

NEW ISSUE

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Notes is excluded from gross income under the New Jersey Gross Income Tax Act. See “Tax Matters” herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Notes for certain noteholders.

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

\$8,000,000 BOND ANTICIPATION NOTES (Non-Callable) (Bank Qualified) (Tax Exempt)

Dated: March 14, 2025
Maturing: March 13, 2026
Interest Rate: 4.25%
Reoffered to Yield: 2.93%
CUSIP*: 670590GB8

The \$8,000,000 Bond Anticipation Notes (the “Notes”) of the Township of Nutley, in the County of Essex, New Jersey (the “Township”) are payable as to principal and interest at maturity upon presentation and surrender at the office of the Chief Financial Officer of the Township (the “Paying Agent”).

The Notes are issued: (i) to finance the costs of various capital projects, and (ii) to pay for expenses incurred in connection with the issuance of the Notes.

The Notes are not subject to redemption prior to maturity.

The Notes are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township without limitation as to rate or amount; provided, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See “Noteholders’ Remedies in the Event of Default” and “Municipal Bankruptcy” herein.

The Notes are offered when, as and if issued and received by the purchaser and to approval of legality and validity by Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Township. It is anticipated that the Notes in definitive form will be available for delivery on or about March 14, 2025.

BNY MELLON CAPITAL MARKETS, LLC

Dated: March 4, 2025

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

MAYOR

John V. Kelly, III

BOARD OF COMMISSIONERS

Thomas J. Evans
Alphonse Petracco
Dr. Joseph P. Scarpelli
Mauro G. Tucci

CHIEF FINANCIAL OFFICER

Stephanie Santana

TOWNSHIP CLERK

Eleni Pettas

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Rutherford, New Jersey

AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

BOND COUNSEL

Hawkins Delafield & Wood LLP
Newark, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Township. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

The information which is set forth herein has been provided by the Township and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Township. References in this Official Statement to the State of New Jersey statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Township during normal business hours. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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APPENDIX C: FORM OF OPINION OF BOND COUNSEL

**OFFICIAL STATEMENT
RELATING TO

\$8,000,000
BOND ANTICIPATION NOTES
OF
THE TOWNSHIP OF NUTLEY,
IN THE COUNTY OF ESSEX, NEW JERSEY**

INTRODUCTION

This Official Statement (the “Official Statement”), which includes the cover page hereof and the appendices hereto, has been prepared by the Township of Nutley, in the County of Essex (the “Township”), in the State of New Jersey (the “State”) and provides certain information relating to the Township in connection with the Township’s sale of its \$8,000,000 Bond Anticipation Notes (the “Notes”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and its distribution and use in connection with the sale of the Notes has been authorized by the Township.

This Official Statement contains specific information relating to the Notes including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

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

DESCRIPTION OF THE NOTES

The following is a summary of certain provisions of the Notes. Reference is made to the Notes themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Date

The Notes will be dated March 14, 2025. The Notes will bear interest at the interest rate per annum stated on the cover page hereof, payable at maturity. The Notes will mature on March 13, 2026.

Denominations and Place of Payment

The Notes will be issued in the denominations of \$5,000 and any \$5,000 increment thereafter. Principal of and interest on the Notes are payable at maturity upon presentation at the office of the Chief Financial Officer of the Township in the capacity as paying agent. The Notes will be issued in registered form.

Redemption

The Notes are not subject to redemption prior to maturity.

AUTHORIZATION

The Notes have been authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (N.J.S.A. §40A:2-1, et seq.) (the “Local Bond Law”). The Notes are authorized by bond ordinances adopted by the governing body of the Township. Such bond ordinances, or summaries thereof, were published after their adoption along with a statement to the effect that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the accompanying bond ordinance can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be barred from questioning the sale, execution or delivery of such obligations.

The following table sets forth certain information with respect to the bond ordinance authorizing the Notes:

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Notes to be Issued</u>
3574	Acquisition of lands, buildings and structures	\$8,000,000

PURPOSE OF ISSUE

The Notes are issued to: (i) finance the costs of various capital projects; and (ii) pay for expenses incurred in connection with the issuance of the Notes.

SECURITY FOR THE NOTES

The Notes will be general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal and the interest on the Notes. The Notes are direct obligations of the Township and, unless paid from other sources, the Township is required by law to levy *ad valorem* taxes upon all the real property taxable within the Township for the payment of the principal of and the interest on the Notes without limitation as to rate or amount. See “Noteholders’ Remedies in the Event of Default” and “Municipal Bankruptcy” herein.

SUMMARY OF CERTAIN STATUTORY PROVISIONS RELATING TO MUNICIPAL AND COUNTY DEBT AND FINANCIAL REGULATION

Set forth below is a summary of various statutory provisions and requirements relevant to the Township’s debt and financial regulation and budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

Legal Framework

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 financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of such projects. Generally, all bonds and notes issued by a local unit are general full faith and credit obligations.

Debt Limit

The authorized bonded indebtedness of a local unit is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3½%), in the case of a municipality, and two percent (2%), in the case of a county, of its average equalized valuation basis. The average equalized valuation basis of a local unit is set by statute as the average for the last three (3) 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 Board of Taxation.

Exceptions to Debt Limit - Extensions of Credit

Except for the funding of certain notes, the authorization of certain bonds for municipal utility purposes, if the utilities are self-liquidating, and certain formula allowances, the debt limit of a local unit may be exceeded only with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs of the State (the “Local Finance Board”), a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, a local unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of a local unit or substantially reduce the ability of a local unit to meet its obligations or to provide essential public improvements or services, or makes other statutory determinations, approval is granted.

Short-Term Financing

Pursuant to the Local Bond Law, a local unit may sell short-term 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. Any such note is designated a “bond anticipation note”. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as the same may be amended and supplemented, creating such capital expenditure. Bond anticipation notes, which are full faith and credit obligations of the local unit, may be issued for a period not exceeding one (1) year and may be renewed from time to time for a period that does not exceed one (1) year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Assessment Bonds

Assessment bonds may be issued pursuant to the Local Bond Law in annual serial installments with the first principal payment due within two (2) years and the final principal payment due within twenty (20) years of an issue’s date. No principal payment may be larger than a prior year’s principal payment.

Refunding Bonds

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, temporary emergency appropriations, advance funding of pension obligations as part of an early retirement program offered by the State, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Local

Finance Board must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof; provided, however, that the issuance of refunding bonds to realize debt service savings on outstanding obligations does not require Local Finance Board approval when authorized by conditions set forth in rules and regulations of the Local Finance Board and upon a resolution adopted by a two-thirds ($\frac{2}{3}$) vote of the full membership of the governing body of the local unit.

Tax Anticipation Notes

Tax anticipation notes may be issued pursuant to the Local Budget Law (as hereinafter defined). The issuance of tax anticipation notes is limited in amount by law to collectively thirty percent (30%) of the tax levy plus thirty percent (30%) of realized miscellaneous revenues of the next preceding fiscal year. Tax anticipation notes must be paid in full within one hundred and twenty (120) days of the close of the fiscal year in which they were issued.

School Debt Subject to Voter Approval

State law permits a school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit, by using the available borrowing capacity of the municipality. If such debt is in excess of school district debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

The Local Budget Law

The foundation of the State local finance system is the annual cash basis budget. Under N.J.S.A. §40A:4-1, et seq. (the “Local Budget Law”), every local unit must adopt an operating budget in the form required by the Division of Local Government Services in the Department of Community Affairs of the State (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it is certified by the Director of the Division (the “Director”), or in the case of a local unit’s examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes and (e) other reserves and nondisbursement items. Anticipated tax revenues are limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections. Anticipated non-tax revenues are limited to the amount actually realized the previous year unless the Director permits higher levels of anticipation should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary 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 (deficit) must be raised in the succeeding year’s budget.

Each municipality is required to forward to the County Board of Taxation (the “County Board”) a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director shall transmit to the County Board a certificate setting forth the amount required for the operation of the local unit for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges and changes in revenues, but excluding the amount to be raised by taxes for school purposes where required to be included in the municipal budget. The certificate shall be prepared by using the revenues and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year. See the subcaption “Tax Assessment and Collection Procedure” below.

Appropriations Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. §40A:4-57 states that “no officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose” (emphasis added).

Appropriation Caps

Chapter 89 of the New Jersey Laws of 1990 extended and amended Chapter 203 of the New Jersey Laws of 1986 and Chapter 68 of the New Jersey Laws of 1976 (N.J.S.A. §40A:4-45.3), commonly referred to as the “CAP Law”. The CAP Law places limits on county tax levies and municipal expenditures. This limitation is commonly referred to as a “CAP”. The actual calculation of the CAP is somewhat complex and the actual CAP computations are prepared by the Division and distributed to each municipality. In addition to the CAP increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sale of municipal assets and increased expenditures mandated by State and federal laws. Appropriations for items excluded from the CAP computation, including debt service requirements, may be set at any necessary level and are not subject to the CAP. The CAP may be exceeded if approved by referendum of the voters of the municipality.

In summary, in determining the CAP for each budget year, the prior year’s total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by two and one-half percent (2½%) or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce) (the “Cost-of-Living Adjustment”), whichever is less, thereby producing the basic CAP, which then may be increased by certain known increases in revenues and State or federal expenditures mandated after July 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage up to, but not to exceed three and one-half percent (3½%). A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

Property Tax Levy Cap

Chapter 44 of the Pamphlet Laws of 2010 imposes restrictions upon the allowable annual increase in the tax levy. In general municipalities have their tax levies limited to a two percent (2%) increase. The tax levy is subject to certain adjustments, including the sum of new ratables. In addition, the following exclusions are added to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of two percent (2%); increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The law also authorizes a municipality to submit public questions to the voters for approval (by affirmative vote of at least fifty percent (50%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Miscellaneous Revenues

A provision in the Local Budget Law (N.J.S.A. §40A:4-26) provides that: “[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [Director] shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit”.

In addition, budget amendments must be approved by the Director, except for federal and State categorical grants-in-aid contracts may be realized for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar fiscal 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, which governs the anticipation of delinquent tax collections, provides that: “[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year”.

N.J.S.A. §40A:4-41 provides, with regard to current taxes, that: “[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year”.

This provision and N.J.S.A. §40A:4-40 require that an additional amount, commonly known or referred to as 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:

The levy required to balance the budget, divided by the prior year's percentage of current tax collection (or lesser percent) levied, will equal the total taxes to be levied for the current fiscal year.

