338.10</u>	<u>\$743,013.56</u>	<u>\$787,107.57</u>	<u>\$1,213,244.09</u>

Reference

B

Below

B-3

B

Ref.

Cash Receipts
Receipts Collected in
Current Fund

B-3

\$742,813.56

B-8

200.00

Above

\$743,013.56

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

PAYROLL DEDUCTIONS PAYABLE

B-10

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Net Salaries and Wages	\$	<u>\$2,938,695.25</u>	<u>\$2,938,695.25</u>	\$
Deductions:				
Federal Income Tax		463,150.82	463,150.82	
New Jersey State Income Tax		181,402.58	181,402.58	
Social Security and Medicare		192,798.88	192,798.88	
State Unemployment Insurance Fund		12,428.58	12,428.58	
Public Employees' Retirement System		148,704.55	147,364.43	1,340.12
Contributory Insurance		7,968.06	7,879.55	88.51
Police and Firemen's Pension System	0.02	244,916.77	244,916.79	
Defined Contribution Plan		13,543.56	13,543.56	
Union Dues - PBA		8,276.74	8,276.74	
Teamsters Local	272.00	3,026.00	2,822.00	476.00
New York Life Insurance	678.03	334.32	984.52	27.83
Blackrocks		3,000.00	3,000.00	
Health Benefits		186,217.01	186,217.01	
AFLAC		10,828.80	9,926.40	902.40
VALIC		123,467.95	123,467.95	
Miscellaneous		573.75		573.75
Interest		13,418.87	13,418.87	
Total Deductions Payable	<u>950.05</u>	<u>1,614,057.24</u>	<u>1,611,598.68</u>	<u>3,408.61</u>
Other Accounts:				
Borough Contributions:				
Annual Pension Contribution		908,670.00	908,670.00	
Social Security		192,798.56	192,798.56	
	<u>\$950.05</u>	<u>\$5,654,221.05</u>	<u>\$5,651,762.49</u>	<u>\$3,408.61</u>

Reference

B

B-3

B-3

B

BOROUGH OF NORTH CALDWELL
TRUST FUNDS

RESERVE FOR MUNICIPAL OPEN SPACE

B-11

	<u>Ref.</u>		
Balance December 31, 2022	B		\$190,812.45
Increased by:			
Open Space Tax Levy Collected in Current Fund	B-3		<u>286,002.41</u>
			476,814.86
Decreased by:			
Open Space Expended in Current Fund	B-4	\$108,193.79	
Open Space Expended in Capital Fund	B-6	<u>185,517.00</u>	
			<u>293,710.79</u>
Balance December 31, 2023	B		<u><u>\$183,104.07</u></u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER

C-2

	<u>Ref.</u>		
Balance December 31, 2022	C		\$ 2,117,662.78
Increased by Receipts:			
Premium on Sale of Notes	C-1	\$ 55,595.23	
Grants Receivable	C-4	270,000.00	
Due to Current Fund	C-5	10,034,177.79	
Capital Improvement Fund	C-8	53,149.08	
Due from Open Space Grant Fund	C-12	185,517.00	
Bond Anticipation Notes Issued	C-14	<u>7,553,750.00</u>	
			<u>18,152,189.10</u>
			<u>20,269,851.88</u>
Decreased by Disbursements:			
Anticipated as Current Fund Revenue	C-1	29,767.50	
Due to Current Fund	C-5	9,962,261.81	
Preliminary Engineering Services	C-9	15,037.50	
Improvement Authorizations	C-11	2,238,526.02	
Bond Anticipation Notes Redeemed	C-14	<u>6,750,000.00</u>	
			<u>18,995,592.83</u>
Balance December 31, 2023	C		<u>\$ 1,274,259.05</u>

**BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND**

ANALYSIS OF CASH

C-3

Ordinance Number	Balance Dec. 31, 2022	Receipts	Disbursements		Transfers		Balance Dec. 31, 2023
			Improvement Authorizations	Other	From	To	
Fund Balance	\$ 37,156.22	\$ 55,595.23	\$	\$ 29,767.50	\$ 7,388.72	\$	\$ 55,595.23
Capital Improvement Fund	302,429.25	53,149.08			175,736.28		179,842.05
Bond Anticipation Notes		7,553,750.00		6,750,000.00	1,711,969.00		908,219.00
Due to Current Fund	529.35	10,034,177.79		9,962,261.81	70,251.29		2,194.04
Due from Open Space Trust Fund		185,517.00		15,037.50	185,517.00		
Preliminary Engineering Expenses	15,037.50						
Grants Receivable		270,000.00			270,000.00		
General Improvement Authorizations							
03-17 Various Capital Improvements	647.89		281.65				386.24
01-20 Various Roadway Improvements	(81,147.46)				22,280.78		(103,428.24)
02-20 Improvements to Walker's Pond	845,491.16		85,400.85		654,914.00		105,176.31
03-20A Various Improvements	38,776.61					0.73	38,777.34
13-21C Acquisition of Building and Grounds Equipment	5,000.00		5,000.00				2,301.99
02-21C Server Updates for IT Department	8,446.76		6,144.77				(90,000.00)
02-21D Improvements to Various Roadways	15,722.66		400,466.00			294,743.34	5,218.87
02-21F Various Improvements and Capital Acquisitions	25,136.64		19,917.77				70,851.05
01-22 Various Storm Water Drainage Improvements	178,684.09		182,833.04				295,578.92
04-22A Acquisition of Automated License Plate System	2,400.00		48,000.00			75,000.00	2,800.00
04-22B Improvements to Various Roadways	243,283.07		110,293.15		544,380.00	706,969.00	
04-22C Installation of Speed Bumps on Various Roads	2,800.00						
04-22D Various Building Improvements and Capital Acquisitions	39,490.21		209,084.00			498,780.00	329,186.21
05-22 Improvements to Firemen's Field	431,778.83		340,273.26				91,505.57
11-22B Purchase of Building and Grounds Equipment	6,000.00		5,972.42				27.58
2-23 Various Improvements and Capital Acquisitions			786,662.94			1,038,021.00	251,358.06
7-23 Various Capital Items			38,196.17			75,104.00	36,907.83
	\$ 2,117,662.78	\$ 18,152,189.10	\$ 2,238,526.02	\$ 16,757,066.81	\$ 3,642,437.07	\$ 3,642,437.07	\$ 1,274,259.05
	C	C-2	C-2	C-2	Contra	Contra	C

Reference

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

GRANTS RECEIVABLE

C-4

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 861,272.12
Increased by:		
2023 Grants Receivable	C-11	444,650.00
		<u>1,305,922.12</u>
Decreased by:		
Grants Received	C-2	270,000.00
		<u>270,000.00</u>
Balance December 31, 2023	C,Below	<u>\$ 1,035,922.12</u>

Analysis of Balance

Ordinance #01-20:		
NJ DOT Grant		\$ 106,272.12
Ordinance #02-21		
NJ DOT Grant		90,000.00
Ordinance #04-22		
NJ DOT Grant		395,000.00
Ordinance #02-23		
NJ DOT Grant		369,650.00
Ordinance #02-23		
NJ DCA Grant		75,000.00
		<u>75,000.00</u>
	Above	<u>\$ 1,035,922.12</u>

DUE TO CURRENT FUND

C-5

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 529.35
Increased by:		
Cash Receipts	C-2	10,034,177.79
		<u>10,034,707.14</u>
Decreased by:		
Cash Disbursed	C-2	\$9,962,261.81
Pay Down of Notes	C-7,14	70,251.29
		<u>10,032,513.10</u>
Balance December 31, 2023	C	<u>\$ 2,194.04</u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

C-6

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 6,420,000.00
Decreased by:		
Payment of Serial Bonds	C-13	<u>1,685,000.00</u>
Balance December 31, 2023	C	<u>\$ 4,735,000.00</u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-7

	<u>Ref.</u>		
Balance December 31, 2022	C		\$ 8,432,685.19
Increased by:			
2023 Improvement Authorizations	C-11		<u>2,209,811.00</u>
			10,642,496.19
Decreased by:			
Bond Anticipation Note Pay Downs - Current Fund	C-5,14	\$ 70,251.29	
Bond Anticipation Note Pay Downs - Open Space Fund	C-12,14	<u>185,517.00</u>	
			<u>255,768.29</u>
Balance December 31, 2023	C,Below		<u><u>\$10,386,727.90</u></u>
 <u>Analysis of Balance</u>			
Ordinance #04-16			\$ 1,750,992.00
Ordinance #01-20			364,304.90
Ordinance #02-20			1,850,850.00
Ordinance #03-20A			95,884.00
Ordinance #02-21			1,267,398.00
Ordinance #01-22			475,000.00
Ordinance #04-22			1,537,488.00
Ordinance #05-22			835,000.00
Ordinance #02-23			<u>2,209,811.00</u>
	Above		<u><u>\$10,386,727.90</u></u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND

C-8

	<u>Ref.</u>	
Balance December 31, 2022	C	\$302,429.25
Increased by:		
Cash Receipt - Budget Appropriation	C-2	53,149.08
		<u>355,578.33</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	175,736.28
		<u>175,736.28</u>
Balance December 31, 2023	C	<u><u>\$179,842.05</u></u>

RESERVE FOR PRELIMINARY ENGINEERING SERVICES

C-9

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 15,037.50
Decreased by:		
Cash Disbursed	C-2	15,037.50
		<u>15,037.50</u>
		<u><u>\$ -</u></u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

RESERVE FOR GRANTS RECEIVABLE

C-10

	<u>Ref.</u>	
Balance December 31, 2022	C	<u>\$106,272.12</u>
Balance December 31, 2023	C,Below	<u>\$106,272.12</u>
 <u>Analysis of Balance</u>		
Ordinance #01-20: NJ DOT Grant	Above	<u>\$106,272.12</u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

DUE FROM OPEN SPACE TRUST FUND

C-12

	<u>Ref.</u>	
Increased by:		
Bond Anticipation Note Pay Downs - Open Space Fund	C-7,14	\$185,517.00
Decreased by:		
Cash Receipts	C-2	<u>185,517.00</u>
		<u>\$ -</u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

C-13

GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Original Issue</u>		<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>	<u>Bonds Redeemed</u>	<u>Balance Dec. 31, 2023</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
General Bonds	10-01-19	\$ 6,725,000.00	10-01-2024/2026	\$ 790,000.00	2.00%	\$	\$	\$
			10-01-2027	790,000.00	3.00			
			10-01-2028	790,000.00	2.00			
			10-01-2029	785,000.00	2.00	6,420,000.00	1,685,000.00	4,735,000.00
						<u>\$ 6,420,000.00</u>	<u>\$ 1,685,000.00</u>	<u>\$ 4,735,000.00</u>
					<u>Reference</u>	<u>C</u>	<u>C-6</u>	<u>C</u>

BOROUGH OF NORTH CALDWELL
GENERAL CAPITAL FUND

C-14

BOND ANTICIPATION NOTES

Description	Ordinance Number	Date of Issue	Original		Date of Issue	Date of Maturity	Rate of Interest	Balance Dec. 31, 2022	Increase	Decrease	Balance Dec. 31, 2023
			Amount								
Acquisition of Real Property	04-16	12-15-16	\$ 2,236,250.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50% 4.50	\$ 1,917,659.00	\$ 1,750,992.00	\$ 1,917,659.00	\$ 1,750,992.00
Various Road Improvements	01-20	10-19-20	932,368.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50 4.50	247,625.00	235,752.00	247,625.00	235,752.00
Improvements to Walker's Pond	02-20	10-19-20	2,019,700.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50 4.50	1,300,000.00	626,236.00	1,300,000.00	626,236.00
Various Improvements	03-20	10-19-20	134,710.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50 4.50	101,799.00	95,884.00	101,799.00	95,884.00
Various Improvements	02-21	10-18-21	1,302,853.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50 4.50	1,267,398.00	1,267,398.00	1,267,398.00	1,267,398.00
Storm Water Drainage Improvements	1-22	10-14-22	200,000.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50 4.50	200,000.00	275,000.00	200,000.00	275,000.00
Various Improvements	4-22	10-14-22	830,519.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50 4.50	830,519.00	1,537,488.00	830,519.00	1,537,488.00
Firemen's Field Improvements	5-22	10-14-22	885,000.00		10-14-22 07-13-23	07-13-23 07-12-24	4.50 4.50	885,000.00	835,000.00	885,000.00	835,000.00
Firemen's Field Improvements	2-23	7-13-23	930,000.00		07-13-23	07-12-24	4.50	930,000.00	930,000.00	930,000.00	930,000.00
Total								<u>\$ 7,553,750.00</u>	<u>\$ 7,553,750.00</u>	<u>\$ 6,750,000.00</u>	<u>\$ 7,553,750.00</u>
									C-2,Below	C-2,Below	C

Ref.	
C-5,7	\$ 70,251.29
C-7,12,15	185,517.00
C-15	652,450.71
C-15	1,711,969.00
Contra	5,841,781.00
Above	<u>\$ 6,750,000.00</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

CASH RECEIPTS AND DISBURSEMENTS - TREASURER

D-5

	<u>Ref.</u>	<u>Operating Fund</u>		<u>Capital Fund</u>
Balance December 31, 2022	D	\$ 529,941.09		\$ 334,496.57
Increased by Receipts:				
Premium on Note Sale	D-2	\$		\$ 9,386.21
Miscellaneous Revenue	D-3	103,527.69		
Consumer Accounts Receivable	D-7	1,977,364.46		
Due from Water Capital	D-10	15,000.00		
Overpayments	D-14	4,617.45		
Bond Anticipation Notes Issued	D-19		1,275,000.00	
Capital Improvement Fund	D-22		15,000.00	
Due to Water Operating	D-23		14,598.80	
		2,100,509.60		1,313,985.01
		2,630,450.69		1,648,481.58
Decreased by Disbursements:				
Budget Appropriations	D-4	1,473,972.11		
Due from Water Capital	D-10	14,598.80		
Appropriation Reserves	D-13	170,564.02		
Overpayments	D-14	168.72		
Reserve for Term Bonds Payable	D-15	130,000.00		
Accrued Interest on Bonds	D-16	7,896.00		
Accrued Interest on Notes	D-17	33,625.00		
Bond Anticipation Notes Redeemed	D-19		1,000,000.00	
Improvement Authorizations	D-20		368,802.54	
Due to Water Operating	D-23		15,000.00	
		1,830,824.65		1,383,802.54
Balance December 31, 2023	D	\$ 799,626.04		\$ 264,679.04

BOROUGH OF NORTH CALDWELL
WATER UTILITY

D-6

ANALYSIS OF CAPITAL CASH

<u>Ordinance Number</u>	<u>Balance Dec. 31, 2022</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>		<u>Transfers</u>		<u>Balance Dec. 31, 2023</u>
			<u>Improvement Authorizations</u>	<u>Other</u>	<u>From</u>	<u>To</u>	
<u>General Accounts</u>							
Capital Improvement Fund	\$ 24,884.40	\$ 15,000.00	\$	\$	\$ 20,590.00	\$	\$ 19,294.40
Bond Anticipation Notes		1,275,000.00		1,000,000.00	275,000.00		
Due to Water Operating Fund	793.74	14,598.80		15,000.00			392.54
Fund Balance	4,410.00	9,386.21			4,410.00		9,386.21
<u>Improvement Authorizations</u>							
Various Water Capital Items	337.07						337.07
Various Water Improvements	304,071.36		361,735.36			225,000.00	167,336.00
Generator and Water Tank Repairs			6,529.68			25,000.00	18,470.32
Improvements to Water Tank			537.50			50,000.00	49,462.50
	<u>\$334,496.57</u>	<u>\$1,313,985.01</u>	<u>\$368,802.54</u>	<u>\$1,015,000.00</u>	<u>\$300,000.00</u>	<u>\$300,000.00</u>	<u>\$264,679.04</u>
<u>Reference</u>	<u>D</u>	<u>D-5</u>	<u>D-5</u>	<u>D-5</u>	<u>Contra</u>	<u>Contra</u>	<u>D</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

CONSUMER ACCOUNTS RECEIVABLE

D-7

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 220,613.54
Increased by:		
Water Rents	Reserve	<u>1,950,559.38</u>
		2,171,172.92
Decreased by:		
Water Rents:		
Collections	D-3,5	<u>1,977,364.46</u>
Balance December 31, 2023	D	<u>\$ 193,808.46</u>

OTHER ACCOUNTS RECEIVABLE- METERS

D-8

	<u>Ref.</u>	
Increased by:		
Meter Replacements	Reserve	<u>\$ 665,812.50</u>
Balance December 31, 2023	D	<u>\$ 665,812.50</u>

GRANTS RECEIVABLE

D-9

	<u>Ref.</u>	
Increased by:		
Grants Receivable	D-25	<u>\$ 300,000.00</u>
Balance December 31, 2023	D	<u>\$ 300,000.00</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

DUE FROM WATER CAPITAL FUND

D-10

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 793.74
Increased by		
Cash Disbursement	D-5	14,598.80
		<u>15,392.54</u>
Decreased by:		
Cash Receipt	D-5	15,000.00
		<u>15,000.00</u>
Balance December 31, 2023	D	<u>\$ 392.54</u>

FIXED CAPITAL

D-11

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 3,987,183.72
Increased by:		
Transferred from Fixed Capital Authorized and Uncompleted	D-12	368,802.54
		<u>368,802.54</u>
Balance December 31, 2023	D	<u>\$ 4,355,986.26</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

D-12

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Purpose</u>	<u>Ordinance Number</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2023</u>
Various Water Capital Items	10-20	7-21-20	\$ 29,000.00	\$ 337.07	\$	\$	\$ 337.07
Various Water Improvements	02-22	3-22-22	1,225,000.00	529,071.36		361,735.36	167,336.00
Various Capital Items	08-23	5-23-23	25,000.00		25,000.00	6,529.68	18,470.32
Improvements to Water Tank	01-23	5-23-23	575,000.00		575,000.00	537.50	574,462.50
				<u>\$529,408.43</u>	<u>\$600,000.00</u>	<u>\$368,802.54</u>	<u>\$760,605.89</u>

Reference

D

D-20

D-11

D

BOROUGH OF NORTH CALDWELL
WATER UTILITY

WATER OVERPAYMENTS

D-14

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 20,490.08
Increased by:		
Collections	D-5	4,617.45
		<u>25,107.53</u>
Decreased by:		
Refunded	D-5	168.72
		<u>168.72</u>
Balance December 31, 2023	D	<u>\$ 24,938.81</u>

RESERVE FOR TERM BONDS PAYABLE

D-15

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 130,000.00
Decreased by:		
Payment of Serial Bond	D-5	130,000.00
		<u>130,000.00</u>
		<u>\$ -</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

ACCRUED INTEREST ON BONDS

D-16

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 1,974.00
Increased by:		
2023 Budget Appropriation	D-4	<u>5,922.00</u>
		7,896.00
Decreased by:		
Payments	D-5	<u>7,896.00</u>
		<u>\$ -</u>

ACCRUED INTEREST ON NOTES

D-17

	<u>Ref.</u>	
Increased by:		
2023 Budget Appropriation	D-4	\$ 49,223.26
Decreased by:		
Payments	D-5	<u>33,625.00</u>
Balance December 31, 2023	D	<u>\$ 15,598.26</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

SERIAL BONDS

D-18

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>	<u>Bonds Redeemed</u>
Water Utilities	8-01-08	\$958,000.00	4.20%	<u>\$188,000.00</u>	<u>\$188,000.00</u>
			<u>Reference</u>	<u>D</u>	<u>D-24</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

D-19

BOND ANTICIPATION NOTES

<u>Description</u>	<u>Ordinance Number</u>	<u>Original</u>		<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Balance Dec. 31, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2023</u>
		<u>Date of Issue</u>	<u>Amount</u>							
Various Water Improvements	2-22	10-14-22	\$1,225,000.00	10-14-22	7-13-23	4.50%	\$1,000,000.00	\$1,000,000.00		\$1,225,000.00
Improvements to Water Tank	1-23	7-13-23	50,000.00	7-13-23	7-14-24	4.50%		50,000.00		50,000.00
							<u>\$1,000,000.00</u>	<u>\$1,275,000.00</u>	<u>\$1,000,000.00</u>	<u>\$1,275,000.00</u>
						<u>Reference</u>	<u>D</u>	<u>D-5,Below</u>	<u>D-5,Below</u>	<u>D</u>
						<u>Ref.</u>				
						Bond Anticipation Issued	D-26	\$ 275,000.00	\$	
						Bond Anticipation Notes Rolled Over	Contra	1,000,000.00	1,000,000.00	
							Above	<u>\$1,275,000.00</u>	<u>\$1,000,000.00</u>	

BOROUGH OF NORTH CALDWELL
WATER UTILITY

IMPROVEMENT AUTHORIZATIONS

D-20

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2022</u>		<u>2023 Authorizations</u>	<u>Paid or Charged</u>	<u>Balance Dec. 31, 2023</u>	
				<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
10-20	General Improvements Various Water Capital Items	7-21-20	\$ 29,000.00	\$337.07	\$	\$	\$ 337.07	\$	
02-22	Various Water Improvements	3-22-22	1,225,000.00			25,000.00	361,735.36		167,336.00
08-23	Various Capital Items	5-23-23	25,000.00				6,529.68		
01-23	Improvements to Water Tank	5-23-23	575,000.00			575,000.00	537.50		574,462.50
				<u>\$337.07</u>		<u>\$600,000.00</u>	<u>\$368,802.54</u>		<u>\$741,798.50</u>
				D	D	D-12,Below	D-5	D	D
				<u>Reference</u>	<u>Ref.</u>				
	Grants Receivable				D-9	\$300,000.00			
	Fixed Capital Authorized and Uncomplete				D-12,26	275,000.00			
	Capital Improvement Fund				D-22	\$ 20,590.00			
	Fund Balance				D-2	<u>4,410.00</u>			
	Funded Improvement Authorization				D-21	25,000.00			
	Above				Above	<u>\$600,000.00</u>			

BOROUGH OF NORTH CALDWELL
WATER UTILITY

DEFERRED RESERVE FOR AMORTIZATION

D-21

	<u>Ref.</u>	
Balance December 31, 2022	D	\$29,000.00
Increased by:		
Funded Improvement Authorization	D-20	<u>25,000.00</u>
Balance December 31, 2023	D,Below	<u>\$54,000.00</u>
 <u>Analysis of Balance</u>		
Various Water Distribution System Improvements - Ordinance #10-20		\$29,000.00
Generator and Improvements to Water Tank Ordinance #08-23		<u>25,000.00</u>
	Above	<u>\$54,000.00</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

CAPITAL IMPROVEMENT FUND

D-22

	<u>Ref.</u>	
Balance December 31, 2022	D	\$24,884.40
Increased by:		
2023 Budget Appropriation	D-5	<u>15,000.00</u> 39,884.40
Decreased by:		
Appropriated to Fund Improvement Authorization	D-20	<u>20,590.00</u>
Balance December 31, 2023	D	<u><u>\$19,294.40</u></u>

DUE TO WATER OPERATING FUND

D-23

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 793.74
Increased by:		
Cash Receipts	D-5	<u>14,598.80</u> 15,392.54
Decreased by:		
Cash Disbursements	D-5	<u>15,000.00</u>
Balance December 31, 2023	D	<u><u>\$ 392.54</u></u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

RESERVE FOR AMORTIZATION

D-24

	<u>Ref.</u>	
Balance December 31, 2022	D	\$3,074,592.15
Increased by:		
Serial Bonds Redeemed	D-18	<u>188,000.00</u>
Balance December 31, 2023	D	<u>\$3,262,592.15</u>

RESERVE FOR GRANTS RECEIVABLE

D-25

	<u>Ref.</u>	
Increased by:		
Grants Receivable	D-9	<u>\$ 300,000.00</u>
Balance December 31, 2023	D	<u>\$ 300,000.00</u>

BOROUGH OF NORTH CALDWELL
WATER UTILITY

D-26

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Authorization</u>	<u>Balance Dec. 31, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2023</u>
2-22	Various Water Improvements	\$ 225,000.00	\$	\$225,000.00	\$
1-23	Improvements to Water Tank		275,000.00	50,000.00	225,000.00
	<u>Reference</u>	<u>\$225,000.00</u>	<u>\$275,000.00</u>	<u>\$275,000.00</u>	<u>\$225,000.00</u>
		<u>D</u>	<u>D-20</u>	<u>D-19</u>	<u>D</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

CASH RECEIPTS AND DISBURSEMENTS - TREASURER

E-5

	<u>Ref.</u>	<u>Operating Fund</u>		<u>Capital Fund</u>
Balance December 31, 2022	E	\$ 60,949.23		\$ 3,314.73
Increased by Receipts:				
Membership Fees	E-3	\$197,850.00	\$	
Guest Fees	E-3	21,449.68		
Rentals	E-3	12,500.00		
Interest on Investments	E-3	3,733.45		
Snack Bar	E-3	9,658.00		
Due from Pool Capital Fund	E-7	408,423.29		
Due to Current Fund	E-12	349,663.56		
Due to Pool Operating Fund	E-16	<u> </u>	<u>325,000.00</u>	
		<u>1,003,277.98</u>		<u>325,000.00</u>
		1,064,227.21		<u>328,314.73</u>
Decreased by Disbursements:				
Budget Appropriations	E-4	227,162.01		
Due from Pool Capital Fund	E-7	446,439.48		
Due to Current Fund	E-12	349,663.56		
Accrued Interest on Bonds	E-13	4,550.00		
Accrued Interest on Notes	E-14	2,858.12		
Due to Pool Operating Fund	E-16	<u> </u>	<u>328,314.73</u>	
		<u>1,030,673.17</u>		<u>328,314.73</u>
Balance December 31, 2023	E	<u>\$ 33,554.04</u>		<u>\$ -</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

ANALYSIS OF CAPITAL CASH

E-6

<u>Ordinance Number</u>	<u>Balance Dec. 31, 2022</u>	<u>Cash Receipts</u>	<u>Cash Disbursed Other</u>	<u>Transfers</u>		<u>Balance Dec. 31, 2023</u>
				<u>From</u>	<u>To</u>	
Due to Pool Operating Fund	\$	\$	\$328,314.73	\$ 87,508.56	\$ 453,839.48	\$ 38,016.19
Due to Current Fund		325,000.00				325,000.00
Capital Surplus	374.85				1,258.56	1,633.41
<u>General Improvement Authorizations</u>						
2-96 Replacement and Relocation of Pool Filter System	(598.15)					(598.15)
3-22/3-23 Various Swimming Pool Improvements	<u>3,538.03</u>			<u>453,839.48</u>	<u>86,250.00</u>	<u>(364,051.45)</u>
	<u>\$3,314.73</u>	<u>\$325,000.00</u>	<u>\$328,314.73</u>	<u>\$541,348.04</u>	<u>\$541,348.04</u>	<u>\$ -</u>
<u>Reference</u>	<u>E</u>	<u>E-5</u>	<u>E-5</u>	<u>Contra</u>	<u>Contra</u>	<u>E</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

DUE FROM SWIMMING POOL CAPITAL FUND

E-7

	<u>Ref.</u>	
Increased by:		
Cash Disbursements	E-5	\$ 446,439.48
Decreased by:		
Cash Receipts	E-5	<u>408,423.29</u>
Balance December 31, 2023	E	<u>\$ 38,016.19</u>

DEFERRED CHARGES

E-8

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 21,000.00
Increased by:		
Deficit in Operations	E-1	<u>9,318.80</u>
		30,318.80
Decreased by:		
2023 Budget Appropriation	E-4	<u>21,000.00</u>
Balance December 31, 2023	E	<u>\$ 9,318.80</u>

FIXED CAPITAL

E-9

	<u>Ref.</u>	
Balance December 31, 2022	E	\$1,547,101.92
Increased by:		
Capital Outlay	E-17	\$ 3,406.55
Transfer from Fixed Capital Uncompleted	E-10	<u>453,839.48</u>
		<u>457,246.03</u>
Balance December 31, 2023	E	<u>\$2,004,347.95</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

E-10

<u>Purpose</u>	<u>Ordinance Number</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2023</u>
Replacement and Relocation of Pool Filter System	2-96	5-14-96	\$ 80,000.00	\$ 13,401.85	\$	\$	\$ 13,401.85
Various Swimming Pool Improvements	3-22/3-23	3-22-22	450,000.00/	439,788.03	75,000.00	453,839.48	60,948.55
		6-27-23	75,000.00				
			<u>Reference</u>	<u>E</u>	<u>E-15</u>	<u>E-9</u>	<u>E</u>
				<u>\$453,189.88</u>	<u>\$75,000.00</u>	<u>\$453,839.48</u>	<u>\$ 74,350.40</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

2022 APPROPRIATION RESERVES

E-11

	Balance Dec. 31, 2022		Balance After Transfers	Balance Lapsed
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Operating</u>				
Salaries and Wages	\$	\$ 2.04	\$ 2.04	\$ 2.04
Other Expenses		7.11	7.11	7.11
 <u>Deferred Charges</u>				
Prior Year Bills	471.00		471.00	471.00
 <u>Statutory Expenditures</u>				
Contribution to Social Security System		0.22	0.22	0.22
	<u>\$ 471.00</u>	<u>\$ 9.37</u>	<u>\$480.37</u>	<u>\$ 480.37</u>
<u>Reference</u>	<u>E</u>	<u>E</u>		<u>E-1</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

DUE TO CURRENT FUND

E-12

	<u>Ref.</u>	
Increased by:		
Cash Receipts	E-5	\$349,663.56
Decreased by:		
Cash Disbursed	E-5	<u>349,663.56</u>
		<u>\$ -</u>

RESERVE FOR ACCRUED INTEREST ON BONDS
SWIMMING POOL OPERATING FUND

E-13

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 1,200.00
Increased by:		
Budget Appropriation	E-4	<u>4,300.00</u>
		5,500.00
Decreased by:		
Cash Disbursements	E-5	<u>4,550.00</u>
Balance December 31, 2023	E	<u>\$ 950.00</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

RESERVE FOR ACCRUED INTEREST ON NOTES
SWIMMING POOL OPERATING FUND

E-14

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 0.48
Increased by:		
Budget Appropriation	E-4	4,185.00
		<u>4,185.48</u>
Decreased by:		
Cash Disbursements	E-5	<u>2,858.12</u>
Balance December 31, 2023	E	<u>\$1,327.36</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

E-15

IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2022 Unfunded</u>	<u>2023 Authorizations</u>	<u>Paid or Charged</u>	<u>Balance Dec. 31, 2023 Unfunded</u>
2-96	Replacement and Relocation of Pool Filter System	5-14-96	\$ 80,000.00	\$ 13,401.85	\$	\$	\$ 13,401.85
3-22/03-23	Various Pool Improvements	3-22-22	450,000.00	439,788.03	75,000.00	453,839.48	60,948.55
				<u>\$ 453,189.88</u>	<u>\$ 75,000.00</u>	<u>\$ 453,839.48</u>	<u>\$ 74,350.40</u>
		<u>Reference</u>		<u>E</u>	<u>E-10.21</u>	<u>E-16</u>	<u>E</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

INTERFUNDS PAYABLE

E-16

	<u>Ref.</u>		
Increased by:			
Cash Disbursed	E-5	\$325,000.00	
Improvement Authorizations	E-15	<u>453,839.48</u>	
			\$ 778,839.48
Decreased by:			
Fund Balance	E-2	1,258.56	
Cash Disbursed	E-5	328,314.73	
Bond Anticipation Notes	E-20	<u>86,250.00</u>	
			<u>415,823.29</u>
Balance December 31, 2023	E, Below		<u>\$ 363,016.19</u>
 <u>Analysis of Balance</u>			
Due to Current Fund			\$ 325,000.00
Due to Swimming Pool Operating Fund			<u>38,016.19</u>
	Above		<u>\$ 363,016.19</u>

RESERVE FOR AMORTIZATION

E-17

	<u>Ref.</u>		
Balance December 31, 2022	E		\$ 1,207,041.80
Increased by:			
Capital Outlay	E-9	\$ 3,406.55	
Payment of Serial Bonds	E-19	<u>25,000.00</u>	
			<u>28,406.55</u>
Balance December 31, 2023	E		<u>\$ 1,235,448.35</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

DEFERRED RESERVE FOR AMORTIZATION

E-18

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2023</u>
2-96	Replacement and Relocation of Pool Filter System	5-14-96	<u>\$58,000.00</u>	<u>\$58,000.00</u>
		<u>Reference</u>	<u>E</u>	<u>E</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

E-19

SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2023</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>	<u>Bonds Redeemed</u>	<u>Balance Dec. 31, 2023</u>
			<u>Date</u>	<u>Amount</u>				
Swimming Pool Utility Bonds	10-01-19	\$275,000.00	10-01-24	\$25,000.00	2.00%			
			10-01-25/26	30,000.00	2.00			
			10-01-27	30,000.00	3.00			
			10-01-28/29	30,000.00	2.00	\$200,000.00	\$25,000.00	\$175,000.00
					<u>Reference</u>	<u>E</u>	<u>E-17</u>	<u>E</u>

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY FUND

BOND ANTICIPATION NOTES

E-20

Description	Ordinance Number	Original		Date of		Rate of Interest	Balance Dec. 31, 2022	Increase	Decrease	Balance Dec. 31, 2023	
		Date of Issue	Amount	Issue	Maturity						
Various Swimming Pool Improvements	1-21	10-18-21	\$ 71,250.00	10-14-22	07-13-23	4.50%	\$ 71,250.00	\$ 71,250.00		\$ 71,250.00	
				07-13-23	07-12-24	4.50%					
Various Swimming Pool Improvements	3-22	10-14-22	450,000.00	10-14-22	07-13-23	4.50%	13,750.00	13,750.00		13,750.00	
				07-13-23	07-12-24	4.50%					
Various Swimming Pool Improvements	3-22	07-13-23	86,250.00	07-13-23	07-12-24	4.50%	86,250.00	86,250.00		86,250.00	
							<u>\$85,000.00</u>	<u>\$171,250.00</u>	<u>\$85,000.00</u>	<u>\$171,250.00</u>	
Reference							E	Below	Below	E	
Ref.											
Bond Anticipation Notes Issued							E-16	\$ 86,250.00	\$		
Bond Anticipation Notes Rolled Over							Contra	85,000.00	85,000.00		
							Above	<u>\$171,250.00</u>	<u>\$85,000.00</u>		

BOROUGH OF NORTH CALDWELL
SWIMMING POOL UTILITY

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

E-21

<u>Ordinance Number</u>	<u>Improvement Authorization</u>	<u>Balance Dec. 31, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2023</u>
2-96	Replacement and Relocation of Pool Filter System	\$ 14,000.00	\$	\$	\$ 14,000.00
3-22/3-23	Various Swimming Pool Improvements	<u>436,250.00</u>	<u>75,000.00</u>	<u>86,250.00</u>	<u>425,000.00</u>
		<u>\$450,250.00</u>	<u>\$75,000.00</u>	<u>\$86,250.00</u>	<u>\$439,000.00</u>
	<u>Reference</u>	<u>E</u>	<u>E-15</u>	<u>E-20</u>	<u>E</u>

BOROUGH OF NORTH CALDWELL
PUBLIC ASSISTANCE TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS

F-1

	<u>Ref.</u>	<u>Trust Fund Account #1</u>
Balance December 31, 2022	F	\$3,368.73
Increased by:		
Interest Earned	F-3	<u>162.73</u>
Balance December 31, 2023	F	<u><u>\$3,531.46</u></u>

DUE TO STATE OF NEW JERSEY

F-2

	<u>Ref.</u>	
Balance December 31, 2022	F	<u>\$ 442.31</u>
Balance December 31, 2023	F	<u><u>\$ 442.31</u></u>

RESERVE FOR EXPENDITURES
TRUST FUND ACCOUNT #1

F-3

	<u>Ref.</u>	
Balance December 31, 2022	F	\$2,926.42
Increased by:		
Interest Earned	F-1	<u>162.73</u>
Balance December 31, 2023	F	<u><u>\$3,089.15</u></u>

PART II
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
ROSTER OF OFFICIALS
GENERAL COMMENTS, FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2023

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

The Honorable Mayor and Members
of the Borough Council
Borough of North Caldwell
North Caldwell, New Jersey 07006

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the various funds - regulatory basis of the Borough of North Caldwell, State of New Jersey as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough of North Caldwell, State of New Jersey's basic financials statements, and have issued our report thereon dated April 30, 2024. These financial statements - regulatory basis have been prepared in conformity with accounting principles 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.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

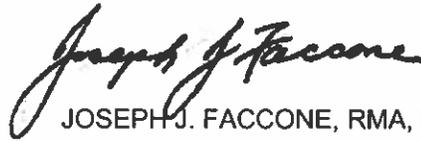
As part of obtaining reasonable assurance about whether the Borough of North Caldwell, State of New Jersey's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
April 30, 2024

**ROSTER OF OFFICIALS FOR THE YEAR 2023
AND REPORT ON SURETY BONDS**

The following officials were in office as of December 31, 2023:

<u>Name</u>	<u>Title</u>	* <u>Amount of Bond</u>
Joshua H. Raymond	Mayor	\$
Stephen Weinstein	Council President	
Kenneth Tilton	Councilman	
Arthur Rees	Councilman	
Robert Kessler	Councilman	
Anthony Floria-Callori	Councilman	
Matthew Atlas	Councilman	
Kevin O'Sullivan	Borough Administrator until September 27, 2023	
Glenn Domenick	Borough Administrator as of November 13, 2023	
Richard T. Mondelli	Chief Financial Officer	1,000,000.00
	Tax Collector	
	Tax Search Officer	
Tami Michelotti	Borough Clerk, Registrar of Vital Statistics	
George Librizzi	Tax Assessor	
Joseph C. Angelo	Magistrate	
Ashley McMillion	Court Administrator	
Paul Milani	Construction Official/Zoning Officer	
Mark Semeraro	Borough Attorney until January 24, 2023	
Jarrid Kantor	Borough Attorney as of January 24, 2023	
Joseph Wenzel	Municipal Prosecutor	
Tim Peterson	Fire Chief	
Karl Strodhoff	Chief of Police as of March 1, 2023	
Bill Maranz	Recreation Director	

*A Public Employee Dishonesty and Faithful Performance Bond covers all employees in the sum of \$1,000,000.00 less the deductible amount of \$50,000.00.