Chapter 99 of the New Jersey Laws of 1997 authorizes any municipality to sell its "total property tax levy" to the highest responsible bidder therefor in accordance with the procedures and limitations set forth therein (N.J.S.A. §54:5-113.5).

Upon the filing of certified adopted budgets by (i) a local governmental unit, (ii) a local and/or a regional school district, (iii) the county in which the local governmental unit is situated and (iv) any special improvement districts within the local governmental unit, the current year's tax rate is struck by a county's board of taxation based upon the amount of taxes required in each taxing district to fund the respective budgets.

Emergency Appropriations/Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. §40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by a local unit. However, with minor exceptions set forth below, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

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

Under the CAP Law, emergency appropriations aggregating less than three percent (3%) of the previous year's final current operating appropriations may be raised in the portion of the local unit's budget outside the CAP if approved by at least two-thirds ($\frac{2}{3}$) of the members of the governing body and the Director. Emergency appropriations that aggregate more than three percent (3%) of the previous year's final current operating appropriations must be raised within the CAP. Emergency appropriations for debt service, capital improvements, the local unit's share of federal or State grants and other statutorily permitted items are outside the CAP.

Budget Transfers

Budget transfers provide a local unit with a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A.

§40A:4-58 until the last two (2) months of the fiscal year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget (N.J.S.A. §40A:4-59). Both types of transfers require a two-thirds ($\frac{2}{3}$) vote of the full membership of the governing body. However, no transfers may be made (a) to appropriations for contingent expenses, deferred charges or emergency appropriation or (b) from appropriations for contingent expenses, deferred charges cash deficit of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal Public Utilities

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, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than the next ensuing six (6) 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 next three (3) or six (6) 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 by the annual operating budget if the items were detailed.

Fiscal Year Adjustment Law

Chapter 75 of the New Jersey of 1991, signed into law on March 28, 1992, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year (N.J.S.A. §40A:4-3.1). Municipalities that change fiscal years must adopt a six (6) month transition budget for January to June. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the law authorizes the issuance of fiscal year adjustment bonds to fund the one time deficit for the six (6) month transition budget (N.J.S.A. §40A:2-51.2). The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of fiscal year adjustment bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue fiscal year adjustment bonds to finance the deficit on a permanent basis. The purpose of the law is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue fiscal year adjustment bonds as well.

State Supervision

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

Tax Assessment and Collection Procedure

A local governmental unit is the entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and the Township. The levying of taxes is for a fiscal year, which starts July 1 and ends June 30. The collection of taxes to support a local governmental unit's current budget requirement is based upon a calendar year, January 1 to December 31.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax moneys by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year with any balance transferred by June 30 (the end of the school district's fiscal year). A municipality remits one hundred percent (100%) of the county taxes, payable quarterly on February 15, May 15, August 15 and November 15.

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

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

Tax bills are sent in June of the current fiscal year. Taxes are payable in four (4) quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter ($\frac{1}{4}$) or one-half ($\frac{1}{2}$) of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500 (the Township currently charges a flat eight percent (8%) penalty on delinquent payments). The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency (the Township currently does not charge the six percent (6%) penalty). These penalties and interest are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. Prior to February 1 in each year, a municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board on or before April 1 of the current tax year for its review. The County Board has the authority after a hearing to increase, 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 believes the petition was unsatisfactorily reviewed by the County Board, appeal of the decision may be made to the Tax Court of New Jersey for further hearing. Tax Court of New Jersey appeals tend to take several years to conclude by settlement or trial and any losses in tax collections from prior years, after an unsuccessful trial or by settlement, are charged directly to operations or with the permission of the Local Finance Board, may be refinanced, generally over a three (3) to five (5) year period.

The Local Fiscal Affairs Law

N.J.S.A. §40A:5-1, et seq. (the “Local Fiscal Affairs 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 and commissions.

An independent examination of the local unit’s accounts must be performed annually by a State licensed registered municipal accountant. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvements of the local unit’s financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

A local unit’s funds are invested strictly in accordance with the provisions of the Local Fiscal Affairs Law, in particular N.J.S.A. §40A:5-12.1. A local unit is not authorized to invest funds in derivative products or reverse repurchase agreements.

Basis of Accounting

The accounting policies applicable to local governmental units have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities,

except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets - Property and equipment purchased through the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized.

A local unit finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund.

Expenditures are comprised of those made for general purposes, certain expenditures made from restricted federal, State and private grants, certain federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general purposes include payments made primarily in support of a local unit's various departments.

NOTEHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Neither the Notes nor the proceedings with respect thereto specifically provide any remedies to the noteholders if the Township defaults in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the noteholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Note, a noteholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Township to levy and collect a tax upon all taxable property within the Township, without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Notes as the same shall come due. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies. See the caption "Municipal Bankruptcy" herein.

MUNICIPAL BANKRUPTCY

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

Bankruptcy proceedings by the Township could have adverse effects on the noteholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the Township after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The federal bankruptcy act contains provisions intended to

ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors, such as the holders of general obligation indebtedness or the Notes, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the federal bankruptcy act cannot be predicted and may be significantly affected by judicial interpretation.

The above references to the federal bankruptcy act are not to be construed as an indication that the Township expects to resort to the provisions of the federal bankruptcy act or that, if it did, such action would be approved by the Municipal Finance Commission.

NO DEFAULT

There is no record of default in the payment of principal of or interest on bonds or notes of the Township.

ABSENCE OF MATERIAL LITIGATION

In the opinion of the Township Attorney, Jonathan Bruno, Rutherford, New Jersey (the “Township Attorney”), no litigation of any nature is now pending or, to his knowledge, threatened restraining or enjoining the issuance or delivery of the Notes or the levy or collection of any taxes to pay the interest on or principal of the Notes, or in any manner questioning the authority or proceedings for the issuance of the Notes or for the levy or collection of said taxes, or relating to the Notes or affecting the validity thereof or the levy or collection of said taxes, and neither the corporate existence or boundaries of the Township nor the title of any of the present officers thereof to their respective offices is being contested, and no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded. A signed statement to that effect will be supplied upon delivery of the Notes. In the opinion of the Township Attorney, there is no litigation pending or, to his knowledge, threatened against the Township which if adversely decided would have a material adverse effect on the financial condition of the Township or which is not otherwise adequately covered by Township insurance.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Notes is included in the “adjusted financial statement income” of corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Notes is excluded from gross income under the New Jersey Gross Income Tax Act. See “Tax Matters” herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Notes for certain noteholders.

In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Notes is excluded from gross income under the New Jersey Gross Income Tax Act.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of

the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Township will certify that, to the extent it is empowered and allowed under applicable law, it will comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Notes through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding

should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Note Premium

In general, if an owner acquires the Notes for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Notes after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

SECONDARY MARKET DISCLOSURE

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the Township has undertaken to provide to the Municipal Securities Rulemaking Board (the “MSRB”), in a timely manner not in excess of ten (10) business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Notices include notices of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls (other than mandatory sinking fund redemptions) if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Township, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the Township, and no person, including any holder of the Notes, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The undertaking may be amended or modified without consent of the holders of the Notes under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Township upon the delivery of the Notes will be on file at the office of the Township Clerk.

The Township has entered into prior undertakings to provide continuing disclosure for several outstanding bond and note issues which require the Township to submit financial information by a date certain after the end of the fiscal year which occurs on December 31st and timely notice of the occurrence of certain events. The Township has appointed NW Financial Group, LLC to serve as continuing disclosure agent.

CERTAIN RISK FACTORS

Coronavirus and Other Infectious Disease

The COVID-19 pandemic has affected travel, commerce, and financial markets globally, in the United States and in the State. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been relaxed. The full impact that COVID-19 may have on the finances and operations of the Township may not be known for some time. Any resurgence of COVID-19 or subsequent outbreak of COVID-19 or another infectious disease such as the Zika virus, the Ebola virus or another similar disease, could have a material adverse effect on the Township and its financial and operating performance.

Climate

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

Cyber Security

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the Township's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Township.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Township, whose approving opinion will be delivered with the Notes substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed upon for the Township by the Township Attorney.

FINANCIAL STATEMENTS

The financial statements of the Township as of December 31, 2023 and 2022 have been audited by Nisivoccia LLP, independent certified public accountants, as stated in their Independent Auditor's Report and Compilation Letter appearing in Appendix B hereto. Certain information extracted from the audited financial statements of the Township is included in Appendix B hereto.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by BNY Mellon Capital Markets, LLC at a price of \$8,098,752. The Notes are being offered for sale at the yield set forth on the cover of this Official Statement, which yield may be changed from time to time by the respective purchasers without notice.

PREPARATION OF OFFICIAL STATEMENT

Nisivoccia LLP assisted in the preparation of this Official Statement with information obtained from the Township and other sources, including publicly available sources, considered reliable, but Nisivoccia LLP does not make any warranty or other representation with respect to the accuracy and completeness of such information. Nisivoccia LLP takes responsibility for the audited and unaudited financial information set forth in Appendix B hereto to the extent specified in their Independent Auditors' Report or Compilation Letter set forth in Appendix B hereto.

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

Hawkins Delafield & Wood LLP and the Township Attorney have not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

Upon request, the Chief Financial Officer of the Township will confirm to the purchasers of the Notes, by certificate signed by the Chief Financial Officer, that to the knowledge of the Chief Financial Officer the descriptions and statements relating to the Township herein, 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 such descriptions and statements, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Stephanie Santana, Chief Financial Officer, Municipal Building, One Kennedy Drive, Nutley, New Jersey, 07110.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as part of any contract with the holders of the Notes.

This Official Statement has been duly executed on behalf of the Township by its Chief Financial Officer.

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

By: /s/ Stephanie Santana
Stephanie Santana
Chief Financial Officer

APPENDIX A

**TOWNSHIP OF NUTLEY
FINANCIAL AND GENERAL INFORMATION**

INFORMATION REGARDING THE TOWNSHIP¹

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

General Information

The Township is located in the County and is bordered by the Township of Montclair, Township of Bloomfield, Township of Belleville, the City of Clifton and the Passaic River.

The Township’s highway system provides access to the Garden State Parkway and Route 21 and in close proximity to the New Jersey Turnpike and Interstate 280. The Turnpike allows for an approximately 35 minute commute into New York City.

Form of Government

The form of government in the Township is that of a Board of Commissioners composed of five (5) members elected for four-year (4) terms, one of whom serves as Mayor. Each Commissioner is elected at large.