All Bonds are administered by the Municipal Excess Liability Joint Insurance Fund.

GENERAL COMMENTS, FINDINGS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-4)

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

It is pointed out that the Borough Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Borough Attorney should be sought before a commitment is made.

The statutory bidding threshold for the year 2023 was the sum of \$17,500.00 effective July 1, 2020 in accordance with the provisions of N.J.S.A. 40A:11-31a.

P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay to Play Law", however, provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity.

The minutes indicate that bids were requested by public advertising for the following items:

Water Meter Replacement and Installation of
Radio Meter Units
Pool Improvements
Mowing and Trimming
Trash Collection
Cellular Service Leasing
Walkers Pond Trail Project

Inasmuch as the system of records did not provide for an accumulation of payments for categories of material and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the respective thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-4) (Continued)

The minutes also indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for professional services in accordance with the provisions of N.J.S. 19:44A-20.5 for the following:

Risk Management Consultant
Borough Attorney
Borough Auditor
Borough Prosecutor
Bond Counsel
Storm Water Management Services
Borough Engineer
Borough Planner
Water Superintendent
Water Operator
Design and Inspection Services -
Hazard Mitigation

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 2, 2023 adopted the following resolution (#27-23) authorizing interest to be charged on delinquent taxes and assessments:

“BE IT RESOLVED, by the Mayor and Council of the Borough of North Caldwell, in the County of Essex, New Jersey, as follows:

1. That pursuant to the authority conferred by Chapter 435, P.L. 1979 of New Jersey (N.J.S.A. 54:4-67), the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent shall be as follows:
 - A. Eight (8%) percent per annum on the first One Thousand Five Hundred (\$1,500) Dollars of the delinquency.
 - B. Eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred (\$1,500) Dollars.
 - C. In addition, any delinquency in excess of \$10,000.00 at the close of the calendar year is subject to a 6% penalty on the unpaid balance.
2. The interest charges fixed herein shall be calculated from the date the tax or assessment was payable to the date of actual payment, provided, however, that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same becomes payable”.

Our review of the records of the Tax Collector indicated that computerized interest for taxes and assessments was generally collected in accordance with the provisions of the foregoing resolution.

Collection of Penalties on Delinquent Water Utility Charges

The Governing Body adopted the following ordinance authorizing a penalty to be charged on delinquent water bills:

“Bills shall be on a quarterly basis and be due when rendered. A surcharge of ten percent (10%) thereof shall be added to and collected with the water bill when a bill becomes thirty (30) days in arrears.”

Collection of Penalties on Delinquent Water Utility Charges (Continued)

Our review of the records of the Tax Collector indicated that interest on delinquent water bills was generally collected in accordance with the provisions of the foregoing ordinance.

Tax Title Liens

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years:

<u>Year</u>	<u>Number</u>
2023	1
2022	1
2021	1

Municipal Court

Effective January 1, 1991, the Municipal Court of the Boroughs of North Caldwell and Essex Fells were consolidated by agreement dated December 23, 1990 under the provisions of N.J.S.A. 2A:8-18.1 as amended by Chapter 95, P.L. 1990. This agreement was for the term of one year to be renewed on an annual basis. Effective June 1, 2023, the Boroughs of North Caldwell and Essex Fells consented to add the Township of Verona to the Shared Service Agreement.

In accordance with the aforementioned agreement “the day to day operations, record keeping and administrative functions of the Essex Fells, North Caldwell and Verona Municipal Courts will be conducted in the facility of the North Caldwell Municipal Court.”

For the first calendar year of the agreement, all such expenses shall be apportioned based upon the five year rolling average of each municipality’s weighted caseload from the preceding court calendar years in proportion to the total weighted basis of the Shared Court’s total case load and then applied to the actual expenses for the current year on a prorated basis for the remaining months of the year; provided, however, that in no event shall Essex Fells’ portion of expenses for any period exceed 25% of the Shared Court’s total expenses, that in no event shall North Caldwell’s portion of expenses for any period exceed 25% of the Shared Court’s total expenses and that in no event shall Verona’s portion of expenses for any period exceed 70% of the Shared Court’s total expenses. Said Annual Service Charge shall be issued by the Borough of North Caldwell no later than December 1, 2023 and shall be payable within 60 days.

With regard to revenue distributions, “all revenue from fines and costs shall be distributed entirely to the municipality where the violation occurred”.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services and the Borough Clerk.

Revenue Departments

Construction Department:

Finding 2023-01:

Condition:

During our test of construction permits, it came to our attention that fees charged in relation to deck fees did not comply with the approved fee ordinance. Deck fees are charged at a different rate than rehabilitations and they are currently being charged at the same rate.

Recommendation:

That all construction permit fees charged be in agreement with the fee ordinance.

Third Party Payroll Service Provider

The Borough of North Caldwell has contracted with a third party payroll vendor to prepare the payroll and maintain certain payroll records. The vendor is required to pay deductions on behalf of the Borough from funds transferred by the Borough to the vendor's payroll account.

An audit of the service provider's payroll account was not provided to the Borough nor did our staff prepare such an audit. We did not review certain records provided to the Borough. It should be noted, however, that we could not verify required payments of Federal and State agencies made by the service vendor.

The Local Finance Board has adopted rules and regulations regarding third-party payroll vendors which are summarized in N.J.A.C. 5:30-17 and further provides authority for local governments to hire payroll service vendors to disburse funds to payroll agencies on behalf of the local unit.

In addition, Local Finance Notice 2009-18 has offered additional safeguards with respect to third party payroll services.

Corrective Action Plan

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received.

The Corrective Action Plan was prepared by the Chief Financial Officer with regard to the 2022 Report of Audit and filed in accordance with the aforementioned regulations.

Status of Prior Years' Audit Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all with the exception of those indicated with an asterisk.

Miscellaneous

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The receipts of the Collector are deposited into accounts in the custody of the Treasurer. The Statements of Cash, herein, combine the activities of both offices.

The propriety of deductions from employee salaries for pensions, Social Security, withholding tax and other purposes were not verified as part of this audit. Remittances of deductions and withholdings to authorized agencies, however, were ascertained.

Registers of fixed assets by title or account grouping are not maintained in the Water or Swimming Pool Utility Capital Funds. The fixed capital reported on Exhibits D-11 and E-9 are as taken from municipal records and does not necessarily reflect the true condition of such fixed capital.

Miscellaneous (Continued)

The Uniform Construction Code Enforcement Fee Report has been prepared and filed with the New Jersey Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

One copy of this report was filed with the New Jersey Division of Local Government Services in the Department of Community Affairs.

RECOMMENDATION

Construction Department

*That all construction permit fees charged be in agreement with the fee ordinance.

* * *

*Repeated from prior year.

The foregoing comments and resultant recommendation are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the examination.

Respectfully submitted,

A handwritten signature in cursive script that reads "Samuel Klein and Company LLP".

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

A handwritten signature in cursive script that reads "Joseph J. Faccione".

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
April 30, 2024

NEW ISSUES - BOOK-ENTRY ONLY**RATING: (See "RATING" herein)**

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

**BOROUGH OF NORTH CALDWELL
IN THE COUNTY OF ESSEX, NEW JERSEY**

\$11,820,000	\$1,710,000
GENERAL OBLIGATION BONDS, SERIES 2024	BOND ANTICIPATION NOTES, SERIES 2024
Consisting of	Consisting of
\$11,230,000 GENERAL IMPROVEMENT BONDS, SERIES 2024	\$760,000 GENERAL IMPROVEMENT NOTE, SERIES 2024
AND	AND
\$590,000 SWIMMING POOL UTILITY BONDS, SERIES 2024	\$950,000 WATER UTILITY NOTE, SERIES 2024
(BOOK-ENTRY ONLY) (CALLABLE)	(BOOK-ENTRY ONLY) (NON-CALLABLE)
Dated: Date of Delivery	Dated: Date of Delivery
Due: March 1, as shown on inside front cover	Due: June 26, 2025

The \$11,820,000 General Obligation Bonds, Series 2024, consisting of \$11,230,000 General Improvement Bonds, Series 2024 and \$590,000 Swimming Pool Utility Bonds, Series 2024 (the "Bonds"), of the Borough of North Caldwell, in the County of Essex, New Jersey (the "Borough"), will be issued in the form of one certificate for each series for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository ("DTC"). Individual purchases will be made in book-entry form (without certificates) through DTC Participants, as hereinafter defined, in the principal amount of \$5,000 each or any integral multiple thereof. See "THE OBLIGATIONS - Book-Entry Only System" herein.

Interest on the Bonds will be payable by the Borough semiannually on the first day of March and September in each year until maturity or earlier redemption commencing on March 1, 2025. Principal of and interest on the Bonds will be paid to DTC by the Borough. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are being issued to provide funds to (i) permanently finance certain capital projects of the Borough and (ii) pay certain costs incurred in connection with the issuance of the Bonds.

The Bonds are subject to redemption prior to their stated maturities as set forth herein. See "THE OBLIGATIONS - Redemption - The Bonds" herein.

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

The \$1,710,000 Bond Anticipation Notes, Series 2024, consisting of a \$760,000 General Improvement Note, Series 2024 and a \$950,000 Water Utility Note, Series 2024 (collectively, the "Notes" and, together with the Bonds, the "Obligations") will be issued in the form of one certificate for each series and when issued will be registered in the name of 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 June 19, 2025 (the "Record Date" for the payment of interest on the Notes). See "THE OBLIGATIONS - Book-Entry Only System" herein.

Principal of and interest on the Notes for each series will be payable by the Borough on the maturity date. Principal of and interest on the Notes will be paid to DTC by the Borough. 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 being issued to provide funds to (i) currently refund certain outstanding bond anticipation notes of the Borough, (ii) finance certain previously unfunded capital projects of the Borough, and (iii) pay certain costs incurred in connection with the issuance of the Note.

The Notes are not subject to redemption prior to maturity. See "THE OBLIGATIONS - Redemption - The Notes" herein.

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

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

The Obligations are offered when, as and if issued and delivered to the purchasers, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey and certain other conditions described herein. Delivery is anticipated to be through the facilities of DTC in New York, New York on or about June 27, 2024.

Dated: June 18, 2024

**BOROUGH OF NORTH CALDWELL
IN THE COUNTY OF ESSEX, NEW JERSEY**

**\$11,820,000 GENERAL OBLIGATION BONDS, SERIES 2024
Consisting of**

**\$11,230,000 GENERAL IMPROVEMENT BONDS, SERIES 2024
AND
\$590,000 SWIMMING POOL UTILITY BONDS, SERIES 2024**

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

<u>Year</u>	<u>Improvement Bonds</u>	<u>Pool Utility Bonds</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2025	\$450,000	\$25,000	\$475,000	4.00%	3.15%	658085FG5
2026	450,000	25,000	475,000	4.00	3.07	658085FH3
2027	450,000	25,000	475,000	4.00	2.97	658085FJ9
2028	450,000	25,000	475,000	4.00	2.91	658085FK6
2029	450,000	25,000	475,000	4.00	2.86	658085FL4
2030	900,000	45,000	945,000	4.00	2.83	658085FM2
2031	900,000	45,000	945,000	4.00	2.82	658085FN0
2032	900,000	45,000	945,000	4.00	2.81	658085FP5
2033	900,000	45,000	945,000	4.00	2.80	658085FQ3
2034	900,000	45,000	945,000	4.00	2.80*	658085FR1
2035	900,000	45,000	945,000	4.00	2.80*	658085FS9
2036	900,000	45,000	945,000	4.00	2.90*	658085FT7
2037	900,000	50,000	950,000	4.00	3.00*	658085FU4
2038	900,000	50,000	950,000	4.00	3.15*	658085FV2
2039	880,000	50,000	930,000	1.00	4.00	658085FW0

**\$1,710,000 BOND ANTICIPATION NOTES, SERIES 2024
Consisting of**

**\$760,000 GENERAL IMPROVEMENT NOTE, SERIES 2024
AND
\$950,000 WATER UTILITY NOTE, SERIES 2024**

MATURITY DATE: June 26, 2025 **INTEREST RATE:** 4.50% **YIELD:** 3.75% **CUSIP**:** 658085FX8

*Priced to the March 1, 2033 optional call date.

**CUSIP is a registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Obligations only at the time of issuance of the Obligations and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Obligations.

**BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX
NEW JERSEY**

MAYOR

Joshua H. Raymond

COUNCIL MEMBERS

Anthony Floria-Callori, Council President
Matthew Atlas
Robert Kessler
Arthur Rees
Kenneth Tilton
Stephen Weinstein

BUSINESS ADMINISTRATOR

Glenn Domenick

CHIEF FINANCIAL OFFICER

Richard T. Mondelli

BOROUGH CLERK

Tami Michelotti

PROFESSIONAL ADVISORS

BOROUGH ATTORNEY

Jarrid Kantor, Esq.
Livingston, New Jersey

INDEPENDENT ACCOUNTANTS

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

BOND COUNSEL

Gibbons P.C.
Newark, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references 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 Borough's Chief Financial Officer during normal business hours.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement or any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Borough since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Obligations referred to herein and may not be used, in whole or in part, for any other purpose.

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 Obligations in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough.

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 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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OFFICIAL STATEMENT

BOROUGH OF NORTH CALDWELL IN THE COUNTY OF ESSEX, NEW JERSEY

\$11,820,000 GENERAL OBLIGATION BONDS, SERIES 2024 Consisting of	\$1,710,000 BOND ANTICIPATION NOTES, SERIES 2024 Consisting of
\$11,230,000 GENERAL IMPROVEMENT BONDS, SERIES 2024	\$760,000 GENERAL IMPROVEMENT NOTE, SERIES 2024
AND	AND
\$590,000 SWIMMING POOL UTILITY BONDS, SERIES 2024	\$950,000 WATER UTILITY NOTE, SERIES 2024

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Borough of North Caldwell (the "Borough"), in the County of Essex, (the "County"), New Jersey (the "State"), in connection with the sale and the issuance of \$11,820,000 General Obligation Bonds, Series 2024, consisting of \$11,230,000 General Improvement Bonds, Series 2024 (the "General Improvement Bonds") and \$590,000 Swimming Pool Utility Bonds, Series 2024 (the "Swimming Pool Utility Bonds" and together with the General Improvement Bonds, the "Bonds") and \$1,710,000 Bond Anticipation Notes, Series 2024, consisting of a \$760,000 General Improvement Note, Series 2024 (the "General Improvement Note") and a \$950,000 Water Utility Note, Series 2024 (the "Water Utility Note" and together with the General Improvement Note, the "Notes") (the "Notes" and, together with the Bonds, the "Obligations"). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Obligations described herein.

This Official Statement contains specific information relating to the Obligations 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 Borough from its records, except for information expressly attributed to other sources.

THE OBLIGATIONS

General Description

The Bonds shall be dated their date of delivery and mature on March 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. Interest on the Bonds is payable semiannually on the first day of March and September in each year until maturity or earlier redemption, commencing on March 1, 2025. Interest on the Bonds will be credited to the participants of The Depository Trust Company, New York, New York ("DTC"), as listed on the records of DTC as of each next preceding February 15 and August 15. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. Individual purchases will be made in book-entry form (without certificates) through DTC Participants, as hereinafter defined, in the principal amount of \$5,000 each or any integral multiple thereof.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each series for the aggregate principal amount of the Bonds maturing in each year. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough or its designated paying agent (the "Paying Agent") directly to Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. See "Book-Entry Only System" herein.

The Notes are dated their date of delivery, and will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the inside front cover page hereof. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes will be issued in the form of one certificate for each series for the aggregate principal amount of the Notes and when issued may be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository. The Notes are issuable as fully registered book-entry notes. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of June 19, 2025. See "Book-Entry Only System" herein.

Book-Entry Only System

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully registered Obligations 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 certificate will be issued for each series for each year of maturity of the Obligations, in the aggregate principal amount of each maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough 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 Bonds 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 Obligations 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 Borough 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 Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 Borough 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 Obligations at any time by giving reasonable notice to the Borough or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

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

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

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE BOROUGH 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 BOROUGH 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 BOND OR NOTEHOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE ON THE OBLIGATIONS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC AND THE REGISTERED OWNER OF THE OBLIGATIONS. 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.

Discontinuation of Book-Entry Only System

If the Borough, 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 Obligations at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such a Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Borough shall notify DTC of the termination of the book-entry only system.

Redemption

The Bonds

The Bonds maturing on or prior to March 1, 2033 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after March 1, 2034 shall be subject to redemption prior to their respective maturity dates, on or after March 1, 2033 at the option of the Borough, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the "Redemption Price"), plus in each case accrued interest thereon to the date fixed for redemption.

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notices of redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by lot. If notice of redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

The Notes

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

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

General Improvement Bonds

The General Improvement Bonds consist of current refunding and new money obligations and are being issued pursuant to the Local Bond Law of the State, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), and various bond ordinances of the Borough as set forth below:

<u>Amount</u>	<u>Ordinance Number</u>	<u>Description of Improvement</u>
\$ 1,581,292	O-04-16	Acquisition of Real Property
235,752	O-01-20	Various Road Improvements
1,850,850	O-02-20	Walker Pond Improvements
95,884	O-03-20	Various Capital Improvements
1,267,398	O-02-21	Various Capital Improvements
475,000	O-01-22	Various Capital Improvements
1,537,488	O-04-22	Various Capital Improvements
835,000	O-05-22	Various Capital Improvements
2,209,811	O-02-23/O-01-24	Various Capital Improvements
1,141,525	O-02-24	Various Capital Improvements
<u>\$11,230,000</u>		

Swimming Pool Utility Bonds

The Swimming Pool Utility Bonds consist of current refunding money and new money obligations and are being issued pursuant to the Local Bond Law and the bond ordinances of the Borough as set forth below:

<u>Amount</u>	<u>Ordinance Number</u>	<u>Description of Improvement</u>
\$ 68,793	O-01-21	Improvements to Municipal Swimming Pool
521,207	O-03-22/O-03-23	Improvements to Municipal Swimming Pool
<u>\$590,000</u>		

General Improvement Note

The General Improvement Note consists of new money obligations and is being issued pursuant to the Local Bond Law and the bond ordinance of the Borough as set forth below:

<u>Amount</u>	<u>Ordinance Number</u>	<u>Description of Improvement</u>
<u>\$760,000</u>	O-2-23/O-1-24	Various Capital Improvements

Water Utility Note

The Water Utility Note consists of current refunding and new money obligations and is being issued pursuant to the Local Bond Law and the bond ordinances of the Borough as set forth below:

<u>Amount</u>	<u>Ordinance Number</u>	<u>Description of Improvement</u>
\$675,000	O-2-22	Water Utility Improvements
<u>275,000</u>	O-1-23	Water Utility Improvements
<u>\$950,000</u>		

SECURITY AND SOURCE OF PAYMENT

The Obligations are valid and legally binding obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Obligations. The Borough is required by law to levy *ad valorem* taxes upon all the property taxable within the Borough for the payment of the principal of and interest on the Obligations without limitation as to rate or amount.

INFECTIOUS DISEASE OUTBREAK - COVID-19

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain in effect.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

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

Based on available information as of the date hereof, the Borough has received \$604,565.57 from the Plan. The Borough received its first installment under the Plan in the amount of \$346,505.25 on July 2, 2021, and its second installment under the Plan in the amount of \$346,505.25 on July 8, 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The additional uses of the funds are still to be determined. The deadline to commit the funds is December 31, 2024 and to spend the funds is December 31, 2026.

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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. All bonds and notes issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The average for the last three years, of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Director of Taxation, is \$2,135,241,868.67.

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.

The Borough has not exceeded its statutory debt limit. At December 31, 2023 (unaudited), the statutory net debt as a percentage of average equalized valuation was 0.708%. As noted above, the statutory limit is 3.50%.

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough 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 Borough without the approval of the Local Finance Board to fund certain notes 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).

Short-Term Financing

The Borough may issue 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 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, as may be amended and supplemented, creating such capital expenditures. 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 four (4) months in the next following fiscal year from the date of original issuance. Certain statutory payments are required if the notes are renewed beyond the third anniversary date equal to the minimum amount required for the first year's principal payment for a bond issue.

School Debt

State law permits the school district to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized evaluation basis, by using the available borrowing capacity of the Borough. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Borough, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization.

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

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

The 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.

Limitations on Municipal Appropriations and Tax Levy

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. 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 in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2007, c.62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board may approve waivers for certain extraordinary costs identified by the statute, and voters may approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

This legislation was amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment to limit tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election. Chapter 44 eliminates the process for obtaining waivers for additional spending under the tax levy limitation.

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

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

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

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31, of such preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "Reserve for Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{l} \text{Levy required to balance budget} \\ \text{Prior Year's Percentage of Borough's} \\ \text{Current Tax Collections or Less} \end{array} = \text{Total Taxes to be Levied}$$

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the Borough Council. 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, revisions and codification of ordinances, master plan preparations and drainage map preparation for flood control purposes 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.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, (a) no transfers may be made to appropriations for contingent expenses, deferred charges, or emergency appropriation, and (b) no transfers may be made from appropriations for contingent expenses, deferred charges, cash deficit of preceding year, reserve for uncollected taxes, down payments, capital improvement fund, interest and redemption charges and emergency appropriations.

Operation of Utilities

The Borough owns and operates its own water utility which provides collection and treatment services to the residents of the Borough. The Borough also owns and operates its own pool utility.

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

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

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

Capital Budget

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the 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.

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

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of 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 report, together with all recommendations made, and must be published in a local newspaper within thirty (30) days of its submission. The entire annual audit report for the year ended December 31, 2022 is on file with the Borough Clerk and is available for review during business hours.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

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

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

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

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough 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 Essex 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.

TAX MATTERS

Exclusion of Interest on the Obligations from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Obligations. The Borough will make certain representations in its tax certificates, which will be executed on the date of issuance of the Obligations, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause the interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Obligations to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the Borough, has relied upon the representations of the Borough made in its tax certificates and has assumed continuing compliance by the Borough with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Obligations from gross income for federal income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

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

Tax Treatment of Original Issue Premium

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

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

Additional Federal Income Tax Consequences

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

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

State Taxation

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

Miscellaneous

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

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

LITIGATION

To the knowledge of the Borough Attorney, Jarrid Kantor, PC, Livingston, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided. A certificate to such effect will be executed by the Borough's Attorney and delivered to the Underwriters at the closing.

LEGALITY FOR INVESTMENT

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

MUNICIPAL BANKRUPTCY

The undertakings of the Borough 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, the Bankruptcy Reform Act of 1994, effective October 22, 1994 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 this 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.

SECONDARY MARKET DISCLOSURE

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

On the date of delivery of the Obligations, the Borough will enter into Continuing Disclosure Certificates ("the Continuing Disclosure Certificates") containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Obligations pursuant to which the Borough will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Borough will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Borough by not later than October 1 of each Fiscal Year of the Borough, commencing October 1, 2024 for the fiscal year ended December 31, 2023 (the "Annual Report"), and for the benefit of the holders and beneficial owners of the Obligations to provide notices of the occurrence of certain enumerated events. Notwithstanding the foregoing, if the Fiscal Year is not a calendar year then the Borough shall provide certain financial information and operating data relating to the Borough by not later than the first day of the tenth month of each fiscal year. The Annual Report will be filed by the Borough with the MSRB. The notices of enumerated events will be filed by the Borough with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "Appendix C - Forms of Continuing Disclosure Certificates". These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

The Borough has previously entered into continuing disclosure undertakings under Rule 15c2-12. The Borough appointed Phoenix Advisors, LLC, Bordentown, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its obligations.

PREPARATION OF OFFICIAL STATEMENT

The Borough 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 Chief Financial Officer, that to his 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.

Samuel Klein and Company, LLP, CPA's, Newark, New Jersey, assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

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

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

UNDERWRITING

The Bonds

The Bonds have been purchased from the Borough at a public sale by Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Bonds Underwriter"), at a purchase price of \$12,174,600.00 (consisting of the par amount of the Bonds plus bid premium of \$354,600.00). The Bonds Underwriter has purchased the Bonds in accordance with the Notice of Sale with respect to the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement.

The Notes

The Notes have been purchased from the Borough at a public sale by Oppenheimer & Co., Philadelphia, Pennsylvania (the "Notes Underwriter"), at a purchase price of \$1,712,907.00 (consisting of the par amount of the Note plus bid premium of \$2,907.00). The Notes Underwriter has purchased the Notes in accordance with the Notice of Sale with respect to the Notes. The Notes are being offered for sale at the yield set forth on the inside front cover page of this Official Statement.

RATING

Moody's Ratings ("Moody's") has assigned a municipal bond rating of "Aa2" to the Bonds. The Borough has not applied for a rating on the Note. The rating reflects only the views of Moody's and an explanation of the significance of such rating may only be obtained from Moody's at the following Address: 7 World Trade Center at 250 Greenwich Street, 23rd Floor, New York, New York 10007. The Borough furnished to Moody's certain information and materials concerning the Bonds and the Borough. 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 Moody's judgment, circumstances so warrant. Any downward change in, or withdrawal of such rating, may have an adverse effect on the marketability or market price of the Bonds.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to the Chief Financial Officer, Borough of North Caldwell, 141 Gould Avenue, North Caldwell, New Jersey 07006, Telephone (973) 228-6421.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Obligations. 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 Obligations made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

BOROUGH OF NORTH CALDWELL

/s/ Richard T. Mondelli
Richard T. Mondelli,
Chief Financial Officer

Dated: June 18, 2024

APPENDIX A
CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
ABOUT THE BOROUGH OF NORTH CALDWELL

BOROUGH OF NORTH CALDWELL
HISTORY AND DESCRIPTION OF THE BOROUGH

What is now the 2.9 square mile community of the Borough of North Caldwell was once part of a large tract of land purchased by a group of Newark colonists from the Sagamore Indians in 1701.

The Borough of North Caldwell was incorporated in 1898 after having been a part of Caldwell Township for almost one hundred previous years. The citizens so acting wanted improved roads and a better school system, and believed that the desired progress would evolve faster as an independent municipality.

North Caldwell's formative years saw its residents prosper in milling and farming ventures. The pristine setting was also an attraction for a number of summer vacation homes. In the ensuing period, up to the present time, North Caldwell evolved into one of the most desirable residential communities in the northeastern United States.

One of the twenty-two municipalities comprising Essex County, North Caldwell is located near a point where the Counties of Essex, Morris and Passaic have near common boundaries. North Caldwell's bordering municipalities include Caldwell, Cedar Grove, Essex Fells, Fairfield, Little Falls, Verona and West Caldwell.

Much of North Caldwell's housing growth was experienced during the 1950's and the 1960's, with another significant period of new construction taking place in the late 1970's into the mid 1980's. The 1990 census records the municipality's housing total at 1996 units. Except for two separate townhouse developments and one 55+ condo community, the housing stock is predominantly single family detached units.

The 2020 census data further references North Caldwell as follows:

Population	6,694
Persons per Household	2.96
Median Resident Age	44.4
Median Household Income	\$172,419
Median Value of Owner Occupied Housing	\$767,200
Households	2,258

In addition to new housing construction, North Caldwell has experienced homeowners' confidence by virtue of significant activity in housing additions and alterations.

Municipal Services and Facilities

North Caldwell is organized and operates in accordance with the provisions of N.J.S.A. 40A:60-1 et seq., with a Mayor and six (6) members of the Borough Council. Day to day operational responsibility is charged to a full-time Borough Administrator.

The full time staff is complemented by certificated and credentialed professionals and support personnel.

The Police Department consists of seventeen (17) law enforcement officers and six (6) civilian dispatchers.

Fire Services are provided by a Volunteer Fire Department fortified with modern equipment. Three (3) members of the Public Works and two (2) members of the Police Department staff supplement the fire response capability during normal working hours.

North Caldwell's recreation facilities are in high use and include a swimming pool complex, six (6) lighted tennis courts, four athletic fields, a nature trail site and a community center building. In 2022 over 3,695 separate registration applications were processed in connection with the various recreation opportunities available to the residents.

The Borough of North Caldwell's 30.5 miles of municipal roadway remain in good repair with approximately \$1,000,000.00 having been annually appropriated each year for the last several years for this purpose.

Entirely sewered, the Borough of North Caldwell collects waste water and flows it to locations outside the municipality for treatment. North Caldwell has entered into respective long-term agreements with neighboring municipalities in this regard. The cost of the sewer system related operations are billed annually to residents.

The Borough distributes potable water to most of the residents, purchasing the wholesale requirements from the Borough of Essex Fells and the Passaic Valley Water Commission.

Educational System

Resources and facilities for a K-6 grade system are provided directly by the North Caldwell Board of Education, an independently elected body of five persons.

Current enrollment is 705 students, attending two separate school buildings.

The West Essex Regional School District is physically located in the Borough of North Caldwell on a 73 acre campus-like setting. The municipalities of North Caldwell, Essex Fells, Fairfield and Roseland support this seventh through twelfth grade education system.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

POPULATION

<u>Year</u>	<u>Source</u>	<u>Population</u>
2023	U.S. Bureau of Census	6,978
2022	U.S. Bureau of Census	6,975
2021	U.S. Bureau of Census	6,581
2020	Federal Census	6,694
2010	Federal Census	6,183

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

ECONOMIC INFORMATION

Per Capita Income			
<u>Year</u>	<u>Borough of North Caldwell</u>	<u>County of Essex</u>	<u>State of New Jersey</u>
2023	\$105,495.00	\$35,133.00	\$51,378.00
2022	106,409.00	44,684.00	50,570.00
2021	N/A	N/A	N/A
2020	93,961.00	39,489.00	43,560.00
2019	86,573.00	38,722.00	42,745.00

Source: U.S. Census Bureau

BOROUGH OF NORTH CALDWEL
COUNTY OF ESSEX, NEW JERSEY

LABOR FORCE ESTIMATES

<u>Year</u>	<u>Borough of North Caldwell</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2023	3,780	3,666	114	3.0 %
2022	3,714	3,619	95	2.6
2021	3,600	3,468	132	3.7
2020	3,427	3,222	205	6.0
2019	3,543	3,475	68	1.9

<u>Year</u>	<u>County of Essex</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2023	397,420	375,401	22,019	5.5 %
2022	388,106	370,619	17,487	4.5
2021	385,997	355,103	30,894	8.0
2020	373,900	330,300	43,600	11.9
2019	368,748	352,334	16,414	4.5

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2023	4,819,800	4,604,100	215,700	4.5 %
2022	4,641,800	4,403,500	238,300	5.0
2021	4,650,200	4,452,200	198,000	4.3
2020	4,495,200	4,055,300	439,900	9.8
2019	4,493,100	4,333,300	159,800	3.6

Source: New Jersey Department of Labor and Workforce Development, Labor Market and Demographics Research, Bureau of Labor Statistics

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

HOUSING CHARACTERISTICS - HOUSING UNITS - 2023

	<u>Borough of North Caldwell</u>	<u>County of Essex</u>	<u>State of New Jersey</u>
Number of Units:			
Owner Occupied	2,367	144,775	2,235,285
Renter Occupied	11	175,241	1,265,526
Vacant	<u>104</u>	<u>22,102</u>	<u>338,077</u>
 Total	 <u>2,482</u>	 <u>342,118</u>	 <u>3,838,888</u>
 Median Value Owned	 <u>\$842,598</u>	 <u>\$510,915</u>	 <u>\$437,535</u>

Source: 2024 Census of Housing, U.S. Bureau of the Census

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

BUILDING PERMITS

<u>Year</u>	<u>*Total Number</u>	<u>Construction Value</u>
2024 (Year-to-Date)	106	\$ 38,614.00
2023	385	150,632.00
2022	419	212,935.00
2021	456	201,397.00
2020	489	301,801.00

*Includes new building, alterations, additions and permit updates.

Source: Borough of North Caldwell

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>2024 Assessed Valuation</u>
Green Brook Country Club	\$8,501,600
Shah, Deepalia	3,041,200
Frankel, Keith	2,868,500
Heller Property Partners, LP	2,695,000
Cinque, Lisa	2,571,400
Eddie 1 LLC	2,481,400
Hubbauer, Philip and Christine	2,474,800
Meka, Skender and Sofi	2,422,200
Kerner, Michael and Karen	2,366,300
Datwani, Sonia et al. (Trustees)	2,350,600

Source: Municipal Tax Assessor

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

REAL PROPERTY CLASSIFICATION
2020 - 2024 (ASSESSED VALUATION)

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>
2024	\$ 6,276,000	\$1,878,218,600	\$20,646,100	\$2,825,000	\$1,907,965,700	\$ -	\$1,907,965,700
2023	7,567,000	1,873,259,300	20,646,100	2,825,000	1,904,297,400	502,500	1,904,799,900
2022	6,703,000	1,861,143,800	21,996,100	2,825,000	1,892,667,900	554,300	1,893,222,200
2021	9,808,300	1,622,310,500	24,439,500	2,500,000	1,659,058,300	497,100	1,659,555,400
2020	15,186,600	1,596,906,200	24,439,500	2,500,000	1,639,032,300	477,300	1,639,509,600

Source: Borough of North Caldwell

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

ASSESSED VALUATION AND TAX RATES

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Tax Rate per \$100</u>	<u>Real Property Assessed Valuation as a Percentage of True Value</u>
2024	\$1,907,935,700	\$1,907,935,700	\$ -	- %
2023	1,904,297,400	1,904,799,900	2.216	87.63
2022	1,892,667,900	1,893,222,200	2.179	97.58
2021	1,659,058,300	1,659,555,400	2.096	89.71
2020	1,639,032,300	1,639,509,600	2.375	88.96

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

Source: Abstract of Ratables

COMPARISON OF COMPONENTS OF TAX RATE

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$2.216</u>	<u>\$2.179</u>	<u>\$2.096</u>	<u>\$2.375</u>	<u>\$2.343</u>
Apportionment of Tax Rate:					
Municipal	0.394	\$0.394	\$0.374	\$0.398	\$0.398
Municipal Open Space	0.015	0.015	0.013	0.015	
County	0.490	0.473	0.470	0.548	0.545
Local School	0.775	0.765	0.746	0.847	0.838
Regional High School	0.542	0.532	0.493	0.567	0.562

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

TAX COLLECTION EXPERIENCE

Year	Tax Levy	Collections During Year of Levy		Collections to Date Dec. 31		*Uncollected Dec. 31
		Amount	Percentage	Amount	Percentage	
2023	\$ 42,266,625.76	\$ 42,035,000.21	99.45 %	\$ -	- %	\$ 205,623.03
2022	41,384,762.97 *	41,180,794.21	99.50	41,359,963.04	99.94	-
2021	40,077,667.77 *	39,875,295.18	99.49	40,072,062.48	99.99	-
2020	39,301,631.09	39,031,281.03	99.31	39,298,600.32	99.99	-
2019	38,212,900.35	37,956,965.13	99.33	38,199,497.26	99.96	-

*Net of reductions due to tax appeals.