Police

The Township is served by a fully staffed and well-trained public safety police department including a chief, patrol officers, an investigation unit, support services and records bureau and traffic safety officers.

Education

The Board of Education of the Township (the “Board”) operates five (5) elementary schools, one (1) middle school and one (1) high school. The Board is served by nine (9) board members, elected on staggered three (3) year terms. Enrollment for the 2021-2022 school year was approximately 4,000 students.

Library

The Township has a public library with approximately 90,000 books.

Retirement Systems

Substantially all of the entity’s employees participate in the Public Employees’ Retirement System (PERS), or the Police and Firemen’s Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the

¹ Source: The Township, unless otherwise indicated.

State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2023	15,748	15,097	651	4.1%
2022	15,430	14,880	550	3.6%
2021	15,180	14,213	967	6.4%
2020	15,286	13,825	1,461	9.6%
2019	15,342	14,871	471	3.1%
<u>County</u>				
2023	397,420	375,401	22,019	5.5%
2022	388,290	369,991	18,299	4.7%
2021	385,589	353,407	32,182	8.3%
2020	387,334	343,775	43,559	11.2%
2019	386,125	369,380	16,745	4.3%
<u>State</u>				
2023	4,829,671	4,615,722	213,949	4.4%
2022	4,736,213	4,552,563	183,650	3.9%
2021	4,648,814	4,337,793	311,021	6.7%
2020	4,638,386	4,200,980	437,406	9.4%
2019	4,687,390	4,525,044	162,346	3.5%

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

Income (as of 2022)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$111,979	\$73,785	\$97,126
Median Family Income	148,778	97,380	119,240
Per Capita Income	55,846	45,946	50,995

Source: US Bureau of the Census 2022

Population

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

	<u>Township</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2023 est.	29,538	-2.0%	851,117	-1.5%	9,290,841	0.0%
2020	30,143	6.2	863,728	10.2	9,288,994	5.7
2010	28,370	3.7	783,969	-1.2	8,791,894	4.5
2000	27,362	1.0	793,633	2.0	8,414,350	8.9
1990	27,099	-6.5	778,206	-8.6	7,730,188	5.0

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2023</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
HSRE Ideation Property Owner LLC	\$35,509,100	0.71%
PB Nutclif Master, LLC	32,388,500	0.65%
GI TC Nutley, LLC.	31,589,000	0.64%
M&M @ E Centre St	29,979,400	0.60%
SF Nutley Properties Owner II, LLC	28,325,800	0.57%
432 Owners Inc.	28,050,000	0.56%
Village Manor Associates	28,029,100	0.56%
PSEG Services Corp/Properties Dept.	18,678,200	0.38%
SSEF, LLC	17,715,600	0.36%
Nutley Senior Citizens Housing Corp.	<u>16,183,400</u>	<u>0.33%</u>
Total	<u>\$266,448,100</u>	<u>5.36%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2023	\$128,372,094	\$126,773,024	98.75%
2022	126,224,158	124,002,275	98.23%
2021	125,287,395	123,883,377	98.87%
2020	119,684,807	118,130,065	98.70%
2019	117,998,280	116,482,397	98.72%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2023	\$0	\$1,235,094	\$1,235,094	0.96%
2022	0	1,218,308	1,218,308	0.97%
2021	0	1,268,251	1,268,251	1.01%
2020	0	1,242,978	1,242,978	1.04%
2019	71,310	1,374,136	1,445,445	1.22%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2023	\$47,570
2022	47,570
2021	47,570
2020	47,570
2019	47,570

Source: Annual Audit Reports of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2023 *	\$0.846	\$0.032	\$1.293	\$0.000	\$0.405	\$2.576
2022	1.263	0.045	1.936	0.000	0.620	3.864
2021	1.240	0.043	1.936	0.000	0.625	3.844
2020	1.251	0.041	1.806	0.000	0.584	3.682
2019	1.244	0.039	1.768	0.000	0.557	3.608

* =Revaluation

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2023 *	\$4,968,015,300	\$5,129,597,625	96.85%	\$10,000	\$5,129,607,625
2022	3,259,396,300	4,689,778,849	69.50	7,460	4,689,786,309
2021	3,253,565,900	4,361,348,391	74.60	9,100	4,361,357,491
2020	3,241,701,900	4,200,183,856	77.18	9,100	4,200,192,956
2019	3,264,117,700	4,003,087,687	81.54	9,100	4,003,096,787

* =Revaluation

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2023 *	\$51,174,000	\$4,039,084,100	\$0	\$547,013,200	\$20,364,400	\$310,379,600	\$4,968,015,300
2022	31,837,300	2,648,566,000	0	395,935,500	12,680,300	170,377,200	3,259,396,300
2021	30,546,600	2,642,920,600	0	397,245,800	12,475,700	170,377,200	3,253,565,900
2020	31,788,900	2,635,963,300	0	390,260,600	12,545,700	171,143,400	3,241,701,900
2019	30,168,900	2,629,433,000	0	420,826,700	12,545,700	171,143,400	3,264,117,700

* =Revaluation

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Fund Balance Utilized	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,513,000
Miscellaneous Revenues	10,287,290	8,798,080	9,145,510	11,337,718	11,423,669
Receipts from Delinquent Taxes	1,200,000	1,200,000	1,200,000	1,099,355	1,100,000
Amount to be Raised by Taxation	<u>41,872,752</u>	<u>41,744,711</u>	<u>42,627,975</u>	<u>43,607,062</u>	<u>44,538,285</u>
Total Revenue:	<u>\$58,360,042</u>	<u>\$56,742,791</u>	<u>\$57,973,485</u>	<u>\$61,044,135</u>	<u>\$62,574,954</u>
<u>Appropriations</u>					
General Appropriations	\$43,087,811	\$44,212,645	\$45,359,824	\$47,336,101	\$51,135,746
Operations (Excluded from CAPS)	7,718,311	5,645,973	5,714,211	6,989,764	4,474,716
Deferred Charges	110,000	110,000	110,000	110,000	110,000
Capital Improvement Fund	509,000	300,000	300,000	300,000	307,839
Municipal Debt Service	2,393,892	1,924,173	1,848,450	1,824,450	1,973,157
Reserve for Uncollected Taxes	<u>4,541,028</u>	<u>4,550,000</u>	<u>4,641,000</u>	<u>4,483,820</u>	<u>4,573,496</u>
Total Appropriations:	<u>\$58,360,042</u>	<u>\$56,742,791</u>	<u>\$57,973,485</u>	<u>\$61,044,135</u>	<u>\$62,574,954</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

Fund Balance - Current Fund

	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2023	\$7,861,663	\$5,513,000
2022	7,152,247	5,000,000
2021	6,605,370	5,000,000
2020	6,264,513	5,000,000
2019	6,428,479	5,000,000

Source: Annual Audit Reports of the Township

Water Utility Operating Fund

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

Fund Balance		
<u>Water Utility Operating Fund</u>		
<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2023	\$286,716	\$250,000
2022	397,498	350,000
2021	607,080	561,000
2020	806,646	360,163
2019	880,025	516,750

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2023

General Purpose Debt

Serial Bonds	\$13,106,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	3,050,567
Other Bonds, Notes and Loans	<u>370,710</u>
Total:	\$16,527,277

Local School District Debt

Serial Bonds	\$25,450,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$25,450,000

Regional School District Debt

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

Self-Liquidating Debt

Serial Bonds	\$355,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	2,942,074
Other Bonds, Notes and Loans	<u>398,775</u>
Total:	\$3,695,849

TOTAL GROSS DEBT

\$45,673,126

Less: Statutory Deductions	
General Purpose Debt	\$758,859
Local School District Debt	25,450,000
Regional School District Debt	0
Self-Liquidating Debt	<u>3,695,849</u>
Total:	\$29,904,708

TOTAL NET DEBT

\$15,768,418

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2023)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$25,450,000	100.00%	\$25,450,000
County	1,011,892,947	4.15%	<u>42,008,183</u>
Net Indirect Debt			\$67,458,183
Net Direct Debt			<u>15,768,418</u>
Total Net Direct and Indirect Debt			<u>\$83,226,601</u>

Debt Limit

Average Equalized Valuation Basis (2021, 2022, 2023)	\$4,726,908,288
Permitted Debt Limitation (3 1/2%)	165,441,790
Less: Net Debt	<u>15,768,418</u>
Remaining Borrowing Power	<u>\$149,673,372</u>
Percentage of Net Debt to Average Equalized Valuation	0.334%

Gross Debt Per Capita based on 2020 population of 30,143	\$1,515
Net Debt Per Capita based on 2020 population of 30,143	\$523

Source: Annual Debt Statement of the Township

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Borough's annual audit report.

² Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

APPENDIX B

FINANCIAL STATEMENTS

TOWNSHIP OF NUTLEY
FINANCIAL STATEMENTS
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Independent Auditors' Report

The Honorable Mayor and Members
of the Board of Commissioners
Township of Nutley
Nutley, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* – of the various funds and account group of the Township of Nutley in the County of Essex (the "Township") as of, and for the years ended December 31, 2023, 2022, and 2021 and the related notes to financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Township as of December 31, 2023, 2022, and 2021 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Township as of December 31, 2023, 2022, and 2021 and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2023, 2022, and 2021 or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Nisivoccia LLP

NISIVOCIA LLP

Mount Arlington, New Jersey
May 10, 2024

APPENDIX B

FINANCIAL STATEMENTS

TOWNSHIP OF NUTLEY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2023	2022	2021
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 47,757,412.46	\$ 42,851,158.48	\$ 42,212,977.97
Change Funds	300.00	300.00	300.00
	<u>47,757,712.46</u>	<u>42,851,458.48</u>	<u>42,213,277.97</u>
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	12,134.84	11,112.92	11,847.85
Prepaid School Taxes		2,362.00	
	<u>47,769,847.30</u>	<u>42,864,933.40</u>	<u>42,225,125.82</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	1,235,094.34	1,218,307.51	1,268,250.97
Property Acquired for Taxes at Assessed Valuation	47,570.00	47,570.00	47,570.00
Revenue Accounts Receivable	13,541.55	22,502.44	22,727.53
Due State of New Jersey:			
Consolidated Municipal Property Tax Relief Aid			800,000.00
Interfund Accounts Receivable	<u>1,283,756.06</u>	<u>1,077,956.28</u>	<u>1,083,511.98</u>
Total Receivables and Other Assets With Full Reserves	<u>2,579,961.95</u>	<u>2,366,336.23</u>	<u>3,222,060.48</u>
Deferred Charges:			
Special Emergency Appropriation	<u>110,000.00</u>	<u>220,000.00</u>	<u>330,000.00</u>
TOTAL ASSETS	<u>\$ 50,459,809.25</u>	<u>\$ 45,451,269.63</u>	<u>\$ 45,777,186.30</u>