*Balances remaining after credits for remissions and transfers to tax title liens.

Tax Collection Procedure

Property taxes are based on the Assessor's valuation of real property and are levied for the calendar year. The taxes for Borough, Local School District and County purposes are combined into one levy, which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purposes of the Local School District cover the school fiscal year. Turnovers by the Borough to the Board of Education are based on school needs and are generally made on a periodic basis throughout the year. The Borough remits County Taxes quarterly, on the 15th days of February, May, August and November.

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first day of the months of August, November, February and May. Delinquent payments are subject to an interest penalty at 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00. Unpaid taxes are subject to tax sale as of November 1 in the year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

DEBT STATEMENT AS OF DECEMBER 31, 2023
(Unaudited)

Gross Debt

General Improvements:

School District Including Regional School District:

Bonds Issued and Outstanding

\$ 613,933.24

Municipal Debt:

General Improvements:

Bonds and Notes Issued and Outstanding

\$12,288,750.00

Bonds and Notes Authorized but Not Issued

2,832,977.90

15,121,727.90

Water Utility:

General Improvements:

Bonds and Notes Issued and Outstanding

1,275,000.00

Bonds and Notes Authorized but Not Issued

225,000.00

1,500,000.00

Pool Utility:

General Improvements:

Bonds and Notes Issued and Outstanding

613,933.24

Bonds and Notes Authorized but Not Issued

439,000.00

785,250.00

Total Gross Debt

18,020,911.14

Statutory Deductions

School District Including Regional School District

613,933.24

Utilities Debt:

Self-Liquidating

2,285,250.00

Total Deductions

2,899,183.24

Statutory Net Debt

\$15,121,727.90

Average Equalized Valuation of Real Property
for 2021-2023

\$2,135,241,869.00

Net Debt Percentage (Statutory Debt Limit 3 ½%)

0.708%

REMAINING STATUTORY BORROWING POWER
(Unaudited)

3 1/2% of Equalized Valuation Basis

\$74,733,465.40

Net Debt

15,121,727.90

Remaining Borrowing Power December 31, 2023

\$59,611,737.50

Gross Debt is the total financial obligation of the Municipality and its subdivisions. Statutory deductions determine the Borrowing Power and Statutory Net Debt under the laws of the State of New Jersey.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

UNDERLYING DEBT - DECEMBER 31, 2023
(Unaudited)

County of Essex Gross Debt December 31, 2023*	<u>\$1,011,892,946.73</u>
Apportionment to Borough of North Caldwell	<u>\$13,163,741.67</u>
Basis of Debt Apportionment: Ratio of Equalized Valuation: Borough of North Caldwell - 2023	<u>\$9,636,347.80</u>
Total Essex County - 2023	<u>\$671,990,780.73</u>
Ratio of Borough of North Caldwell	<u>1.959%</u>

*Includes Bonds authorized by another Public Body.

GROSS DEBT COMPARED WITH TRUE VALUE
(Unaudited)

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2023	<u>\$18,020,911.14</u>	<u>\$31,184,652.81</u>
Aggregate Fair Value for 2023 - All Taxable Property - Assessed Valuation	\$1,904,799,900.00	
Amount Increased for Equalization: Real Property Assessed at 87.63% of True Value	<u>270,074,378.00</u>	
Total - With Real Property at True Value - 2023	<u>\$2,174,874,278.00</u>	
Gross Debt as a Percentage of True Value	<u>0.829%</u>	<u>1.434%</u>

APPENDIX B
BOROUGH OF NORTH CALDWELL
AUDITOR'S REPORT AND FINANCIAL STATEMENTS

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

*36 West Main Street, Suite 301
Freehold, New Jersey 07728-2291
Phone (732) 780-2600
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the Borough Council
Borough of North Caldwell
North Caldwell, New Jersey 07006

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the Borough of North Caldwell, State of New Jersey, as of and for the years ended December 31, 2022, 2021, 2020 and 2019. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated August 3, 2023. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

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

Management's Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the summary financial statements - regulatory basis of the Borough of North Caldwell, State of New Jersey as of and for the years then ended December 31, 2022, 2021, 2020 and 2019 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of General Obligation Bonds, Series 2024 consisting of General Improvement Bonds, Series 2024 and Swimming Pool Utility Bonds, Series 2024 and Bond Anticipation Notes, Series 2024 consisting of a General Improvement Note, Series 2024 and a Water Utility Note, Series 2024 of the Borough of North Caldwell, State of New Jersey and were abstracted from audit reports issued under the periods referred to above as dated August 3, 2023, August 12, 2022, August 16, 2021 and September 18, 2020, respectively.


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONE

JOSEPH J. FACCONE, RMA, PA

Newark, New Jersey
August 3, 2023

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND

Sheet #1

	Unaudited	Audited			
<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>Dec. 31, 2023</u>	Balance <u>Dec. 31, 2022</u>	Balance <u>Dec. 31, 2021</u>	Balance <u>Dec. 31, 2020</u>	Balance <u>Dec. 31, 2019</u>
<u>Regular Fund</u>					
Cash	\$ 2,681,274.54	\$ 4,292,361.31	\$ 3,665,631.45	\$ 3,126,790.26	\$ 3,529,324.18
Due from State of New Jersey:					
Chapter 129, P.L. 1976	250.00				
	<u>2,681,524.54</u>	<u>4,292,361.31</u>	<u>3,665,631.45</u>	<u>3,126,790.26</u>	<u>3,529,324.18</u>
Receivables and Other Assets with Offsetting Reserves:					
Change Fund	600.00	500.00	500.00	500.00	500.00
Delinquent Property Taxes	205,623.03	202,783.38	202,383.67	265,712.83	228,469.03
Tax Title Liens	63.55	63.55	63.55	63.55	63.55
Property Acquired for Taxes	310,900.00	310,900.00	310,900.00	310,900.00	310,900.00
Interfunds Receivable	328,558.44	1,101.38	510.08	64,897.57	192.23
Revenue Accounts Receivable		1,082.84	511.24	10,591.28	10,519.42
Prepaid Regional High School Tax					18,791.42
Other Accounts Receivable	32,095.13	22,848.88	60,131.23	13,824.19	18,632.44
	<u>877,840.15</u>	<u>539,280.03</u>	<u>574,999.77</u>	<u>666,489.42</u>	<u>588,068.09</u>
Deferred Charges:					
Special Emergency Authorization (40A:4-53)	13,401.25	100,000.00	150,000.00	206,000.00	262,000.00
Emergency Authorization					45,000.00
	<u>13,401.25</u>	<u>100,000.00</u>	<u>150,000.00</u>	<u>206,000.00</u>	<u>307,000.00</u>
<u>Federal and State Grant Fund</u>					
Cash	322,236.11	224,743.92	366,107.28	51,316.33	112,525.60
State Grants Receivable	88,825.49	27,842.33	28,730.02	24,568.99	608,679.47
	<u>411,061.60</u>	<u>252,586.25</u>	<u>394,837.30</u>	<u>75,885.32</u>	<u>721,205.07</u>
	<u>\$ 3,983,827.54</u>	<u>\$ 5,184,227.59</u>	<u>\$ 4,785,468.52</u>	<u>\$ 4,075,165.00</u>	<u>\$ 5,145,597.34</u>

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND

Sheet #2

	Unaudited	Audited			
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance	Balance	Balance	Balance	Balance
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
<u>Regular Fund</u>					
Expenditure Reserves:					
Appropriation Reserves:					
Unencumbered	\$ 232,717.66	\$ 182,426.22	\$ 112,617.42	\$ 191,051.84	\$ 68,643.07
Encumbered	234,835.92	454,221.21	552,450.08	261,507.50	206,801.12
County Taxes Payable	9,218.43	26,523.39	82,442.15	88,559.27	59,585.62
Local School District Tax	26,052.96	283,555.46	288,555.44	291,055.44	291,055.48
Regional High School District Tax	29.06				
Interfunds Payable	2,681.04	1,152.14	82,445.68	33,290.15	
Due to State of New Jersey:					
Chapter 129, P.L. 1976		1,308.22	1,058.22	1,058.22	808.22
DCA Surcharge	1,384.00	3,484.00	2,179.00	4,272.00	3,325.00
Marriage License Fees	500.00		525.00	775.00	500.00
Tax Overpayments	6,528.18	38,267.62	50,665.72	55,952.31	38,880.85
Accounts Payable		1,630.96	9,159.01	42,464.17	47,337.17
Reserve for Term Bonds Payable			450,000.00		450,000.00
Various Reserves	48,665.09	965,557.94	97,909.72	230,289.72	332,605.75
Prepaid Taxes	260,956.40	293,538.85	304,836.66	332,357.11	266,609.22
	823,568.74	2,251,666.01	2,034,844.10	1,532,632.73	1,766,151.50
Reserve for Receivables and Other Assets	877,840.15	539,280.03	574,999.77	666,489.42	588,068.09
Fund Balance	1,871,357.05	2,140,695.30	1,780,787.35	1,800,157.53	2,070,172.68
	3,572,765.94	4,931,641.34	4,390,631.22	3,999,279.68	4,424,392.27
<u>Federal and State Grant Fund</u>					
Appropriated Reserves	392,888.60	236,340.62	377,444.55	60,612.98	706,565.97
Unappropriated Reserves	18,173.00	16,245.63	17,392.75	15,272.34	14,639.10
	411,061.60	252,586.25	394,837.30	75,885.32	721,205.07
	\$ 3,983,827.54	\$ 5,184,227.59	\$ 4,785,468.52	\$ 4,075,165.00	\$ 5,145,597.34

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - CURRENT FUND

	Unaudited	Audited			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized					
Fund Balance Utilized	\$ 958,599.08	\$ 790,500.00	\$ 762,000.00	\$ 907,591.00	\$ 505,000.00
Miscellaneous Revenue Anticipated	2,885,802.17	2,436,154.26	2,222,339.90	2,128,188.37	2,488,967.66
Receipts from Delinquent Taxes	179,168.83	196,767.30	267,319.29	242,532.12	348,138.41
Receipts from Current Taxes	42,035,000.21	41,180,794.21	39,875,295.18	39,031,281.03	37,956,965.13
Nonbudget Revenue	223,461.76	87,637.39	54,951.08	9,333.68	66,486.23
Other Credits to Income:					
Appropriation Reserves Lapsed	15,643.04	21,318.92	26,969.98	16,824.59	4,599.68
Prepaid Regional School Taxes Liquidated				18,791.42	
Increase in Deferred School Tax:					
Local School District Tax	136,464.50	181,270.50	122,482.00	156,507.50	116,397.00
Regional High School Tax	123,741.10	363,151.40	23,454.00	97,375.50	
Other Accounts Receivable Liquidated		37,282.35		4,808.25	
Tax Overpayments Cancelled	33,971.03				
Due to State - Cancelled		400.00		584,608.43	
Accounts Payable Cancelled		81.80			
Interfunds Liquidated			64,387.49		13,749.81
	<u>46,591,851.72</u>	<u>45,295,358.13</u>	<u>43,419,198.92</u>	<u>43,197,841.89</u>	<u>41,500,303.92</u>
Expenditures					
Budget Appropriations:					
Operations:					
Salaries and Wages	3,731,553.00	3,570,039.00	3,385,292.00	3,203,013.00	3,087,355.00
Other Expenses	4,908,985.95	4,375,888.06	4,480,701.63	4,123,660.46	4,074,443.77
Deferred Charges and Statutory Expenditures	1,020,611.00	967,183.00	963,647.36	875,541.37	798,275.00
Capital Improvements	53,149.08	385,000.00	75,000.00	153,612.53	415,000.00
Municipal Debt Service	1,135,016.25	1,037,708.68	1,027,694.89	1,058,078.88	1,046,721.51
	<u>10,849,315.28</u>	<u>10,335,818.74</u>	<u>9,932,335.88</u>	<u>9,413,906.24</u>	<u>9,421,795.28</u>
Prior Years Refund	13,755.33	495.00	100.00	2,376.59	
Change Fund Increased	100.00				100.00
Interfund Advanced	327,786.85	591.30		64,705.34	
Prepaid Regional School Tax					18,791.42
Decrease in Deferred Regional School Tax					52,802.00
Other Accounts Receivable Established	4,878.17		46,307.04		18,632.44
Grants Receivable Cancelled				590,264.36	
County Pilot		1,570.50			
Municipal Open Space	286,002.41	284,821.05	251,234.15	248,175.70	
County Taxes	9,345,522.85	8,966,802.59	8,980,617.03	9,066,734.81	8,872,213.31
Local School District Tax	14,758,529.00	14,485,600.00	14,123,059.00	13,878,095.00	13,565,080.00
Regional High School Tax	10,316,701.00	10,069,251.00	9,342,916.00	9,296,008.00	9,101,257.00
	<u>45,902,590.89</u>	<u>44,144,950.18</u>	<u>42,676,569.10</u>	<u>42,560,266.04</u>	<u>41,050,671.45</u>
Excess in Revenue	689,260.83	1,150,407.95	742,629.82	637,575.85	449,632.47
Adjustments to Income:					
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year					295,000.00
	<u>689,260.83</u>	<u>1,150,407.95</u>	<u>742,629.82</u>	<u>637,575.85</u>	<u>744,632.47</u>
Fund Balance					
Balance January 1	<u>2,140,695.30</u>	<u>1,780,787.35</u>	<u>1,800,157.53</u>	<u>2,070,172.68</u>	<u>1,830,540.21</u>
	<u>2,829,956.13</u>	<u>2,931,195.30</u>	<u>2,542,787.35</u>	<u>2,707,748.53</u>	<u>2,575,172.68</u>
Decreased by:					
Utilized as Anticipated Revenue	<u>958,599.08</u>	<u>790,500.00</u>	<u>762,000.00</u>	<u>907,591.00</u>	<u>505,000.00</u>
Balance December 31	<u>\$ 1,871,357.05</u>	<u>\$ 2,140,695.30</u>	<u>\$ 1,780,787.35</u>	<u>\$ 1,800,157.53</u>	<u>\$ 2,070,172.68</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENT OF MISCELLANEOUS REVENUE - CURRENT FUND

	Unaudited	Audited			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Fund Balance Appropriated	\$ 958,599.08	\$ 790,500.00	\$ 762,000.00	\$ 907,591.00	\$ 505,000.00
<u>Miscellaneous Revenue</u>					
Licenses:					
Alcoholic Beverages	5,250.00	5,000.00	5,000.00	5,000.00	5,000.00
Municipal Court - Fines and Costs	31,352.78	16,218.19	26,040.91	30,370.02	45,858.21
Interest and Costs on Taxes	60,432.82	48,341.44	51,067.00	70,159.77	123,077.56
Interest on Investments and Deposits	369,850.55	100,498.07	3,465.87	22,893.17	108,006.54
Municipal Tennis Court Fees	9,170.00	10,975.00	10,745.00	9,740.00	4,175.00
Cable TV Franchise Fees	113,453.76	115,342.63	115,296.46	117,914.99	117,766.44
Recreation Program Fees	138,117.00	125,287.00	87,049.00	53,713.00	86,764.00
Energy Receipts Tax	461,149.75	457,984.00	457,984.00	457,984.00	457,984.00
Municipal Relief Aid	23,890.22				
Uniform Construction Code Fees	150,825.00	212,817.00	199,759.00	296,486.00	383,181.00
Interlocal Government Agreement:					
Borough of Essex Fells - Municipal Court	165,700.54	74,263.30	73,556.61	78,978.08	93,858.27
Borough of Essex Fells - Dispatch	292,094.98	87,003.00	85,296.80	83,624.32	81,984.64
Uniform Fire Safety Act	3,448.58	3,448.58	3,849.63	3,293.23	3,485.63
Rental Borough-Owned Property	24,000.00	24,000.00	22,000.00	14,700.00	25,200.00
Sewer Fees	556,463.28	499,488.91	489,160.32	464,688.89	349,698.71
Rental Cell Tower	108,549.09	104,414.31	100,437.25	96,612.03	92,932.83
Recycling Fees	4,051.00	3,372.20	1,448.80	1,493.80	2,456.15
Due from Water Operating Fund				81,862.03	
General Capital Surplus	29,767.50	2,964.17	45,256.66		73,622.66
Other Fees and Permits	43,933.00	44,190.68	32,062.74	54,951.08	
Sewer Rental Charges - Fairfield	6,762.75	6,436.50	15,240.50	6,505.50	6,307.25
Water Utility Fund				60,000.00	40,000.00
FEMA Reimbursement				78,612.53	
PILOT - White Rock	30,622.03	35,026.57	19,329.12		
W.E.R.S. - SLEO	87,540.75				
Field Use Fees	14,505.00				
Firemen's Field Donation	50,000.00				
American Rescue Fund		346,505.25			
Reserve to Pay Debt		23,800.00			
	<u>2,780,930.38</u>	<u>2,347,376.80</u>	<u>1,844,045.67</u>	<u>2,089,582.44</u>	<u>2,101,358.89</u>
Public and Private Funds	<u>104,871.79</u>	<u>88,777.46</u>	<u>378,294.23</u>	<u>38,605.93</u>	<u>387,608.77</u>
Total Miscellaneous Revenue	2,885,802.17	2,436,154.26	2,222,339.90	2,128,188.37	2,488,967.66
Receipts from Delinquent Taxes	179,168.83	196,767.30	267,319.29	242,532.12	348,138.41
Amount to be Raised by Taxes for Support of Municipal Budget	<u>7,697,244.95</u>	<u>7,743,319.57</u>	<u>7,546,469.00</u>	<u>6,911,267.52</u>	<u>6,787,414.82</u>
	11,720,815.03	11,166,741.13	10,798,128.19	10,189,579.01	10,129,520.89
Nonbudget Revenue	<u>223,461.76</u>	<u>87,637.39</u>	<u>54,951.08</u>	<u>9,333.68</u>	<u>66,486.23</u>
	<u>\$ 11,944,276.79</u>	<u>\$ 11,254,378.52</u>	<u>\$ 10,853,079.27</u>	<u>\$ 10,198,912.69</u>	<u>\$ 10,196,007.12</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENT OF BUDGET APPROPRIATIONS - CURRENT FUND