TOWNSHIP OF NUTLEY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	December 31,		
	2023	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Encumbered	\$ 3,482,535.43	\$ 3,558,230.59	\$ 4,169,192.92
Unencumbered	1,397,178.83	1,427,295.43	1,438,831.74
	4,879,714.26	4,985,526.02	5,608,024.66
Accounts Payable - Vendors	1,115,491.84	2,966,216.22	2,525,438.35
Prepaid Uniform Construction Code Fees			200,000.00
Prepaid Taxes	750,781.43	826,230.33	687,077.42
Tax Overpayments	411,135.34	423,399.63	458,483.05
School Taxes Payable			889,875.00
County Added and Omitted Taxes Payable	69,077.58	45,057.59	35,761.50
County PILOT Taxes Payable	139,506.71	124,202.81	
Due to State of New Jersey:			
Construction Code Surcharge Fees	10,375.00	6,430.00	6,938.00
Marriage License/Domestic Partnership	1,325.00	225.00	925.00
Burial Permit Fees	5.00	5.00	5.00
Interfund Accounts Payable	19,489,640.89	12,237,576.74	15,174,900.35
Reserve for Appropriated Grant Funds	375,321.87	209,317.71	169,843.12
Reserve for Unappropriated Grant Funds	132,223.33	24,905.94	1,500,411.69
Reserve for ARP -			
Coronavirus State and Local Fiscal Recovery Funds	2,591,145.68	2,976,145.68	
Reserve for Municipal Relief Fund Aid	547,357.95	273,736.76	
Reserve for Purchase of Fire Truck - Insurance Proceeds	7,481.03	7,481.03	21,103.76
Reserve for Pending Tax Appeals	6,730,680.29	6,730,680.29	6,402,251.42
Reserve for Sale of Municipal Assets	66,550.00	66,550.00	66,550.00
Reserve for Redemption of Outside Liens	7,682.57		
Reserve for Revaluation of Property	31,210.00	145,536.85	435,775.71
Reserve for Master Plan Review	13,610.00	13,610.00	13,610.00
Reserve for Litigation Settlement	560,000.00	670,000.00	580,000.00
Reserve for Dissolution of Nutley Volunteer			
Emergency Rescue Squad	255,144.08	255,144.08	
Reserve for Diamond Spring Redevelopment	58,696.83		
Reserve for Payment in Lieu of Taxes:			
Seton Hall University Medical School	206,936.72	327,616.72	326,846.44
PB-100 Metro Boulevard	690,589.28	1,740,589.28	845,935.59
200 Metro Boulevard	876,501.98	876,501.98	
	40,018,184.66	35,932,685.66	35,949,756.06
Reserve for Receivables and Other Assets	2,579,961.95	2,366,336.23	3,222,060.48
Fund Balance	7,861,662.64	7,152,247.74	6,605,369.76
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 50,459,809.25	\$ 45,451,269.63	\$ 45,777,186.30

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

TOWNSHIP OF NUTLEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
- REGULATORY BASIS

	Year Ended December 31,		
	2023	2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Miscellaneous Revenue Anticipated	12,579,092.14	10,032,579.06	9,661,542.43
Receipts from Delinquent Taxes	1,192,626.78	1,267,661.18	1,242,751.55
Receipts from Current Taxes	126,773,023.54	124,002,275.41	123,883,377.36
Nonbudget Revenue	386,372.21	558,149.85	379,406.68
Other Credits to Income	1,670,128.29	1,864,063.82	1,745,013.76
Total Income	<u>147,601,242.96</u>	<u>142,724,729.32</u>	<u>141,912,091.78</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes	57,242,013.93	53,458,732.57	52,367,071.76
County Taxes	20,146,959.74	20,206,096.47	20,333,395.15
County Share of Added and Omitted Taxes	69,077.58	45,057.59	35,761.50
Local School District Taxes	64,222,239.00	63,098,916.00	62,967,077.00
Reserve for Pending Tax Appeals		350,000.00	
Refund of Prior Year - Taxes	5,738.03		5,386.78
Refund of Prior Year Revenue - Other			3,906.11
Interfunds and Other Receivables Advanced	205,799.78	19,048.71	858,636.98
Total Expenditures	<u>141,891,828.06</u>	<u>137,177,851.34</u>	<u>136,571,235.28</u>
Excess in Revenue	5,709,414.90	5,546,877.98	5,340,856.50
Balance January 1	<u>7,152,247.74</u>	<u>6,605,369.76</u>	<u>6,264,513.26</u>
	12,861,662.64	12,152,247.74	11,605,369.76
Decreased by:			
Utilized as Anticipated Revenue	<u>5,000,000.00</u>	<u>5,000,000.00</u>	<u>5,000,000.00</u>
Balance December 31	<u>\$ 7,861,662.64</u>	<u>\$ 7,152,247.74</u>	<u>\$ 6,605,369.76</u>

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

TOWNSHIP OF NUTLEY
CURRENT FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2023		2022		2021	
	Budget After Modification	Realized	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Miscellaneous Revenue Anticipated	12,024,022.74	12,579,092.14	9,274,094.98	10,032,579.06	9,037,244.65	9,661,542.43
Receipts from Delinquent Taxes	1,099,355.00	1,192,626.78	1,200,000.00	1,267,661.18	1,200,000.00	1,242,751.55
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes	42,043,801.46	45,255,306.68	41,174,190.78	43,839,420.97	40,344,648.08	43,697,080.79
Local Tax for Municipal Library	1,563,260.54	1,563,260.54	1,453,784.38	1,453,784.38	1,400,062.92	1,400,062.92
Nonbudget Revenue		386,372.21		558,149.85		379,406.68
	<u>\$ 61,730,439.74</u>	<u>\$ 65,976,658.35</u>	<u>\$ 58,102,070.14</u>	<u>\$ 62,151,595.44</u>	<u>\$ 56,981,955.65</u>	<u>\$ 61,380,844.37</u>

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

TOWNSHIP OF NUTLEY
CURRENT FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	For the Years Ended December 31,							
	2023		2022					
	Budget After Modification	Paid or Charged	Reserved	Canceled	Budget After Modification	Paid or Charged	Reserved	Canceled
Operations for Municipal Purposes:								
Salaries and Wages	\$22,865,349.00	\$21,872,135.61	\$ 993,213.39		\$ 21,975,000.00	\$ 20,821,230.85	\$ 1,153,769.15	
Other Expenses	25,365,995.74	23,206,141.60	2,159,854.14		22,632,440.03	20,750,539.41	1,881,900.62	
Capital Improvements	300,000.00	300,000.00			300,000.00	200,000.00	100,000.00	
Debt Service	1,824,450.00	1,819,844.19		\$ 4,605.81	1,848,450.11	1,846,112.54		\$ 2,337.57
Deferred Charges and Statutory Expenditures	6,890,825.00	6,561,357.10	329,467.90		6,705,180.00	6,282,619.18	422,560.82	
Total Operations for for Municipal Purposes	\$7,246,619.74	\$3,759,478.50	\$3,482,535.43	4,605.81	\$3,461,070.14	\$49,900,501.98	\$3,558,230.59	2,337.57
Reserve for Uncollected Taxes	4,483,820.00	4,483,820.00			4,641,000.00			
	\$61,730,439.74	\$58,243,298.50	\$3,482,535.43	\$ 4,605.81	\$ 58,102,070.14	\$ 54,541,501.98	\$ 3,558,230.59	\$ 2,337.57
Adopted Budget	\$61,044,135.00				\$ 57,973,484.91			
Added by N.J.S.A. 40A:4-87	686,304.74				128,585.23			
	\$61,730,439.74				\$ 58,102,070.14			

	December 31, 2021			
	Budget After Modification	Paid or Charged	Reserved	Canceled
Operations for Municipal Purposes:				
Salaries and Wages	\$21,312,397.00	\$20,339,155.91	\$ 973,241.09	
Other Expenses	23,294,346.65	19,795,929.56	2,748,417.09	\$ 750,000.00
Capital Improvements	300,000.00	200,000.00	100,000.00	
Debt Service	1,924,173.00	1,859,289.11		64,883.89
Deferred Charges and Statutory Expenditures	6,351,039.00	6,003,504.26	347,534.74	
Total Operations for Municipal Purposes	\$3,181,955.65	\$4,197,878.84	\$4,169,192.92	\$14,883.89
Reserve for Uncollected Taxes	4,550,000.00	4,550,000.00		
	\$57,731,955.65	\$52,747,878.84	\$4,169,192.92	\$ 814,883.89
Adopted Budget	\$56,742,790.79			
Added by N.J.S.A. 40A:4-87	239,164.86			
Special Emergency Appropriation	750,000.00			
	\$57,731,955.65			

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

TOWNSHIP OF NUTLEY
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2023	2022	2021
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	\$ 54,259.31	\$ 57,337.28	\$ 40,289.17
	<u>54,259.31</u>	<u>57,337.28</u>	<u>40,289.17</u>
Other Trust Funds:			
Cash and Cash Equivalents	3,433,134.73	3,448,806.45	3,386,949.15
Interfund Receivable	5,966,277.12	6,075,532.28	5,951,888.67
	<u>9,399,411.85</u>	<u>9,524,338.73</u>	<u>9,338,837.82</u>
 TOTAL ASSETS	 <u>\$ 9,453,671.16</u>	 <u>\$ 9,581,676.01</u>	 <u>\$ 9,379,126.99</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State of New Jersey	\$ 6.60	\$ 36.00	\$ 21.00
Interfund Payable	20,309.48	20,299.48	1,250.77
Reserve for Animal Control Expenditures	33,943.23	37,001.80	39,017.40
	<u>54,259.31</u>	<u>57,337.28</u>	<u>40,289.17</u>
Other Trust Funds:			
Other Deposits and Reserves	9,399,411.85	9,524,338.73	9,338,837.82
	<u>9,399,411.85</u>	<u>9,524,338.73</u>	<u>9,338,837.82</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 <u>\$ 9,453,671.16</u>	 <u>\$ 9,581,676.01</u>	 <u>\$ 9,379,126.99</u>