	Unaudited	Audited			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Appropriations</u>					
Operations:					
General Government	\$ 910,680.00	\$ 908,709.00	\$ 888,305.00	\$ 820,862.00	\$1,047,789.00
Public Safety	2,489,322.02	2,488,368.86	2,358,895.20	2,281,549.68	2,212,796.38
Streets and Roads	761,351.00	802,230.00	727,309.00	677,583.00	613,697.00
Sanitation	707,973.00	784,966.00	789,781.00	759,964.00	726,884.00
Health and Welfare	39,122.00	40,602.00	41,822.00	42,222.00	43,085.00
B Recreation and Education	312,354.56	276,393.00	243,164.00	213,881.00	227,901.00
Construction Code Official	166,765.00	162,687.00	161,099.00	148,664.00	139,770.00
Unclassified	186,600.00	179,892.00	149,743.00	200,543.00	143,342.00
Contingent	500.00	500.00	500.00	500.00	500.00
Municipal Court	10,756.00	18,125.00	9,763.00	14,439.00	32,370.00
Insurance	776,816.00	719,956.00	721,361.00	716,456.58	684,566.00
Other Operations	2,170,224.00	1,472,845.74	1,394,082.20	1,407,887.32	1,236,739.62
State and Federal Programs Offset by Revenues	108,075.37	90,652.46	380,169.23	42,121.88	52,358.77
Capital Improvements	53,149.08	385,000.00	75,000.00	153,612.53	415,000.00
Deferred Charges	50,000.00	54,065.00	101,835.36	101,516.37	6,000.00
Statutory Expenditures	970,611.00	913,118.00	861,812.00	774,025.00	792,275.00
Debt Service	1,135,016.25	1,037,708.68	1,027,694.89	1,058,078.88	1,046,721.51
	<u>\$10,849,315.28</u>	<u>\$10,335,818.74</u>	<u>\$9,932,335.88</u>	<u>\$9,413,906.24</u>	<u>\$9,421,795.28</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND

	Unaudited		Audited		
	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019
ASSETS					
<u>Animal Control Fund</u>					
Cash	\$ 14.35	\$ 327.83	\$ 534.18	\$ 491.67	\$ 1,898.44
<u>General Trust Fund</u>					
Cash	1,218,229.15	1,261,819.10	1,325,980.78	1,483,267.57	3,077,350.88
Interfunds Receivable	2,681.04	1,152.14			
	<u>1,220,910.19</u>	<u>1,262,971.24</u>	<u>1,325,980.78</u>	<u>1,483,267.57</u>	<u>3,077,350.88</u>
<u>Municipal Open Space Trust Fund</u>					
Cash	183,104.07	190,812.45	82,445.68	33,290.15	
<u>Length of Service Award Programs - Unaudited</u>					
Investments	642,669.50	532,586.12	644,529.84	528,962.08	433,512.64
	<u>\$2,046,698.11</u>	<u>\$1,986,697.64</u>	<u>\$2,053,490.48</u>	<u>\$2,046,011.47</u>	<u>\$3,512,761.96</u>
LIABILITIES, RESERVES AND FUND BALANCE					
<u>Animal Control Fund</u>					
Reserve for Animal Control Expenditures	\$ 14.35	\$ 326.63	\$ 32.98	\$ 490.47	\$ 1,897.24
Due to Current Fund			500.00		
Due to State of New Jersey		1.20	1.20	1.20	1.20
	<u>14.35</u>	<u>327.83</u>	<u>534.18</u>	<u>491.67</u>	<u>1,898.44</u>
<u>General Trust Fund</u>					
Interfunds Payable	1,364.40	572.03	10.08	44.43	192.23
Reserve for Expenditures	1,213,044.09	1,257,338.10	1,303,850.83	1,462,157.71	3,049,800.49
Payroll Deductions Payable	3,408.61	950.05	16,905.96	15,213.14	21,360.12
Reserve for State Unemployment Insurance Expenditures	3,093.09	4,111.06	5,213.91	5,852.29	5,998.04
	<u>1,220,910.19</u>	<u>1,262,971.24</u>	<u>1,325,980.78</u>	<u>1,483,267.57</u>	<u>3,077,350.88</u>
<u>Municipal Open Space Trust Fund</u>					
Reserve for Open Space Expenditures	183,104.07	190,812.45	82,445.68	33,290.15	
<u>Length of Service Award Programs - Unaudited</u>					
Reserve for Length of Service Award Programs	642,669.50	532,586.12	644,529.84	528,962.08	433,512.64
	<u>\$2,046,698.11</u>	<u>\$1,986,697.64</u>	<u>\$2,053,490.48</u>	<u>\$2,046,011.47</u>	<u>\$3,512,761.96</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND

	Unaudited	Audited			
<u>ASSETS AND DEFERRED CHARGES</u>	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019
Cash	\$ 1,274,259.05	\$ 2,117,662.78	\$ 1,709,546.26	\$ 1,948,193.17	\$ 890,269.59
Deferred Charges to Future Taxation:					
Funded	4,735,000.00	6,420,000.00	6,820,000.00	7,220,000.00	8,520,000.00
Unfunded	10,386,727.90	8,432,685.19	5,867,492.54	5,337,771.33	2,418,176.37
Grants Receivable	1,035,922.12	861,272.12	572,645.81	1,121,250.00	311,250.00
	<u>\$ 17,431,909.07</u>	<u>\$ 17,831,620.09</u>	<u>\$ 14,969,684.61</u>	<u>\$ 15,627,214.50</u>	<u>\$ 12,139,695.96</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Serial Bonds	\$ 4,735,000.00	\$ 6,420,000.00	\$ 6,820,000.00	\$ 7,220,000.00	\$ 8,520,000.00
Reserve for Grants Receivable	106,272.12	106,272.12	212,645.81	1,121,250.00	311,250.00
Improvement Authorizations:					
Funded	37,301.65	11,647.89	153,546.06	323,912.21	541,613.61
Unfunded	4,761,953.98	4,188,547.76	2,631,861.60	2,700,329.32	136,473.56
Capital Improvement Fund	179,842.05	302,429.25	8,352.25	39,424.25	67,790.93
Reserve for Preliminary Engineering		15,037.50	20,000.00		
Reserve for Debt Service			23,800.00	23,800.00	
Interfunds Payable	2,194.04	529.35			
Bond Anticipation Notes	7,553,750.00	6,750,000.00	5,085,146.00	4,123,071.00	2,417,660.00
Fund Balance	55,595.23	37,156.22	14,332.89	75,427.72	144,907.86
	<u>\$ 17,431,909.07</u>	<u>\$ 17,831,620.09</u>	<u>\$ 14,969,684.61</u>	<u>\$ 15,627,214.50</u>	<u>\$ 12,139,695.96</u>
 Bonds and Notes Authorized but Not Issued	<u>\$ 2,832,977.90</u>	<u>\$ 1,682,685.19</u>	<u>\$ 782,346.54</u>	<u>\$ 1,214,700.33</u>	<u>\$ 516.37</u>

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See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY

Sheet #1

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	<u>Unaudited</u>	<u>Audited</u>			
	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
<u>ASSETS AND DEFERRED CHARGES</u>					
<u>Operating Fund</u>					
Cash	\$ 799,626.04	\$ 529,941.09	\$ 314,156.83	\$ 277,727.09	\$ 477,785.03
Consumer Accounts Receivable	179,752.87	220,613.54	229,110.43	227,137.65	132,044.01
Accounts Receivable - Meters	665,812.50				
Due from Water Capital Fund	392.54	793.74	1.45	0.29	
	<u>1,645,583.95</u>	<u>751,348.37</u>	<u>543,268.71</u>	<u>504,865.03</u>	<u>609,829.04</u>
Deferred Charges:					
Emergency Appropriation			80,000.00	65,000.00	
	<u>1,645,583.95</u>	<u>751,348.37</u>	<u>623,268.71</u>	<u>569,865.03</u>	<u>609,829.04</u>
<u>Capital Fund</u>					
Cash	264,679.04	334,496.57	15,120.92	46,199.14	352,962.81
Fixed Capital	4,330,986.26	3,987,183.72	3,286,357.08	3,240,277.70	2,883,513.74
Fixed Capital Authorized and Uncompleted	760,605.89	529,408.43	7,719.07	21,771.85	349,535.81
	<u>5,356,271.19</u>	<u>4,851,088.72</u>	<u>3,309,197.07</u>	<u>3,308,248.69</u>	<u>3,586,012.36</u>
	<u><u>\$7,001,855.14</u></u>	<u><u>\$5,602,437.09</u></u>	<u><u>\$3,932,465.78</u></u>	<u><u>\$3,878,113.72</u></u>	<u><u>\$4,195,841.40</u></u>

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY

Sheet #2

	Unaudited	Audited			
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
<u>Operating Fund</u>					
Liabilities:					
Appropriation Reserves:					
Encumbered	\$ 87,323.11	\$ 164,383.21	\$ 37,966.06	\$ 71,736.87	\$ 38,953.76
Unencumbered	245,530.78	6,269.88	95,885.75	117,559.44	174,393.35
Water Overpayments	24,938.81	20,490.08	25,395.40	22,514.55	491.52
Reserve to Pay Term Bonds		130,000.00	65,000.00		70,000.00
⊖ Accrued Interest on Bonds and Notes	15,598.26	1,974.00	2,050.00	2,416.67	3,436.67
	373,390.96	323,117.17	226,297.21	214,227.53	287,275.30
→ Reserve for Receivables	845,565.37	220,613.54	229,110.43	227,137.65	132,044.01
→ Fund Balance	426,627.62	207,617.66	167,861.07	128,499.85	190,509.73
	1,645,583.95	751,348.37	623,268.71	569,865.03	609,829.04
 <u>Capital Fund</u>					
Serial Bonds		188,000.00	188,000.00	188,000.00	328,000.00
Bond Anticipation Notes	1,275,000.00	1,000,000.00			
Improvement Authorizations:					
Funded	18,807.39	337.07	7,719.07	21,771.85	349,535.81
Unfunded	741,798.50	529,071.36			
Capital Improvement Fund	19,294.40	24,884.40	7,400.40	24,427.00	3,427.00
Due to Water Operating Fund	392.54	793.74	1.45	0.29	
Deferred Reserve for Amortization	29,000.00	29,000.00	69,000.00	456,300.00	477,300.00
Reserve for Amortization	3,262,592.15	3,074,592.15	3,037,076.15	2,617,749.55	2,427,749.55
Fund Balance	9,386.21	4,410.00			
	5,356,271.19	4,851,088.72	3,309,197.07	3,308,248.69	3,586,012.36
	\$7,001,855.14	\$5,602,437.09	\$3,932,465.78	\$3,878,113.72	\$4,195,841.40
 Bonds and Notes Authorized but Not Issued	\$ 225,000.00	\$ 225,000.00	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - WATER UTILITY

	Unaudited	Audited			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 50,000.00	\$ 87,000.00	\$ 60,000.00	\$ 156,500.00	\$ 219,172.00
Rents	1,977,364.46	1,817,327.63	1,725,923.14	1,621,279.54	1,481,161.56
Miscellaneous Revenue	103,527.69	66,771.71	32,066.33	37,649.58	60,383.59
Other Credits to Income:					
Unexpended Balance of Appropriation					
Reserves	89.07	18.25	110.08	20,841.00	36,846.06
	<u>2,130,981.22</u>	<u>1,971,117.59</u>	<u>1,818,099.55</u>	<u>1,836,270.12</u>	<u>1,797,563.21</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating:					
Salaries and Wages	284,553.00	228,645.00	229,805.00	221,882.00	227,636.00
Other Expenses	1,399,117.00	1,402,084.00	1,375,707.00	1,353,242.00	1,244,891.00
Municipal Debt Service	113,145.26	72,820.00	72,529.33	82,476.00	82,476.00
Deferred Charges and Statutory					
Expenditures	50,156.00	125,812.00	40,697.00	39,180.00	86,928.00
Surplus (General Budget)			65,000.00	60,000.00	
Capital Improvement Fund	15,000.00	15,000.00	15,000.00	50,000.00	130,000.00
	<u>1,861,971.26</u>	<u>1,844,361.00</u>	<u>1,798,738.33</u>	<u>1,806,780.00</u>	<u>1,771,931.00</u>
Excess in Revenue	269,009.96	126,756.59	19,361.22	29,490.12	25,632.21
Adjustments to Income:					
Expenditures Included Above Which are by					
Statute Deferred Charges to Budget of					
Succeeding Year			80,000.00	65,000.00	
	<u>269,009.96</u>	<u>126,756.59</u>	<u>99,361.22</u>	<u>94,490.12</u>	<u>25,632.21</u>
Balance January 1	<u>207,617.66</u>	<u>167,861.07</u>	<u>128,499.85</u>	<u>190,509.73</u>	<u>384,049.52</u>
	476,627.62	294,617.66	227,861.07	284,999.85	409,681.73
Decreased by:					
Utilized Anticipated Revenue - Water					
Utility Budget	50,000.00	87,000.00	60,000.00	156,500.00	219,172.00
Balance December 31	<u>\$ 426,627.62</u>	<u>\$ 207,617.66</u>	<u>\$ 167,861.07</u>	<u>\$ 128,499.85</u>	<u>\$ 190,509.73</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - SWIMMING POOL UTILITY

Sheet #1

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	Unaudited	Audited			
	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019
<u>ASSETS AND DEFERRED CHARGES</u>					
<u>Operating Fund</u>					
Cash	\$ 33,554.04	\$ 60,949.23	\$ 21,522.53	\$ 6,781.10	\$ 28,382.82
Due from Pool Capital Fund	38,016.19			598.15	
	<u>71,570.23</u>	<u>60,949.23</u>	<u>21,522.53</u>	<u>7,379.25</u>	<u>28,382.82</u>
<u>Deferred Charges</u>					
Emergency Appropriation		21,000.00		63,867.24	
Operating Deficit	9,318.80			63,867.24	
	<u>9,318.80</u>	<u>21,000.00</u>		<u>63,867.24</u>	
	<u>80,889.03</u>	<u>81,949.23</u>	<u>21,522.53</u>	<u>71,246.49</u>	<u>28,382.82</u>
<u>Capital Fund</u>					
Cash		3,314.73	17,214.66		4,723.24
Fixed Capital	2,000,941.40	1,547,101.92	1,507,827.14	1,461,889.95	1,461,889.95
Fixed Capital Authorized and Uncompleted	74,350.40	453,189.88	42,464.66	13,401.85	13,401.85
	<u>2,075,291.80</u>	<u>2,003,606.53</u>	<u>1,567,506.46</u>	<u>1,475,291.80</u>	<u>1,480,015.04</u>
	<u>\$ 2,156,180.83</u>	<u>\$ 2,085,555.76</u>	<u>\$ 1,589,028.99</u>	<u>\$ 1,546,538.29</u>	<u>\$ 1,508,397.86</u>

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - SWIMMING POOL UTILITY

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Unaudited</u> Balance Dec. 31, 2023	<u>Balance</u> Dec. 31, 2022	<u>Balance</u> Dec. 31, 2021	<u>Audited</u> Balance Dec. 31, 2020	<u>Balance</u> Dec. 31, 2019
<u>Operating Fund</u>					
Appropriation Reserves:					
Reserved	\$ 2,843.29	\$ 9.37	\$ 195.29	\$ 17.69	\$ 327.15
Encumbered		471.00	11,121.93	2,867.54	1,593.55
Due to Current Fund				64,853.14	
Accounts Payable		1,200.48			
Accrued Interest on Bonds	2,277.36		1,200.00	1,325.00	
Fund Balance	<u>75,768.38</u>	<u>80,268.38</u>	<u>9,005.31</u>	<u>2,183.12</u>	<u>26,462.12</u>
	<u>80,889.03</u>	<u>81,949.23</u>	<u>21,522.53</u>	<u>71,246.49</u>	<u>28,382.82</u>
<u>Capital Fund</u>					
Serial Bonds Payable	175,000.00	200,000.00	225,000.00	250,000.00	275,000.00
Improvement Authorizations:					
Funded			42,464.66	13,401.85	13,401.85
Unfunded	74,350.40	453,189.88			
Reserve for Amortization	1,232,041.80	1,207,041.80	1,178,291.80	1,153,291.80	1,128,291.80
Deferred Reserve for Amortization	58,000.00	58,000.00	61,750.00	58,000.00	58,000.00
Bond Anticipation Notes Payable	171,250.00	85,000.00	60,000.00		
Due to Pool Operating Fund	38,016.19			598.15	
Due to Current Fund	325,000.00				
Fund Balance	<u>1,633.41</u>	<u>374.85</u>			<u>5,321.39</u>
	<u>2,075,291.80</u>	<u>2,003,606.53</u>	<u>1,567,506.46</u>	<u>1,475,291.80</u>	<u>1,480,015.04</u>
	<u>\$ 2,156,180.83</u>	<u>\$ 2,085,555.76</u>	<u>\$ 1,589,028.99</u>	<u>\$ 1,546,538.29</u>	<u>\$ 1,508,397.86</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 439,000.00</u>	<u>\$ 450,250.00</u>	<u>\$ 25,050.00</u>	<u>\$ 14,000.00</u>	<u>\$ 14,000.00</u>

See accompanying notes to financial statements.

BOROUGH OF NORTH CALDWELL
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - POOL UTILITY

	Unaudited	Audited			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 4,500.00	\$ 4,500.00	\$	\$ 24,279.00	\$ 30,000.00
Membership Fees	197,850.00	222,365.00	183,090.00	77,871.00	151,145.00
Guest Fees	21,449.68	24,218.75	18,676.00		16,019.00
Snack Bar	9,658.00	11,668.00			
Rentals	12,500.00	10,000.00	10,000.00		
Deficit General Fund			27,033.21		
Pool Capital Surplus			2,867.54	5,321.39	
Interest on Investments	3,733.45	804.15	17.49	110.90	1,824.28
Miscellaneous		465.00	6,804.50		
Other Credits to Income:					
Appropriation Reserves Lapsed	480.37	459.82	17.69	253.64	18.59
	<u>250,171.50</u>	<u>274,480.72</u>	<u>248,506.43</u>	<u>107,835.93</u>	<u>199,006.87</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operations:					
Salaries and Wages	133,210.00	118,300.00	78,010.00	88,519.00	103,445.00
Other Expenses	55,775.30	55,465.00	44,722.00	35,780.39	46,674.00
Capital Improvements	5,932.00	4,520.00	18,780.00	8,301.00	10,970.00
Debt Service	33,235.00	29,974.00	30,175.00	31,802.78	11,753.10
Statutory Expenditures and Deferred Charges	31,338.00	11,458.65	69,997.24	6,860.00	7,920.00
Prior Year's Bills				440.00	
	<u>259,490.30</u>	<u>219,717.65</u>	<u>241,684.24</u>	<u>171,703.17</u>	<u>180,762.10</u>
Excess in Revenue		54,763.07	6,822.19		18,244.77
Deficit in Operations	<u>\$ (9,318.80)</u>			<u>\$ (63,867.24)</u>	
Adjustments to Income:					
Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		21,000.00			
		<u>75,763.07</u>	<u>6,822.19</u>		<u>18,244.77</u>
<u>Fund Balance</u>					
Balance January 1	\$ 80,268.38	9,005.31	2,183.12	\$ 26,462.12	38,217.35
	<u>80,268.38</u>	<u>84,768.38</u>	<u>9,005.31</u>	<u>26,462.12</u>	<u>56,462.12</u>
Decreased by:					
Utilized as Anticipated Revenue	4,500.00	4,500.00		24,279.00	30,000.00
Balance December 31	<u>\$ 75,768.38</u>	<u>\$ 80,268.38</u>	<u>\$ 9,005.31</u>	<u>\$ 2,183.12</u>	<u>\$ 26,462.12</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF NORTH CALDWELL

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of North Caldwell is organized as a Mayor-Council municipality under the provisions of N.J.S. 40A:60-1 et seq. The Mayor is elected in a general election for a term of four years. There are six councilpersons each elected in a general election to serve a term of three years. Each member of the Council carries the power of one legislative vote.

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

The financial statements of the Borough of North Caldwell include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S. 40A:5-5.

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

Description of Funds

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description of Funds (Continued)

Utility Funds - Water and Swimming Pool Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Borough of North Caldwell pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund. The activity of this fund has been transferred to the County of Essex, State of New Jersey.

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

Basis of Accounting

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

Property Taxes and Other Revenue

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

Grant Revenue

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

Expenditures

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Expenditures (Continued)

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

Encumbrances

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

Appropriation Reserves

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

Compensated Absences

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

Property Acquired for Taxes

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

Self-Insurance Contributions

Contributions to the State Unemployment Insurance Trust Fund are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

Interfunds Receivable

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Inventories of Supplies

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

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

Capital Fixed Assets

General:

A capital fixed assets accounting system was not established in accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services which differs in certain respects from GAAP.

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

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

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

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

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

Utilities:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utilities: (Continued)

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

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's Volunteer Fire Department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements Not Yet Effective

- ***GASB Statement No.94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*** The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Borough does not expect this Statement to impact the financial statements.

- ***GASB Statement No. 96. Subscription-Based Information Technology Arrangements.*** This Statement provides guidance on the accounting and financial reporting for subscriptions-based information technology arrangements (SBITAs) for government end users (governments) This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements Not Yet Effective (Continued)

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

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

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

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

- *GASB No.101 Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

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

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

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

The market value of the collateral must equal 5 percent of the average daily balance of public funds or

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the Borough's Trustee in the Borough's name.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Borough does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

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

Concentrations - The Borough's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 31, 2022 and 2021, the Borough's cash, cash equivalents and investments consisted of:

	<u>2022</u>	<u>2021</u>
Valley Bank - Checking Accounts	\$ 8,206,249.54	\$7,552,125.21
TD North Bank - Checking Accounts	986,989.98	1,095,834.78
Spencer Savings Bank - Checking Accounts	539,799.37	312,349.43
AIG Retirement - Investments	<u>532,586.12</u>	<u>644,529.84</u>
Total Cash, Cash Equivalents and Investments	<u>\$10,265,625.01</u>	<u>\$9,604,839.26</u>

During the year the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2022 and 2021, no such investments were held by the Borough.

As of December 31, 2022 and 2021, the Borough had no investments.

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of state laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Category

As of December 31, 2022, the Borough had funds invested and on deposit in checking accounts. The amount of the Borough's cash and cash equivalents as of December 31, 2022 was \$10,265,625.01. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities that the Borough held that could be categorized as investments.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

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

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

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

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

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

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

Comparative Schedule of Tax Rates

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$2.179</u>	<u>\$2.096</u>	<u>\$2.375</u>	<u>\$2.343</u>	<u>\$2.359</u>
Apportionment of Tax Rate:					
Municipal	\$0.394	\$0.374	\$0.398	\$0.398	\$0.391
Municipal Open Space	0.016	0.013	0.015		
County	0.457	0.470	0.548	0.545	0.570
Local School	0.780	0.746	0.847	0.838	0.827
Regional High School	0.532	0.493	0.567	0.562	0.571

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2022	\$1,893,222,200.00
2021	1,659,555,400.00
2020	1,639,509,600.00
2019	1,619,144,100.00
2018	1,611,904,500.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>		<u>Collections</u>	<u>Percentage of Collections</u>
2022	\$41,384,762.97 *		\$41,180,794.21	99.50 %
2021	40,077,667.77 *		39,875,295.18	99.49
2020	39,301,631.09 *		39,031,281.03	99.31
2019	38,185,434.16		37,956,965.13	99.40
2018	38,149,603.73 *		37,809,810.72	99.10

*Net of reductions due to tax appeals.

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2022	\$202,783.38	\$63.55	\$202,846.93	0.49 %
2021	202,383.67	63.55	202,447.22	0.51
2020	265,712.83	63.55	265,776.38	0.68
2019	228,469.03	63.55	228,532.58	0.60
2018	373,845.19	63.55	373,908.74	0.98

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The total value of property acquired by liquidation of tax title liens, on the basis of the last assessed valuations of such properties in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2022	\$310,900.00
2021	310,900.00
2020	310,900.00
2019	310,900.00
2018	310,900.00

5. WATER CONSUMER ACCOUNTS RECEIVABLE

The Borough of North Caldwell maintains a utility fund for the billing and collection of water rents.

A comparison of Water Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection*</u>
2022	\$1,808,830.74	\$1,817,327.63
2021	1,727,895.92	1,725,923.14
2020	1,716,373.18	1,621,279.54
2019	1,473,604.45	1,481,161.56
2018	1,450,089.50	1,505,784.59

*Includes Collections of Prior Year Balances.

6. SWIMMING POOL UTILITY INCOME

A comparison of memberships and guest fees for the past five years are as follows:

<u>Year</u>	<u>Memberships</u>	<u>Guests</u>
2022	\$222,365.00	\$24,218.75
2021	183,090.00	18,676.00
2020	77,871.00	- **
2019	151,145.00	16,019.00
2018	143,120.00	12,620.00

**No guest fees sold due to COVID-19.

7. FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2022	\$2,140,695.30	\$958,599.08
	2021	1,780,787.35	790,500.00
	2020	1,800,157.53	762,000.00
	2019	2,070,172.68	907,591.00
	2018	1,830,540.21	505,000.00
Water Utility Operating Fund:	2022	207,617.66	50,000.00
	2021	167,861.07	87,000.00
	2020	128,499.85	60,000.00
	2019	190,509.73	156,500.00
	2018	384,049.52	219,172.00
Swimming Pool Utility Operating Fund:	2022	80,268.38	4,500.00
	2021	9,005.31	4,500.00
	2020	2,183.12	-
	2019	26,462.12	24,279.00
	2018	38,217.35	30,000.00

8. PENSION PLANS

Description of Systems

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

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

8. PENSION PLANS (Continued)

Description of Systems (Continued)

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

	PERS		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Covered Employee Payroll	\$1,339,519.00	\$1,256,595.00	\$1,241,449.00
Total Payroll	4,157,993.00	3,958,622.00	3,907,772.94
Actuarial Contribution			
Requirements	224,155.00	202,765.00	165,117.00
Total Contributions	324,619.00	297,020.00	258,226.00
Employer Share	224,155.00	202,765.00	165,117.00
% of Covered Payroll	16.73%	16.14%	13.30%
Employee's Share	100,464.00	94,255.00	93,109.00
% of Covered Payroll	7.50%	7.50%	7.50%
	PFRS		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Covered Employee Payroll	\$1,941,538.00	\$1,780,155.00	\$1,772,153.00
Total Payroll	4,157,993.00	3,958,622.00	3,907,772.94
Actuarial Contribution			
Requirements	684,516.00	595,689.00	584,112.00
Total Contributions	878,670.00	773,705.00	761,327.00
Employer Share	684,516.00	595,689.00	584,112.00
% of Covered Payroll	35.26%	33.46%	32.96%
Employee's Share	194,154.00	178,016.00	177,215.00
% of Covered Payroll	10.00%	10.00%	10.00%

Assumptions

The collective total PERS pension liability for June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS. The pension liability was rolled forward to June 30, 2022. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through 2026 of 2.75% to 6.55% for PERS based on years of service and an investment rate of return of 7.00%.

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

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

8. PENSION PLANS (Continued)

Assumptions (Continued)

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

The discount rate used to measure the total pension liability was 7.00% for PERS as of June 30, 2022 and 7.00% for PFRS as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability. More information on mortality rates and other assumptions and investment policies can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System:

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

Significant Legislation

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

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

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System: (Continued)

Significant Legislation (Continued)

The following presents the Borough's proportionate share of the Collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease ▀ (6.00%)	At Current Discount Rate ▀ (7.00%)	At 1% Increase ▀ (8.00%)
2022	<u>\$3,452,742</u>	<u>\$2,682,537</u>	<u>\$2,027,061</u>
	At 1% Decrease ▀ (6.00%)	At Current Discount Rate ▀ (7.00%)	At 1% Increase ▀ (8.00%)
2021	<u>\$2,801,068</u>	<u>\$2,051,082</u>	<u>\$2,027,914</u>

Special Funding Situation

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

	<u>2022</u>	<u>2021</u>
Employer Net Pension Liability	\$2,682,537.00	\$2,051,082.00
Nonemployer Proportional Share of the Net Pension Liability	<u>22,718.00</u>	<u>21,865.00</u>
	<u>\$2,705,255.00</u>	<u>\$2,072,947.00</u>

8. PENSION PLANS (Continued)

Police and Firemen's Retirement System:

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

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

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

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

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

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

The following presents the Borough's proportionate share of the Collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease ▀ (6.00%)	At Current Discount Rate ▀ (7.00%)	At 1% Increase ▀ (8.00%)
2022	<u>\$8,665,265</u>	<u>\$6,024,523</u>	<u>\$3,826,091</u>
	At 1% Decrease ▀ (6.00%)	At Current Discount Rate ▀ (7.00%)	At 1% Increase ▀ (8.00%)
2021	<u>\$6,217,503</u>	<u>\$3,735,834</u>	<u>\$1,670,112</u>

8. PENSION PLANS (Continued)

Special Funding Situation

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

	<u>2022</u>	<u>2021</u>
Employer Net Pension Liability	\$6,024,523	\$3,735,834
Non-employer Proportionate Share of the Net Pension Liability	<u>1,072,189</u>	<u>1,050,703</u>
	<u>\$7,096,712</u>	<u>\$4,786,537</u>

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

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

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

Following is the total of the Borough's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2022 for PERS and June 30, 2022 for PFRS:

	<u>PERS</u> <u>June 30, 2022</u>	<u>PFRS</u> <u>June 30, 2022</u>
Net Pension Liabilities	\$2,682,537	\$6,024,523
Deferred Outflow of Resources	525,003	1,157,484
Deferred Inflow of Resources	658,968	1,319,245
Pension Expense	(499,885)	8,068
Contributions Made After Measurement Date	224,155	684,516

8. PENSION PLANS (Continued)

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021 and for the years ended June 30, 2022 and 2021 to the PFRS. The Borough's proportionate share of the collective net pension liability as of June 30, 2022 and 2021 was .0177752945 and .0173138238% for PERS. The Borough's proportionate share of the collective net pension liability as of June 30, 2022 and 2021 was .05263267% and .0511117323% for PFRS.

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

At June 30, 2022, the amount determined as the Borough's proportionate share of the PERS net pension liability was \$2,682,537. For the year ended June 30, 2022, the Borough would have recognized PERS pension expense of \$(499,885). At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follow:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference Between Expected and Actual Experience	\$ 19,361	\$ 17,074
Change of Assumptions	8,311	401,682
Net Difference Between Projected and Actual Investment Earnings	111,028	
Net Change in Proportions	386,303	240,152
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>224,155</u>	<u> </u>
	<u>\$749,158</u>	<u>\$658,908</u>

At June 30, 2022, the amount determined as the Borough's proportionate share of the PFRS net pension liability was \$6,024,523. For the year ended June 30, 2022, the Borough would have recognized PFRS pension expense of \$8,068. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

8. PENSION PLANS (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 272,686	\$ 369,084
Change of Assumptions	16,511	758,368
Net Difference Between Projected and Actual Investment Earnings	551,669	
Net Change in Proportions	316,618	191,793
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>684,516</u>	
	<u>\$1,842,000</u>	<u>\$1,319,245</u>

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Contributions Required and Made

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

8. PENSION PLANS (Continued)

Contributions Required and Made (Continued)

Year	PERS		PFRS	
	Borough	Employees	Borough	Employees
2022	\$302,765.00	\$103,609.00	\$595,689.00	\$194,544.00
2021	165,117.00	118,805.00	584,112.00	223,259.00
2020	154,959.00	100,726.00	510,732.00	177,215.00

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 8, the Borough provides postemployment health care benefits as part of the State Health Benefits Local Government Retired Employees Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. 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* (GASB Statement No. 75); 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>.

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

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 providing 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.

Total OPEB Liability

At December 31, 2022, the Borough had a liability of \$4,711,644 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2022, the Borough's proportion was .029175% which was a decrease of .0134590% from its proportion measured as of June 30, 2022.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability (Continued)

For the year ended December 31, 2022, the Borough would have recognized OPEB expense of \$38,556. At December 31, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 628,788	\$1,607,993
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,240	
Difference Between Expected and Actual Experience	243,314	873,339
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	<u>888,870</u>	<u>636,052</u>
Total	<u>\$1,762,212</u>	<u>\$3,117,384</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	\$(426,942)
2024	(427,318)
2025	(337,447)
2026	(150,706)
2027	(33,788)
2028-2029	(231,789)

Changes in Proportion

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

Actual Assumptions and Other Inputs

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2021 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the period July 1, 2018 to June 30, 2021.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actual Assumptions and Other Inputs (Continued)

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

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

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS):	
Initial Fiscal Year Applied:	
Rate All Future Years	2.75% - 6.55%
	Based on Years of Service
Police and Firemen's Retirement System (PFRS):	
Rate for All Future Years	3.25% - 16.25%
	Based on Years of Service
Mortality:	
PERS	Pub-2010 General Classification Headcount-Weighted Mortality with Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021
PFRS	Pub-2010 Safety Classification Headcount-Weighted Mortality with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021

*Salary Increases are Based on Years of Service Within the Respective Plan.

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease 2.54%	At Current Discount Rate 3.54%	1% Increase 4.54%
Borough's Proportionate Share of Net OPEB Liability	\$5,461,744	\$4,711,644	\$4,108,119
	June 30, 2021		
	1% Decrease 1.16%	At Current Discount Rate 2.16%	1% Increase 3.16%
Borough's Proportionate Share of Net OPEB Liability	\$9,030,858	\$7,674,027	\$6,598,709

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's Proportionate Share of Net OPEB Liability	\$3,997,030	\$4,711,644	\$5,626,865
	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's Proportionate Share of Net OPEB Liability	\$6,402,723	\$7,674,027	\$9,332,921

Special Funding Situation

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Special Funding Situation (Continued)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The Borough as of December 31, 2022 has 28 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the Borough is \$5,746,138.

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

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

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

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

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

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Contributions Required and Made

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

During the year 2022, there were six (6) officials/employees enrolled in the DCRP.