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

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	2023	2022	2021
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 83,228.79	\$ 83,228.79	\$ 83,228.79
Interfund Accounts Receivable	13,038,363.77	5,677,044.46	8,738,011.68
Loan Receivable	87,529.00	87,529.00	87,529.00
Grants Receivable	4,174,689.63	3,334,572.70	3,219,255.45
Deferred Charges to Future Taxation:			
Funded	13,478,953.97	9,983,866.72	11,618,387.12
Unfunded	246,385.53	6,221,567.41	9,378,406.38
TOTAL ASSETS	\$ 31,109,150.69	\$ 25,387,809.08	\$ 33,124,818.42
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	\$ 13,106,000.00	\$ 9,591,000.00	\$ 11,206,000.00
Loans Payable	372,953.97	392,866.72	412,387.12
Bond Anticipation Notes Payable			1,294,316.00
Improvement Authorizations:			
Funded	10,590,096.99	5,759,787.54	7,641,227.16
Unfunded	246,385.53	3,926,815.82	7,247,015.89
Reserves	2,535,356.98	2,080,131.78	1,790,349.03
Capital Improvement Fund	3,858,446.00	3,237,296.00	3,133,612.00
Down Payments on Improvements	194,707.72	194,707.72	194,707.72
Fund Balance	205,203.50	205,203.50	205,203.50
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 31,109,150.69	\$ 25,387,809.08	\$ 33,124,818.42

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

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance December 31,	<u>\$ 205,203.50</u>	<u>\$ 205,203.50</u>	<u>\$ 205,203.50</u>
Balance December 31,	<u><u>\$ 205,203.50</u></u>	<u><u>\$ 205,203.50</u></u>	<u><u>\$ 205,203.50</u></u>

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

TOWNSHIP OF NUTLEY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31		
	2023	2022	2021
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	\$ 1,747,479.05	\$ 1,901,247.14	\$ 2,017,335.84
Interfund Receivable	94,215.73		
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	846,342.82	754,248.75	768,433.88
Inventory	61,195.00	61,195.00	61,195.00
Total Operating Fund	<u>2,749,232.60</u>	<u>2,716,690.89</u>	<u>2,846,964.72</u>
Capital Fund:			
Cash and Investments	183.05	183.05	183.05
Fixed Capital	2,048,926.48	2,048,926.48	2,048,926.48
Fixed Capital Authorized and Uncompleted	5,286,286.50	4,997,536.50	4,997,536.50
Interfund Receivable	485,000.00	507,232.98	595,634.40
Total Capital Fund	<u>7,820,396.03</u>	<u>7,553,879.01</u>	<u>7,642,280.43</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,569,628.63</u>	<u>\$ 10,270,569.90</u>	<u>\$ 10,489,245.15</u>

TOWNSHIP OF NUTLEY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	December 31,		
	2023	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	\$ 90,411.32	\$ 288,108.61	\$ 165,817.17
Reserve for Encumbrances	160,595.18	107,377.89	29,885.77
	251,006.50	395,486.50	195,702.94
Interfund Accounts Payable	1,263,446.58	1,079,889.78	1,192,895.61
Accounts Payable	10,941.17	98.92	98.92
Accrued Interest on Bonds	5,962.80	8,160.40	5,214.88
Water Rent Overpayments	23,622.05	20,113.57	16,343.35
	1,554,979.10	1,503,749.17	1,410,255.70
Reserve for Receivables and Inventory	907,537.82	815,443.75	829,628.88
Fund Balance	286,715.68	397,497.97	607,080.14
Total Operating Fund	2,749,232.60	2,716,690.89	2,846,964.72
Capital Fund:			
Serial Bonds Payable	355,000.00	420,000.00	485,000.00
NJ Environmental Infrastructure Trust Loans Payable	398,774.73	499,392.41	600,010.09
Improvement Authorizations:			
Funded	562,251.14	562,251.14	574,495.14
Unfunded	2,744,561.07	2,572,259.78	2,648,417.20
Interfund Accounts Payable	94,215.73		
Reserve for:			
Down Payments on Improvements	25,525.85	25,525.85	25,525.85
Amortization	3,511,848.75	3,346,231.07	3,180,613.39
Deferred Amortization	127,515.25	127,515.25	127,515.25
Fund Balance	703.51	703.51	703.51
Total Capital Fund	7,820,396.03	7,553,879.01	7,642,280.43
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 10,569,628.63</u>	<u>\$ 10,270,569.90</u>	<u>\$ 10,489,245.15</u>

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

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE -
REGULATORY BASIS

	Year Ended December 31		
	2023	2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$ 350,000.00	\$ 561,000.00	\$ 360,163.00
Water Rents	4,061,774.69	4,180,107.47	4,079,471.84
Utility Maintenance Fee	274,678.29	275,553.91	237,540.91
Nonbudget Revenue	95,134.64	113,370.28	88,106.31
Other Credits to Income:	207,629.77	89,385.85	17,970.73
Total Income	4,989,217.39	5,219,417.51	4,783,252.79
<u>Expenditures</u>			
Budget Expenditures:			
Operating	4,435,805.00	4,514,665.00	4,305,800.00
Capital Improvements	1,000.00	10,000.00	10,000.00
Debt Services	175,194.68	182,334.68	120,855.94
Deferred Charges and Statutory Expenditures	138,000.00	161,000.00	186,000.00
Total Expenditures	4,749,999.68	4,867,999.68	4,622,655.94
Excess in Revenues	239,217.71	351,417.83	160,596.85
<u>Fund Balance</u>			
Balance January 1	397,497.97	607,080.14	806,646.29
	636,715.68	958,497.97	967,243.14
Decreased by:			
Utilization by Water Utility Operating Budget	350,000.00	561,000.00	360,163.00
Balance December 31	\$ 286,715.68	\$ 397,497.97	\$ 607,080.14

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

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	For the Year Ended December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance January 1	<u>\$ 703.51</u>	<u>\$ 703.51</u>	<u>\$ 703.51</u>
Balance December 31	<u><u>\$ 703.51</u></u>	<u><u>\$ 703.51</u></u>	<u><u>\$ 703.51</u></u>

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

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF REVENUE - REGULATORY BASIS

	For the Years Ended December 31,					
	2023		2022		2021	
	Anticipated	Realized	Anticipated	Realized	Anticipated	Realized
Fund Balance Anticipated	\$ 350,000.00	\$ 350,000.00	\$ 561,000.00	\$ 561,000.00	\$ 360,163.00	\$ 360,163.00
Rents	4,150,000.00	4,061,774.69	4,070,000.00	4,180,107.47	4,000,000.00	4,079,471.84
Utility Maintenance Fee	250,000.00	274,678.29	237,000.00	275,553.91	265,000.00	237,540.91
Budget Totals	4,750,000.00	4,686,452.98	4,868,000.00	5,016,661.38	4,625,163.00	4,677,175.75
Nonbudget Revenue		95,134.64		113,370.28		88,106.31
	<u>\$ 4,750,000.00</u>	<u>\$ 4,781,587.62</u>	<u>\$ 4,868,000.00</u>	<u>\$ 5,130,031.66</u>	<u>\$ 4,625,163.00</u>	<u>\$ 4,765,282.06</u>

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

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Years Ended December 31,					
	2023			2022	
	Budget After Modification	Paid or Charged	Reserved	Budget After Modification	Paid or Charged
Operating:					
Salaries and Wages	\$ 1,825,805.00	\$ 1,818,683.64	\$ 7,121.36	\$ 1,759,665.00	\$ 1,721,125.59
Other Expenses	2,610,000.00	2,537,622.91	72,377.09	2,755,000.00	2,551,288.02
Capital Improvements:					
Down Payments on Improvements	1,000.00		1,000.00	10,000.00	
Debt Service:					
Payment of Bond Principal	65,000.00	65,000.00		65,000.00	65,000.00
Interest on Bonds	3,612.00	3,612.00		5,222.00	5,222.00
NJEIT Loan Principal	100,618.00	100,617.68	\$ 0.32	100,618.00	100,617.68
NJEIT Loan Interest	5,965.00	5,965.00		11,495.00	11,495.00
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employee's Retirement System	1,000.00		1,000.00	15,000.00	15,000.00
Social Security System (O.A.S.I.)	135,000.00	128,087.13	6,912.87	135,000.00	9,857.22
Unemployment Insurance	1,000.00		1,000.00	1,000.00	1,000.00
Other Insurance	1,000.00		1,000.00	10,000.00	10,000.00
	<u>\$ 4,750,000.00</u>	<u>\$ 4,659,588.36</u>	<u>\$ 90,411.32</u>	<u>\$ 4,868,000.00</u>	<u>\$ 4,579,891.07</u>
			\$ 0.32		\$ 288,108.61
					<u>\$ 0.32</u>

December 31, 2021			
	Budget After Modification	Paid or Charged	Reserved
			Canceled
Operating:			
Salaries and Wages	\$ 1,693,000.00	\$ 1,689,500.38	\$ 3,499.62
Other Expenses	2,612,800.00	2,457,353.77	155,446.23
Capital Improvements:			
Down Payments on Improvements	10,000.00	10,000.00	
Debt Service:			
Interest on Notes	10,000.00	10,000.00	
NJEIT Loan Principal	100,618.00	100,617.68	\$ 0.32
NJEIT Loan Interest	12,745.00	10,238.26	2,506.74
Deferred Charges and Statutory Expenditures:			
Deferred Charges to Future Revenue :			
Ordinances	55,000.00	55,000.00	
Statutory Expenditures:			
Contribution to:			
Social Security System (O.A.S.I.)	130,000.00	124,128.68	5,871.32
Unemployment Insurance	1,000.00		1,000.00
	<u>\$ 4,625,163.00</u>	<u>\$ 4,456,838.77</u>	<u>\$ 165,817.17</u>
			<u>\$ 2,507.06</u>

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

TOWNSHIP OF NUTLEY
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$ 76,911.44</u>	<u>\$ 76,911.44</u>	<u>\$ 76,658.60</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 76,911.44</u></u>	<u><u>\$ 76,911.44</u></u>	<u><u>\$ 76,658.60</u></u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance Expenditures	<u>\$ 76,911.44</u>	<u>\$ 76,911.44</u>	<u>\$ 76,658.60</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u><u>\$ 76,911.44</u></u>	<u><u>\$ 76,911.44</u></u>	<u><u>\$ 76,658.60</u></u>

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

TOWNSHIP OF NUTLEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(UNAUDITED)

	December 31,		
	2023	2022	2021
<u>ASSETS</u>			
Land	\$ 14,228,194.00	\$ 14,209,353.00	\$ 14,209,353.00
Building and Improvements	9,656,126.00	9,366,226.00	9,366,226.00
Equipment	18,074,588.00	17,122,112.00	16,736,325.00
<u>TOTAL ASSETS</u>	<u>\$ 41,958,908.00</u>	<u>\$ 40,697,691.00</u>	<u>\$ 40,311,904.00</u>
<u>RESERVE</u>			
Reserve for Fixed Assets	\$ 41,958,908.00	\$ 40,697,691.00	\$ 40,311,904.00
<u>TOTAL RESERVE</u>	<u>\$ 41,958,908.00</u>	<u>\$ 40,697,691.00</u>	<u>\$ 40,311,904.00</u>

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Nutley include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Nutley, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Nutley do not include the operations of the municipal library.

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

B. Description of Funds

The accounting policies of the Township of Nutley conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Nutley accounts for its financial transactions through the following separate funds:

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

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

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

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

B. Description of Funds (Cont'd)

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. The administration of and the cost of administration of the Public Assistance Trust Fund II assistance program was transferred to the County Welfare Agency effective July 1, 2010.

General Fixed Assets Account Group (Unaudited) - These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E "Other significant accounting policies".

C. Basis of Accounting

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

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

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

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received in the Current Fund and when an ordinance is authorized in the Capital Funds; inventories would not be reflected as expenditures at the time of purchase; fixed assets purchased by the Water Utility Capital Fund would be depreciated; investments would generally be stated at fair value; and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

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

E. Other significant accounting policies include:

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

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

Investments - Investments are stated at cost.

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

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

Compensated Absences - Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

E. Other significant accounting policies include: (Cont'd)

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased, except for the Water Utility Operating Fund, where the value of inventory is offset by a reserve and included on the related balance sheet.

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

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

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2023	2022	2021
<u>Issued:</u>			
Bonds, Notes and Loans:			
General	\$13,478,954	\$ 9,983,867	\$12,912,703
Redevelopment Area	903,426	924,285	944,342
Water Utility	753,775	919,392	1,085,010
Total Issued	<u>15,136,155</u>	<u>11,827,544</u>	<u>14,942,055</u>
Less:			
Redevelopment Area Bonds	903,426	924,285	944,342
Funds Temporarily Held to Pay Bonds, Notes and Loans:			
Reserve for Payment of Debt Service - General Capital Fund	<u>758,859</u>	<u>503,634</u>	<u>503,634</u>
Total Deductions	<u>1,662,285</u>	<u>1,427,919</u>	<u>1,447,976</u>
Net Issued	<u>13,473,870</u>	<u>10,399,625</u>	<u>13,494,079</u>
<u>Authorized but not Issued:</u>			
Bonds and Notes:			
General	246,386	6,221,567	8,084,090
Water Utility	<u>2,942,074</u>	<u>2,653,324</u>	<u>2,653,324</u>
Total Authorized but not Issued	<u>3,188,460</u>	<u>8,874,891</u>	<u>10,737,414</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 16,662,330</u>	<u>\$ 19,274,516</u>	<u>\$ 24,231,493</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.274%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 25,450,000	\$ 25,450,000	
Water Utility Debt	3,695,849	3,695,849	
General Debt	<u>14,628,766</u>	<u>1,662,285</u>	<u>\$ 12,966,481</u>
	<u>\$43,774,615</u>	<u>\$30,808,134</u>	<u>\$ 12,966,481</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Summary of Statutory Debt Condition – Annual Debt Statement (Cont'd)

Net Debt: \$12,966,481 divided by Average Equalized Valuations of \$4,726,908,288 of Real Property = 0.274%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 165,441,790
Net Debt	<u>12,966,481</u>
Remaining Borrowing Power	<u><u>\$ 152,475,309</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 4,781,588
Deductions:	
Operating and Maintenance Cost	\$ 4,573,805
Debt Service	<u>175,195</u>
Total Deductions	<u>4,749,000</u>
Excess in Revenue	<u><u>\$ 32,588</u></u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2023</u>
Serial Bonds:				
General Capital Fund	\$ 9,591,000	\$ 5,140,000	\$ 1,625,000	\$ 13,106,000
Redevelopment Area	924,285		20,859	903,426
Water Utility	420,000		65,000	355,000
Loans Payable:				
General Capital Fund:				
NJDEP Green Acres	392,867		19,913	372,954
Water Utility Capital Fund:				
NJIB	<u>499,392</u>		<u>100,617</u>	<u>398,775</u>
Total	<u><u>\$ 11,827,544</u></u>	<u><u>\$ 5,140,000</u></u>	<u><u>\$ 1,831,389</u></u>	<u><u>\$ 15,136,155</u></u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years (Cont'd)

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Serial Bonds:				
General Capital Fund	\$ 11,206,000		\$ 1,615,000	\$ 9,591,000
Redevelopment Area	944,342		20,057	924,285
Water Utility	485,000		65,000	420,000
Bond Anticipation Notes:				
General Capital Fund	1,294,316		1,294,316	
Loans Payable:				
General Capital Fund:				
NJDEP Green Acres	412,387		19,520	392,867
Water Utility Capital Fund:				
NJIB	600,010		100,618	499,392
Total	<u>\$ 14,942,055</u>	<u>\$ -0-</u>	<u>\$ 3,114,511</u>	<u>\$ 11,827,544</u>

The Township's debt issued and outstanding on December 31, 2023 is described as follows:

General Capital Serial Bonds

Purpose	Maturities of Bonds Outstanding Date	Amount	Interest Rate	Balance Dec. 31, 2023
General Improvements	04/15/24-27	\$ 545,000	3.00%	\$ 2,701,000
	04/15/28	521,000	3.00%	
General Improvements	04/01/24	620,000	1.00%	5,265,000
	04/01/25	630,000	1.00%	
	04/01/26	640,000	1.00%	
	04/01/27	650,000	1.00%	
	04/01/28	665,000	1.25%	
	04/01/29	675,000	1.50%	
	04/01/30	685,000	1.50%	
	04/01/31	700,000	1.50%	

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

The Township's debt issued and outstanding on December 31, 2023 is described as follows: (Cont'd)

General Capital Serial Bonds (Cont'd)

Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2023
	Date	Amount		
General Improvements	10/01/24	\$ 425,000	5.00%	
	10/01/25	450,000	5.00%	
	10/01/26	465,000	5.00%	
	10/01/27	475,000	5.00%	
	10/01/28	500,000	5.00%	
	10/01/29	525,000	5.00%	
	10/01/30	550,000	5.00%	
	10/01/31	565,000	4.00%	
	10/01/32	585,000	4.00%	
	10/01/33	600,000	4.00%	\$ 5,140,000
				<u>\$13,106,000</u>

General Capital NJ Department of Environmental Protection (NJDEP) Green Acres Loans

Purpose	Final Maturity	Interest Rate	Balance Dec. 31, 2023
Redevelopment of Monsignor Owens Park	03/29/36	2.00%	\$ 285,425
Improvement of Father Glotzbach Soccer Field	07/15/43	0.00%	87,529
			<u>\$ 372,954</u>

Water Utility Capital NJ Infrastructure Bank (NJIB) Loans

Purpose	Type	Final Maturity	Interest Rate	Balance Dec. 31, 2023
Replace Water Meters and	Trust Loan	08/01/31	2%-5%	\$ 240,000
Retrofit Meter Heads	Fund Loan	08/01/31	0.00%	158,775
				<u>\$ 398,775</u>

Water Utility Capital Serial Bonds

Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2023
	Date	Amount		
Water Improvements	04/01/24	\$ 70,000	1.00%	
	04/01/25	70,000	1.00%	
	04/01/26	70,000	1.00%	
	04/01/27	70,000	1.00%	
	04/01/28	75,000	1.25%	\$ 355,000

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

The Township's debt issued and outstanding on December 31, 2023 is described as follows: (Cont'd)

Purpose	<u>Redevelopment Area Bonds</u>		Interest Rate	Balance Dec. 31, 2023
	<u>Maturities of Bonds Outstanding</u> Date	<u>Amount</u>		
Redevelopment Project	09/29/24	\$ 21,693	4.00%	
	09/29/25	22,560	4.00%	
	09/29/26	23,463	4.00%	
	09/29/27	24,402	4.00%	
	09/29/28	25,378	4.00%	
	09/29/29	26,393	4.00%	
	09/29/30	27,449	4.00%	
	09/29/31	28,546	4.00%	
	09/29/32	29,688	4.00%	
	09/29/33	30,876	4.00%	
	09/29/34	32,111	4.00%	
	09/29/35	33,396	4.00%	
	09/29/36	34,731	4.00%	
	09/29/37	36,121	4.00%	
	09/29/38	37,565	4.00%	
	09/29/39	39,068	4.00%	
	09/29/40	40,631	4.00%	
	09/29/41	42,256	4.00%	
	09/29/42	43,946	4.00%	
	09/29/43	45,704	4.00%	
	09/29/44	47,532	4.00%	
	09/29/45	49,433	4.00%	
	09/29/46	51,411	4.00%	
	09/29/47	53,467	4.00%	
	09/29/48	55,606	4.00%	\$ 903,426
TOTAL DEBT ISSUED AND OUTSTANDING				<u>\$15,136,155</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

The Township's debt issued and outstanding on December 31, 2023 is described as follows: (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and

Thereafter for Bonded Debt and Loans Issued and Outstanding

Calendar Year	General Capital		Water Utility Capital		Redevelopment Area		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 1,614,802	\$ 362,843	\$ 170,618	\$ 12,383	\$ 21,693	\$ 36,137	\$ 2,218,476
2025	1,650,210	335,217	170,618	10,433	22,561	35,269	2,224,308
2026	1,675,627	289,600	107,539	8,483	23,463	34,367	2,139,079
2027	1,696,052	243,126	100,000	6,283	24,402	33,428	2,103,291
2028	1,712,484	195,546	105,000	4,564	25,378	32,453	2,075,425
Thereafter:							
2029-2033	5,024,236	422,185	100,000	6,590	142,952	146,201	5,842,164
2034-2038	85,344	1,900			173,923	115,228	376,395
2039-2043	20,199				211,605	77,545	309,349
2044-2048					257,449	31,701	289,150
Total	<u>\$ 13,478,954</u>	<u>\$ 1,850,417</u>	<u>\$ 753,775</u>	<u>\$ 48,736</u>	<u>\$ 903,426</u>	<u>\$ 542,329</u>	<u>\$ 17,577,637</u>

NJ Infrastructure Bank (NJIB) Loans

In 2012, the Township of Nutley entered into two loan agreements with the State of New Jersey, acting by and through a NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Infrastructure Bank (the "Trust"), in the revised aggregate amount of \$1,982,864, which represents direct obligations of the Township. These loans are recorded in the Water Utility Capital Fund. The loan agreements were obtained to finance a portion of the costs of the township-wide replacement of water meters and retrofit of meter heads.