11. MUNICIPAL DEBT

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

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 13,170,000.00	\$ 11,905,146.00	\$ 11,343,071.00
Water Utility:			
Bonds and Notes	1,188,000.00	188,000.00	188,000.00
Swimming Pool Utility:			
Bonds and Notes	<u>285,000.00</u>	<u>285,000.00</u>	<u>250,000.00</u>
Total Issued	<u>14,643,000.00</u>	<u>12,378,146.00</u>	<u>11,781,071.00</u>
<u>Authorized but Not Issued</u>			
General Capital Fund:			
Bonds and Notes	1,682,685.19	782,346.54	1,214,700.33
Water Utility:			
Bonds and Notes	225,000.00		
Swimming Pool Utility:			
Bonds and Notes	<u>450,250.00</u>	<u>25,250.00</u>	<u>14,000.00</u>
Total Authorized but Not Issued	<u>2,357,935.19</u>	<u>807,596.54</u>	<u>1,228,700.33</u>
Total Debt	<u>17,000,935.19</u>	<u>13,185,742.54</u>	<u>13,009,771.33</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 17,000,935.19</u>	<u>\$ 13,185,742.54</u>	<u>\$ 13,009,771.33</u>

11. MUNICIPAL DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.755%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 1,195,073.35	\$1,195,073.35	\$
Water Utility Debt	1,413,000.00	1,413,000.00	
Swimming Pool Utility Debt	721,250.00	721,250.00	
General Debt	<u>14,852,685.19</u>		<u>14,852,685.19</u>
	<u>\$18,182,008.54</u>	<u>\$3,329,323.35</u>	<u>\$14,852,685.19</u>

Net debt, \$14,852,685.19, divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,967,401,201.00 equals 0.755%.

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

3 1/2% of Equalized Valuation Basis	\$68,859,042.04
Net Debt	<u>14,852,685.19</u>
Remaining Borrowing Power	<u>\$54,006,356.85</u>

School Debt Deductions

School debt is deductible up to the extent of 2.5% of the Average Equalized Assessed Valuations of real property for the Local School District.

Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S. 40A:2-45

Surplus and Cash Receipts from Fees, Rents or Other Charges for the Year		\$1,971,099.34
Deductions:		
Operating and Maintenance Cost	\$1,691,541.00	
Debt Service per Water Utility Operating Fund	<u>72,820.00</u>	
		<u>1,764,361.00</u>
Excess in Revenue		<u>\$ 206,738.34</u>

There being an "excess in revenue" the Water Utility Debt is considered self-liquidating for debt statement purposes.

11. MUNICIPAL DEBT (Continued)

Calculation of "Self-Liquidating Purposes" Swimming Pool Utility per N.J.S. 40A:2-45

Surplus and Cash Receipts from Fees, Rents or Other Charges for the Year		\$273,555.90
Deductions:		
Operating and Maintenance Cost	\$168,743.65	
Debt Service per Swimming Pool Operating Fund	<u>29,974.00</u>	
		<u>198,717.65</u>
Excess in Revenue		<u><u>\$ 74,838.25</u></u>

There being an "excess in revenue", the Swimming Pool Utility Debt is considered self-liquidating for debt statement purposes.

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

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

General Obligation Bonds

\$5,445,000, 2008 Bonds due in August 2023.*	<u><u>\$ 895,000.00</u></u>
--	-----------------------------

*Term Bond already raised as reflected on balance sheet.

\$6,725,000, 2019 Bonds due in annual installments of \$400,000 to \$790,000 through October 2029, interest at 2.00% to 3.00%.	<u><u>\$5,525,000.00</u></u>
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Water Utility Bonds

\$958,000, 2008 Bonds due in annual installments of \$58,000 through August 2023, interest at 4.20%.**	<u><u>\$ 188,000.00</u></u>
--	-----------------------------

**The sum of \$130,000.00 has been reserved as this is a Term Bond.

Swimming Pool Utility Bonds

\$275,000, 2019 Bonds due in annual installments of \$25,000 to \$30,000 through October 2029, interest at 2.00% to 3.00%.	<u><u>\$ 200,000.00</u></u>
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Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

<u>Notes</u>	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	4.50%	<u><u>\$6,750,000.00</u></u>
Water Operating Fund	4.50%	<u><u>\$1,000,000.00</u></u>
Swimming Pool Fund	4.50%	<u><u>\$ 85,000.00</u></u>

11. MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

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

<u>Original Note Issued</u>	<u>Legal Installments Due</u>	<u>Funding Required as of</u>
2016	2019 - 2026	2027
2020	2023 - 2030	2031
2021	2024 - 2031	2032
2022	2025 - 2032	2033

Schedule of Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	General Bonds - Series 2019		Totals	
	General		General	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 790,000.00	\$118,400.00	\$ 790,000.00	\$118,400.00
2024	790,000.00	102,600.00	790,000.00	102,600.00
2025	790,000.00	86,800.00	790,000.00	86,800.00
2026	790,000.00	71,000.00	790,000.00	71,000.00
2027	790,000.00	55,200.00	790,000.00	55,200.00
2028	790,000.00	31,500.00	790,000.00	31,500.00
2029	785,000.00	15,700.00	785,000.00	15,700.00
	<u>\$5,525,000.00</u>	<u>\$481,200.00</u>	<u>\$5,525,000.00</u>	<u>\$481,200.00</u>

<u>Calendar Year</u>	Water Utility Bonds - Series 2008		Pool Utility Bonds - Series 2019		Totals	
	Water		Pool		Utility	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 58,000.00	* \$ 7,896.00	\$ 25,000.00	\$ 4,300.00	\$ 83,000.00	\$12,196.00
2024			25,000.00	3,800.00	25,000.00	3,800.00
2025			30,000.00	3,300.00	30,000.00	3,300.00
2026			30,000.00	2,700.00	30,000.00	2,700.00
2027			30,000.00	2,100.00	30,000.00	2,100.00
2028			30,000.00	1,200.00	30,000.00	1,200.00
2029			30,000.00	600.00	30,000.00	600.00
	<u>\$ 58,000.00</u>	<u>\$ 7,896.00</u>	<u>\$200,000.00</u>	<u>\$18,000.00</u>	<u>\$258,000.00</u>	<u>\$25,896.00</u>

*Term Principal not due until 2023.

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2021</u>
General Capital Fund:		
General Improvements	<u>\$1,682,685.19</u>	<u>\$ 782,346.54</u>
Water Utility Capital Fund:		
General Improvements	<u>\$ 225,000.00</u>	
Swimming Pool Utility Capital Fund:		
General Improvements	<u>\$ 450,250.00</u>	<u>\$ 25,250.00</u>

12. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

	Balance <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Retirement</u>	<u>Reclassification</u>	Balance <u>Dec. 31, 2022</u>
Buildings and Improvements	\$ 5,408,200.00	\$	\$ -	\$ 291,300.00	\$ 5,699,500.00
Land	12,750,500.00			(291,300.00)	12,459,200.00
Machinery and Equipment	<u>5,494,670.00</u>	<u>1,049,117.00</u>	<u>27,832.00</u>		<u>6,515,955.00</u>
	<u>\$23,653,370.00</u>	<u>\$1,049,117.00</u>	<u>\$ 27,832.00</u>	<u>\$ -</u>	<u>\$24,674,655.00</u>

	Balance <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Retirement</u>	<u>Reclassification</u>	Balance <u>Dec. 31, 2021</u>
Buildings and Improvements	\$ 4,208,700.00	\$1,199,500.00	\$ -	\$ -	\$ 5,408,200.00
Land	13,189,500.00		439,000.00		12,750,500.00
Machinery and Equipment	<u>5,513,835.00</u>	<u>379,600.00</u>	<u>398,765.00</u>		<u>5,494,670.00</u>
	<u>\$22,912,035.00</u>	<u>\$1,579,100.00</u>	<u>\$837,765.00</u>	<u>\$ -</u>	<u>\$23,653,370.00</u>

13. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$1,101.38	\$1,152.14
General Trust Fund	1,152.14	572.03
General Capital Fund		529.35
Water Operating Fund	793.74	
Water Capital Fund		793.74
	<u>\$3,047.26</u>	<u>\$3,047.26</u>

14. DEFERRED COMPENSATION PLAN

The Borough of North Caldwell offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 40:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

14. DEFERRED COMPENSATION PLAN (Continued)

The “Small Business Job Protective Act of 1996” revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Borough of North Caldwell authorized such modifications to their plan by resolution of the Borough Council adopted September 9, 1997.

The Administrator for the Borough of North Caldwell’s Deferred Compensation Plan is the Variable Annuity Life Insurance Company.

15. DEFERRED SCHOOL TAXES

The Local School District Tax and the Regional High School Tax were raised on the school year basis and liability deferred by statute, resulting in school taxes payable set forth in liabilities computed as follows:

	Local School District	Regional High School
	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2022</u>
*Balance of Tax	\$7,526,355.46	\$5,034,609.40
Amount Deferred	<u>7,242,800.00</u>	<u>5,034,609.40</u>
Tax Payable	<u>\$ 283,555.46</u>	<u>\$ -</u>

*Required for school operations for the six month period following December 31st.

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

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Borough’s LOSAP shall be included as a separate line item in the Borough’s budget, commencing with the year 2003.

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

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

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

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

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

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

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

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

17. LEASES

In June 2017, the GASB issued GASB No. 87, Leases.

The Borough has commitments to lease copying equipment under operating leases. The Borough also has financing lease agreements for vehicles, construction equipment and laptops. Future minimum lease payments are as follows:

<u>Year</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2023	\$41,817.99	\$ 8,299.92
2024	40,892.42	8,299.92
2025		8,299.92
2026		8,211.92
2027		1,566.00
	<hr/>	<hr/>
Total Future Minimum Lease Payments	<u>\$82,710.41</u>	<u>\$34,677.68</u>

17. LEASES (Continued)

The Borough is also the lessor to several lease agreements involving cell towers and property. These leases were classified as operating leases. Future minimum lease receivables are as follows:

<u>Year</u>	<u>Operating Leases</u>
2023	\$137,600.04
2024	137,600.04
2025	137,600.04
2026	137,600.04
2027	<u>137,600.04</u>
Total Future Minimum Lease Payments	<u><u>\$688,000.20</u></u>

18. RISK MANAGEMENT

The Borough maintains a self-insurance program for State Unemployment Compensation.

19. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022, the following deferred charges are shown on various balance sheets herein:

	<u>Balance Dec. 31, 2022</u>	<u>2023 Budget Appropriation</u>	<u>To be Raised in Budgets of Succeeding Years</u>
Current Fund:			
Special Emergency Authorizations	<u>\$100,000.00</u>	<u>\$50,000.00</u>	<u>\$50,000.00</u>
Swimming Pool Fund	<u>\$ 21,000.00</u>	<u>\$21,000.00</u>	

20. CONTINGENT LIABILITIES

A. Compensated Absences

The Borough's policy concerning compensated absences is as follows:

Civilian Personnel - Every permanent employee is granted one (1) working day's sick leave for each month of service; the use of same is restricted to a maximum of 30 days in a calendar year, except with the specific approval of Mayor and Council. No payments are made for unused accumulations.

Police Personnel - All officers are entitled to 150 hours of sick leave per year. Unused time may be accumulated to a maximum sum of 1,400 hours which would be paid as terminal leave upon retirement.

It is estimated that the sum of \$458,636.71 computed internally at the 2022 salary rates would be payable to officials and employees of the Borough of North Caldwell as of December 31, 2022 for accumulated sick days and unused holidays. This amount was not verified by audit.

Provision for the above is not reflected on the Financial Statements of the Borough.

20. CONTINGENT LIABILITIES (Continued)

B. Tax Appeals

There are a number of tax appeals pending as of December 31, 2022. It is impossible to determine the Borough's ultimate liability for these appeals, however, it is not anticipated that this will materially impact the Borough.

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

C. Federal and State Awards

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2022 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

D. Arbitrage Rebate Calculation

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

E. Payments in Lieu of Taxes (PILOT)

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

F. Litigation

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material impact on the Borough.

21. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 1602-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

22. SUBSEQUENT EVENT

The Borough of North Caldwell has evaluated subsequent events that occurred after the balance sheet date, but before August 3, 2023 and it was determined that the following item requires disclosure:

Due to the impact of the COVID-19 pandemic, the Borough of North Caldwell implemented several policies to protect the health and safety of its employees and citizens. Certain revenues may not be realized to the extent it was budgeted for in fiscal year 2023.

APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of June 1, 2024 by the Borough of North Caldwell, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Obligation Bonds, Series 2024, consisting of \$11,230,000 General Improvement Bonds, Series 2024, and \$590,000 Swimming Pool Utility Bonds, Series 2024, dated June 27, 2024, in the aggregate principal amount of \$11,820,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances and a resolution adopted by the Issuer and a certificate signed by the Issuer on June 18, 2024; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

WHEREAS, the Issuer represented in its Notice of Sale dated June 10, 2024 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on June 18, 2024, the Issuer accepted the bid of Robert W. Baird & Co., Inc., on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Issuer	Rule 15c2-12
Notice of Sale	SEC
	Securities and Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Newark, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated June 18, 2024 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

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

“Operating Data” means certain financial and statistical information of the Issuer, which for purposes of this Certificate shall include the financial and statistical information in Appendix A to the Final Official Statement under the headings “TEN LARGEST TAXPAYERS,” “REAL PROPERTY CLASSIFICATION,” “ASSESSED VALUATION AND TAX RATES,” “COMPARISON OF COMPONENTS OF TAX RATE,” “TAX COLLECTION EXPERIENCE,” “DEBT STATEMENT,” “REMAINING STATUTORY BORROWING POWER,” “UNDERLYING DEBT,” “GROSS DEBT COMPARED WITH TRUE VALUE.”

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than October 1 of each year, commencing October 1, 2024 for the fiscal year ended December 31, 2023, an Annual Report to the MSRB; notwithstanding the foregoing, if the Fiscal Year is not a calendar year then by not later than the first day of the tenth month of each fiscal year;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a "Disclosure Event");

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence with the MSRB (the "Disclosure Event Notice") in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided to the MSRB

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

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

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and

may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, Municipal Building, 141 Gould Avenue, North Caldwell, New Jersey 07006, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or
- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE BOROUGH OF NORTH CALDWELL, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed, all as of the date first above written.

[SEAL]

BOROUGH OF NORTH CALDWELL

By: _____
Richard T. Mondelli, Chief Financial Officer

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of June 1, 2024 by the Borough of North Caldwell, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$1,710,000 principal amount of Bond Anticipation Notes, Series 2024, consisting of \$760,000 General Improvement Notes, Series 2024, and \$950,000 Water Utility Notes, Series 2024 (collectively, the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

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

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

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

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

ARTICLE II

OPERATING RULES

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

Section 2.2. Transmission of Notices. Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ

such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer's notices.

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

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

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

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

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

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

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

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

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

ARTICLE IV

DEFINITIONS

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

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

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

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

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

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

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

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

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

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

(8) "State" means the State of New Jersey.

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

**BOROUGH OF NORTH CALDWELL, NEW
JERSEY**

By: _____
Name: Richard T. Mondelli
Title: Chief Financial Officer

APPENDIX D
PROPOSED FORMS OF BOND COUNSEL OPINIONS



June __, 2024

Mayor and Borough Council
Borough of North Caldwell
141 Gould Avenue
North Caldwell, New Jersey 07006

Dear Mayor and Borough Council:

We have examined certified copies of the proceedings of the Council of the Borough of North Caldwell, in the County of Essex, State of New Jersey (the "Borough"), including ordinances, affidavits and certificates delivered by officials of the Borough, and other proofs submitted to us relative to the issuance and sale by the Borough of its \$11,820,000 General Obligation Bonds, Series 2024, consisting of \$11,230,000 General Improvement Bonds, Series 2024 (the "General Improvement Bonds") and \$590,000 Swimming Pool Utility Bonds, Series 2024 (the "Swimming Pool Utility Bonds," and together with the General Improvement Bonds, the "Bonds"), dated the date of delivery.

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), a resolution of the Borough adopted on May 14, 2024, and various bond ordinances of the Borough, in all respects duly adopted by the Council of the Borough.

Each of the Bonds is dated the date of delivery, bears interest at the interest rate set forth on the face of the Bonds and matures on March 1 in the years and principal amounts as set forth below:

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Swimming Pool Utility Bonds</u>
2025	\$450,000	\$25,000
2026	450,000	25,000
2027	450,000	25,000
2028	450,000	25,000
2029	450,000	25,000
2030	900,000	45,000
2031	900,000	45,000
2032	900,000	45,000
2033	900,000	45,000
2034	900,000	45,000
2035	900,000	45,000



2036	900,000	45,000
2037	900,000	50,000
2038	900,000	50,000
2039	880,000	50,000

The Bonds are subject to redemption prior to their stated maturities.

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

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

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

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

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

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

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Borough has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or



cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Borough with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

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

Our opinion concerning the enforceability of the Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

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

Very truly yours,

Gibbons P.C.



[FORM OF OPINION OF GIBBONS P.C.]

June __, 2024

Mayor and Borough Council
Borough of North Caldwell
141 Gould Avenue
North Caldwell, New Jersey 07006

Dear Mayor and Borough Council:

We have examined certified copies of the proceedings of the Mayor and Council of the Borough of North Caldwell, in the County of Essex, State of New Jersey (the "Borough"), including ordinances, affidavits and certificates delivered by officials of the Borough, and other proofs submitted to us relative to the issuance and sale of \$1,710,000 principal amount of Bond Anticipation Notes, Series 2024, consisting of \$760,000 General Improvement Notes, Series 2024, and \$950,000 Water Utility Notes, Series 2024 (collectively, the "Notes"). The Notes are issued in registered form, are dated June 27, 2024, and bear interest at the rate of Four and Fifty Hundredths per centum (4.50%) per annum and are payable at maturity on June 26, 2025. The Notes are not subject to redemption prior to maturity.

The Notes are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and the bond ordinances of the Borough, in all respects duly adopted by the Mayor and Council of the Borough. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

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

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

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

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

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

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

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

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

Our opinion concerning the enforceability of the Notes is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

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

Very truly yours,

Gibbons P.C.