At December 31, 2023, the Township had borrowed or "drawn down" \$1,387,975 for this project. The difference or unspent proceeds of the "Fund" have been reduced from future debt service payments. Principal payments to the "Fund" commenced August 1, 2012 and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the "Trust" commenced on August 1, 2012 and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The Township will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account.

NJ Department of Environmental Protection (NJDEP) Green Acres Loans

This program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation. At December 31, 2023, the loan balances were \$392,867. Payments of principal and interest on the first loan commenced in 2017 and on the second loan will tentatively commence in 2023 and are to continue on a semi-annual basis over a period of 20 years. Interest on the first loan is at the rate of 2% annually and on the second loan is at the rate of 0% annually on the outstanding balances.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Redevelopment Area Bonds

In 2016, the Township of Nutley issued \$1,000,000 of Redevelopment Area Bonds. Principal and interest on these bonds will be funded by payments in lieu of taxes (PILOT) from the developer and is not subject to guarantee by ad valorem taxes as it is only guaranteed by the payment of the specific PILOT by the developer. Payments of bond interest commenced in 2018 and of bond principal commenced in 2019 on an annual basis over a period of 31 and 30 years, respectively. Interest on the bonds is at the rate of 4% annually on the outstanding balance.

Bond Rating

The Township has a Capital and Debt Service Policy. This Policy includes such requirements as limiting new debt authorized each year, limiting Bond Issuance to 10 years, and the practice of replacing existing Bonded Debt with new Bonded Debt when the final payment of the previous bond issue is made. This practice has minimized the impact of debt service in any given year and helped stabilize taxation.

On September 13, 2023, Nutley Township requested a rating review for its \$5.14M. Bond Issue dated October 1, 2023. The Township received an upgraded rating of AA+ from S & P Global ratings. The rating summary made statements about the Township such as, experienced management team with strong and well-embedded financial management practices and a strong institutional framework; track record of strong financial performance and increasing fund balance. The Township received a favorable rate on its Bond Issue.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2023 which were appropriated and included as anticipated revenue in their own respective funds in the introduced budget for the year ending December 31, 2024 are as follows:

Current Fund	\$5,851,917
Water Utility Operating Fund	\$250,000

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2023, the Township had the following deferred charge:

	Balance Dec. 31, 2023	Required 2024 Budget Appropriation
Current Fund:		
Special Emergency Appropriations - (N.J.S.A. 40A:4-53)	\$ 110,000	\$ 110,000

The 2024 Budget Appropriation is not less than that required by Statute.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Local School District Taxes

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

The Township of Nutley has elected not to defer school taxes.

Note 6: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

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

Township contributions to PERS amounted to \$1,407,359 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$36,016 to the PERS for normal pension benefits on behalf of the Township.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

The amounts contributed on behalf of the local participating employers under the legislation is considered to be special fund situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statement of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability was \$17,117,577 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.1134%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2022.

For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$1,407,760.

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	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%

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Township's proportionate share of the Net Pension Liability	\$ 21,991,072	\$ 17,117,577	\$ 12,970,036

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation are 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 specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$4,225,997 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$824,079 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$763,700.

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

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability for its proportionate share of the net pension liability was \$37,193,605. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.32493%, which was a decrease of 0.0106% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$6,619,371 as of June 30, 2022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the State's proportion was 0.32493%, which was a decrease of 0.0106% from its proportion measured as of June 30, 2021 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 37,193,605
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>6,619,371</u>
Total Net Pension Liability	<u>\$ 43,812,976</u>

For the year ended December 31, 2023, the Township recognized total pension expense of \$4,225,997.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Thereafter	Not Applicable
Investment Rate of Return	7.00%

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

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	7.60%
Real Assets	3.00%	11.19%
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%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 60,116,136	\$ 43,812,976	\$ 30,240,518

Pension Plan Fiduciary Net Position – PFRS.

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

C. Defined Contribution Retirement Program (DCRP)

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

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

For DCRP, the Township recognized pension expense of \$13,475 for 2023. Employee contributions to DCRP were \$31,943 for 2023.

Note 7: Accrued Sick, Vacation and Compensatory Time Benefits

The Township permits employees to accrue a limited amount of unused vacation, sick and compensatory time pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation approximates \$2,771,955. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used and/or charged. This amount is partially funded in the Reserve for Accumulated Sick and Vacation Pay of \$1,098,794 reflected on the Other Trust Funds' balance sheet as of December 31, 2023.

Note 8: Deferred Compensation Plan

The Township offers its employees a choice of two deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by Nationwide and AXA Equitable, are available to all Township employees and permit participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2023 *</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ 2.576	\$ 3.864	\$ 3.712
<u>Apportionment of Tax Rate</u>			
Municipal	0.878	1.308	1.283
County	0.405	0.620	0.594
Local School	1.293	1.936	1.835
<u>Assessed Valuations</u>			
2023 *	\$ 4,968,025,300		
2022		\$ 3,259,403,760	
2021			\$ 3,253,575,000

* - Revaluation became effective in this year.

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 128,372,094	\$ 126,773,024	98.75%
2022	126,224,158	124,002,275	98.23%
2021	125,287,395	123,883,377	98.87%

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 10: Cash and Cash Equivalents and Investments

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

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

Deposits:

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 by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2023, cash and cash equivalents of the Township of Nutley consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Money Market Accounts</u>	<u>Short-Term Certificates of Deposit</u>	<u>Total</u>
Current	\$ 300	\$ 33,782,069	\$ 13,975,344		\$ 47,757,713
Animal Control		54,259			54,259
Other Trust		3,433,135			3,433,135
General Capital		83,229			83,229
Water Utility Operating		960,458		\$ 787,021	1,747,479
Water Utility Capital		183			183
Public Assistance		26,636		50,275	76,911
	<u>\$ 300</u>	<u>\$ 38,339,969</u>	<u>\$ 13,975,344</u>	<u>\$ 837,296</u>	<u>\$ 53,152,909</u>

During the period ended December 31, 2023, the Township did not hold any investments other than certificates of deposit. The carrying amount of the Township's cash and cash equivalents at December 31, 2023 was \$53,152,909 and the bank balance was \$53,741,414.

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,283,756	\$ 19,489,641
Animal Control Fund		20,309
Other Trust Funds	5,966,277	
General Capital Fund	13,038,364	
Water Utility Operating Fund	94,216	1,263,447
Water Utility Capital Fund	485,000	94,216
	<u>\$ 20,867,613</u>	<u>\$ 20,867,613</u>

The Current Fund interfund receivable represents \$20,299 of statutory excess in the reserve for animal control expenditures from prior years and \$10 other licenses due from the Animal Control Fund and the balance of interfund advances due from the Water Utility Operating Fund of \$1,263,447. The Current Fund interfund payable represents \$5,966,277 due to the Other Trust Funds as a result of receiving and disbursing funds on the Other Trust Funds' behalf; \$13,038,364 due to the General Capital Fund (\$11,029,364 as a result of receiving and disbursing funds on the General Capital Fund's behalf, 2023 budget and 2022 appropriation reserve appropriations for capital improvement fund of \$200,000 and \$1,709,000, respectively, and 2023 budget appropriation of \$100,000 for paving); and \$485,000 of 2021 bond proceeds due to the Water Utility Capital Fund. The Water Utility Operating Fund interfund receivable is due from the Water Utility Capital Fund as a result of receiving and disbursing funds on the Water Utility Capital Fund's behalf.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 12: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Township of Nutley is a member of the Suburban Metro Joint Insurance Fund, formerly the Suburban Essex Joint Insurance Fund, (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by the Fund to its members:

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

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

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2023 audit report of the Suburban Metro Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of is as follows:

Total Assets	<u>\$ 11,305,706</u>
Net Position	<u>\$ 1,985,426</u>
Total Revenue	<u>\$ 9,094,146</u>
Total Expenses	<u>\$ 10,252,022</u>
Members Dividends	<u>\$ 152,475</u>
Change in Net Position for the Year Ended December 31	<u>\$ (1,310,351)</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 12: Risk Management (Cont'd)

Property and Liability (Cont'd)

Financial statements for the Fund are available at the Office of the Executive Director:

Suburban Metro Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054-4412
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions, interest earnings and reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -0-	\$ -0-	\$ -0-	\$ 99,506	\$ 622,868
2022	60,000	-0-	-0-	42,494	722,374
2021	150,000	-0-	-0-	47,217	704,868

Self Insurance Deductible

The Reserve for Self Insurance Deductible account was established in the Other Trust Funds to fund the Township's self-insured retention for Employment Practices Liability ("EPL") and Proof of Loss ("POL") claims should they occur.

Note 13: Contingencies

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

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve, which it feels is sufficient, for this contingency in the amount of \$6,730,680.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 14: Economic Dependency

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

Note 15: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage.

Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Benefits Provided (Cont'd)

In accordance with the Township's resolution, Township employees are entitled to the following benefits:

Municipal, Police and Fire Employees

Upon retirement, employees with twenty-five (25) years of full-time service with the Township will receive full benefits. The coverage applies to the employee and their dependents. In the event of an employee's death, coverage ceases.

Contributions

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Township has rolled forward the net OPEB liability as of June 30, 2022 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2022 OPEB information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense (Cont'd)

At June 30, 2022, the Township had a liability of \$60,187,927 for its proportionate share of the net OPEB liability. At June 30, 2022, the Township's proportion was .37269% which was an increase of .00414% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Township's OPEB expense, as determined by the State of New Jersey Division of Pensions and Benefits, was \$1,529,148.

The Township's actual postemployment payments in 2023 for approximately 145 retiree employees were \$3,040,417.

Actuarial Assumptions and Other Inputs

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.

Salary Increases*:

Public Employees' Retirement System (PERS):

Rate for All Future Years 2.75% to 6.55%

Police and Firemens' Retirement System (PFRS):

Rate for All Future Years 3.25% to 16.25%

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

Mortality:

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

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

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

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% for fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% for fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

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

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Discount Rate

The following presents the net OPEB Liability of the Township as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability Attributable to the Township	\$ 69,769,924	\$ 60,187,927	\$ 52,478,314

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Township as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Township	\$ 51,059,231	\$ 60,187,927	\$ 71,879,217

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 16: Tax Abatements

As of December 31, 2023, the Township provides a tax abatement to a Phase I redevelopment project which consists of the development of a new medical school, the relocation of the Seton Hall University College of Nursing and School of Health and Medical Science, the creation of an incubator facility and state of the art research and laboratory facilities for bio-pharma and related companies in the Township. Pursuant to the Redevelopment Bond Law and together with the Redevelopment Law and the Exemption Law under N.J.S.A. 40A:12A-66, the Township is authorized to provide for a tax exemption and payments in lieu of taxes in accordance with the Exemption Law. In consideration of the abatement of taxes, the redeveloper is required to pay to the Township an annual service charge for municipal services supplied in the Phase I redevelopment project which sum is in lieu of taxes on the improvements pursuant to the Exemption Law (N.J.S.A. 40A:20-12), which shall be comprised of a pledged annual service charge which shall be equal to debt service on the redevelopment bonds plus the unpledged annual service charge. The unpledged annual service charge shall be equal to \$379,663 with such amount to increase by 5 percent every 5 years with the first of such increases to occur on the 5th anniversary of the annual service charge start date during the term of the agreement. To the extent that the redeveloper subleases all of the spaces in the existing buildings that are not part of the academic space, then for the term of the sublease (but not to exceed the term of the agreement), the unpledged annual service charge shall be increased by an amount equal to \$135,427 which amount shall be further increased by 2 percent annually during the terms of the agreement and any such sublease. The long term tax exemption commenced on the Annual Service Charge Start Date and shall remain in effect until the earlier of 35 years from the start of the execution hereof or 30 years from the project completion date, unless the agreement is earlier terminated by the Township.

The agreement specifically notes that the redeveloper shall not at any time terminate this agreement and expressly rejects, refuses, relinquishes, surrenders and otherwise waives any and all rights of relinquishment of its status under this agreement that it may have otherwise been entitled to in accordance with any applicable law. In the event that the redeveloper fails to cure or remedy the default within the time period provided for by the terms of the agreement, the Township may, but is not required to, terminate this agreement upon 30 days written notice to the redeveloper. Default under this agreement is defined as a breach or failure of the redeveloper to perform any obligation imposed upon the redeveloper by the terms of the Phase I redevelopment agreement.

The Township collected \$488,494.84 from this annual service charge or payment in lieu of taxes of which \$131,064.28 was anticipated and realized as 2023 revenue, \$338,001.00 is recorded as a Reserve for Payment in Lieu of Taxes – Seton Hall University Medical School and \$19,429.56 is recorded as County PILOT Taxes payable at December 31, 2023. The taxes which would have been paid on this property for 2023 without the abatement would have been \$657,338.53 of which \$224,046.28 would have been for the local municipal tax and minimum library tax. In accordance with the Exemption Law, the County is entitled to 5 percent of the annual service charge which shall be paid from the unpledged annual service charge.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 16: Tax Abatements (Cont'd)

As of December 31, 2023, the Township provides a tax abatement to PB-100 Metro Urban Renewal, LLC for a Phase IIA redevelopment project which consists of the renovation of the seven-story building at 100 Metro Boulevard. Pursuant to the Exemption Law under N.J.S.A. 40A:20-1, the Township is authorized to provide for a tax exemption and payments in lieu of taxes in accordance with the Exemption Law. In consideration of the abatement of taxes, the redeveloper is required to pay to the Township an annual service charge for municipal services supplied in the Phase IIA redevelopment project which sum is in lieu of taxes on the improvements pursuant to the Exemption Law (N.J.S.A. 40A:20-12). The minimum unpledged annual service charge shall be equal to \$927,241 with such amount to increase by 2 percent each year during the term of the agreement. For years one through fifteen, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge or 11.92% of the annual gross revenue. For years sixteen through twenty-one, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 11.92% of the annual gross revenue or 20% of the amount of taxes otherwise due on the value of land improvements. For years twenty-two through twenty-seven, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 11.92% of the annual gross revenue or 40% of the amount of taxes otherwise due on the value of land improvements. For years twenty-eight through twenty-nine, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 11.92% of the annual gross revenue or 60% of the amount of taxes otherwise due on the value of land improvements. For year thirty, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 11.92% of the annual gross revenue or 80% of the amount of taxes otherwise due on the value of land improvements. The long term tax exemption commenced on the Annual Service Charge Start Date and shall remain in effect until the earlier of 35 years from the start of the execution hereof or 30 years from the project completion date, unless the agreement is earlier terminated by the Township.

The agreement specifically notes that the redeveloper shall not at any time terminate this agreement and expressly rejects, refuses, relinquishes, surrenders and otherwise waives any and all rights of relinquishment of its status under this agreement that it may have otherwise been entitled to in accordance with any applicable law. In the event that the redeveloper fails to cure or remedy the default within the time period provided for by the terms of the agreement, the Township may, but is not required to, terminate this agreement upon 30 days written notice to the redeveloper. Default under this agreement is defined as a breach or failure of the redeveloper to perform any obligation imposed upon the redeveloper by the terms of the Phase IIA redevelopment agreement.

The Township collected \$1,228,678.68 from this annual service charge or payment in lieu of taxes of which \$1,167,244.75 was anticipated and realized as 2023 revenue and \$61,433.93 is recorded as County PILOT Taxes payable at December 31, 2023. The taxes which would have been paid on this property for 2023 without the abatement would have been \$1,419,283.26 of which \$483,746.39 would have been for the local municipal tax and minimum library tax. In accordance with the Exemption Law, the County is entitled to 5 percent of the annual service charge which shall be paid from the unpledged annual service charge.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 16: Tax Abatements (Cont'd)

As of December 31, 2023, the Township provides a tax abatement to PB-200 Metro Urban Renewal, LLC for a Phase IIA redevelopment project which consists of the renovation of the fifteen-story building at 200 Metro Boulevard. Pursuant to the Exemption Law under N.J.S.A. 40A:20-1, the Township is authorized to provide for a tax exemption and payments in lieu of taxes in accordance with the Exemption Law. In consideration of the abatement of taxes, the redeveloper is required to pay to the Township an annual service charge for municipal services supplied in the Phase IIA redevelopment project which sum is in lieu of taxes on the improvements pursuant to the Exemption Law (N.J.S.A. 40A:20-12). The minimum unpledged annual service charge shall be equal to \$1,173,967 with such amount to increase by 2 percent each year during the term of the agreement. For years one through fifteen, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge or 13.50% of the annual gross revenue. For years sixteen through twenty-one, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 13.50% of the annual gross revenue or 20% of the amount of taxes otherwise due on the value of land improvements. For years twenty-two through twenty-seven, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 13.50% of the annual gross revenue or 40% of the amount of taxes otherwise due on the value of land improvements. For years twenty-eight through twenty-nine, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 13.50% of the annual gross revenue or 60% of the amount of taxes otherwise due on the value of land improvements. For year thirty, the unpledged annual service charge shall be the greater of the minimum unpledged annual service charge, 13.50% of the annual gross revenue or 80% of the amount of taxes otherwise due on the value of land improvements. The long term tax exemption commenced on the Annual Service Charge Start Date and shall remain in effect until the earlier of 35 years from the start of the execution hereof or 30 years from the project completion date, unless the agreement is earlier terminated by the Township.

The agreement specifically notes that the redeveloper shall not at any time terminate this agreement and expressly rejects, refuses, relinquishes, surrenders and otherwise waives any and all rights of relinquishment of its status under this agreement that it may have otherwise been entitled to in accordance with any applicable law. In the event that the redeveloper fails to cure or remedy the default within the time period provided for by the terms of the agreement, the Township may, but is not required to, terminate this agreement upon 30 days written notice to the redeveloper. Default under this agreement is defined as a breach or failure of the redeveloper to perform any obligation imposed upon the redeveloper by the terms of the Phase IIA redevelopment agreement.

The Township collected \$1,172,864.33 from this annual service charge or payment in lieu of taxes of which \$1,114,221.11 was anticipated and realized as 2023 revenue and \$58,643.22 is recorded as County PILOT Taxes payable at December 31, 2023. The taxes which would have been paid on this property for 2023 without the abatement would have been \$1,695,873.54 of which \$578,019.01 would have been for the local municipal tax and minimum library tax. In accordance with the Exemption Law, the County is entitled to 5 percent of the annual service charge which shall be paid from the unpledged annual service charge.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 16: Tax Abatements (Cont'd)

Additionally, as of December 31, 2023, the Township provides a tax abatement to a senior citizen housing development in the Township for which a copy of the related tax abatement agreement was not available as of the date of this audit. The Township recognized revenue in the amount of \$38,452.07 from this payment in lieu of taxes agreement for the current year which is recorded as anticipated miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2023 without the abatement would have been \$248,331.55 of which \$84,640.96 would have been for the local municipal tax and minimum library tax.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

HAWKINS

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RYANN K. MCANDREWS

March 14, 2025

Board of Commissioners of
The Township of Nutley, in the
County of Essex, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel to The Township of Nutley, in the County of Essex, a municipal corporation of the State of New Jersey (the “Township”), and have examined a record of proceedings relating to the issuance by the Township of a Bond Anticipation Note in the denomination of in the denomination of \$8,000,000 (the “Note”). The Note is dated March 14, 2025, matures on March 13, 2026, bears interest at the rate of four and twenty-five hundredths per centum (4.25%) per annum payable at maturity is issued in registered form, is transferable as therein provided, and is issued pursuant to the Local Bond Law of the State of New Jersey, and by virtue of a bond ordinance or ordinances of the Township and a resolution of its governing body adopted January 21, 2025.

The Note is a temporary obligation issued in anticipation of the issuance of bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Township delivered in connection with the issuance of the Note which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Township has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Note is excludable from gross income under Section 103 of the Code. In rendering this opinion, we have assumed that the Township will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion, the Note is a valid and legally binding obligation of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Note is issued but, if not so paid, payable ultimately from ad valorem taxes which may be levied upon all the taxable property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Note may be limited

by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

In our opinion, under existing statutes and court decisions, interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, 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 Section 55 of the Code. In addition, in our opinion, under existing statutes, interest on the Note is excluded from gross income under the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Township other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchasers of the Note.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Note or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Note, or under state and local tax laws.

We have examined the Note and, in our opinion, the form of the Note and its execution are regular and proper.

Very truly yours,