

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2025

NEW ISSUE – BOOK-ENTRY-ONLY

**RATING: S&P: "SP-1+"
(See "RATING" herein.)**

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

**TOWNSHIP OF WEST CALDWELL, IN THE
COUNTY OF ESSEX, NEW JERSEY**

**\$15,182,000 BOND ANTICIPATION NOTES,
CONSISTING OF:
\$10,278,500 GENERAL IMPROVEMENT BOND ANTICIPATION NOTE,
\$4,643,000 WATER UTILITY BOND ANTICIPATION NOTE AND
\$260,500 POOL UTILITY BOND ANTICIPATION NOTE**

**DATED DATE: SEPTEMBER 2, 2025
MATURITY DATE: SEPTEMBER 2, 2026
INTEREST RATE: ____%
RE-OFFER YIELD: ____%
CUSIP NO. _____
(NON-CALLABLE)**

The \$15,182,000 Bond Anticipation Notes, consisting of the \$10,278,500 General Improvement Bond Anticipation Note (the "General Improvement Note"), the \$4,643,000 Water Utility Bond Anticipation Note (the "Water Utility Note") and the \$260,500 Pool Utility Bond Anticipation Note (the "Pool Utility Note"; and together with the General Improvement Note and the Water Utility Note, the "Notes"), of the Township of West Caldwell, in the County of Essex, New Jersey (the "Township"), are being issued to: (i) currently refund the Township's \$10,923,325 Bond Anticipation Notes, consisting of the \$7,606,325 General Improvement Bond Anticipation Note and the \$3,317,000 Water Utility Bond Anticipation Note, each dated and issued on September 4, 2024 and maturing on September 3, 2025, together with \$578,994 in principal reduction payments; (ii) issue \$4,837,669 in new money to finance various capital improvements in and by the Township; and (iii) pay the costs associated with the authorization, sale and issuance of the Notes. See "AUTHORIZATION AND PURPOSE OF THE NOTES" herein.

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 property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Notes are not subject to redemption prior to their stated maturity date. See "DESCRIPTION OF THE NOTES – Redemption" herein.

The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. The principal of and interest due on the Notes shall be paid on the maturity date thereof to DTC by the Township or its designated paying agent. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of the close of business one business day prior to the maturity date (the "Record Date"). See "DESCRIPTION OF THE NOTES – Book-Entry-Only System" herein.

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

The Notes are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Township in connection with the Notes. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about September 2, 2025.

**ELECTRONIC SUBMISSIONS FOR THE NOTES WILL BE RECEIVED VIA PARITY OR
E-MAIL UNTIL 11:00 A.M. ON AUGUST 19, 2025. FOR MORE DETAILS ON HOW TO BID
ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW.I-DEALPROSPECTUS.COM.**

**TOWNSHIP OF WEST CALDWELL, IN THE
COUNTY OF ESSEX, NEW JERSEY**

MAYOR

Joseph Tempesta, Jr.

TOWNSHIP COUNCIL

Stephen P. Wolsky, Council President

Joseph P. Cecere

Michael Docteroff

Kathy L. Canale

Michael Crudele

Robert Schott

**TOWNSHIP ADMINISTRATOR/
CHIEF FINANCIAL OFFICER**

Nikole H. Baltycki

TOWNSHIP CLERK

Joann DeBlasis

TOWNSHIP ATTORNEY

Paul G. Jemas, Esq.

Roseland, New Jersey

INDEPENDENT AUDITOR

Samuel Klein and Company, LLP

Certified Public Accountants

Newark, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC

Roseland, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC

Bloomfield, New Jersey

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

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

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

This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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

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

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OFFICIAL STATEMENT

RELATING TO

**\$15,182,000 BOND ANTICIPATION NOTES,
CONSISTING OF:
\$10,278,500 GENERAL IMPROVEMENT BOND ANTICIPATION NOTE,
\$4,643,000 WATER UTILITY BOND ANTICIPATION NOTE AND
\$260,500 POOL UTILITY BOND ANTICIPATION NOTE**

OF THE

**TOWNSHIP OF WEST CALDWELL, IN THE
COUNTY OF ESSEX, NEW JERSEY**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of West Caldwell (the "Township"), in the County of Essex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of its \$15,182,000 Bond Anticipation Notes, consisting of the \$10,278,500 General Improvement Bond Anticipation Note (the "General Improvement Note"), the \$4,643,000 Water Utility Bond Anticipation Note (the "Water Utility Note") and the \$260,500 Pool Utility Bond Anticipation Note (the "Pool Utility Note"; and together with the General Improvement Note and the Water Utility Note, the "Notes"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

DESCRIPTION OF THE NOTES

General Description

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes.

The principal of and interest due on the Notes will be paid to the registered owners by the Township or its designated paying agent (the "Paying Agent"). Principal of and interest due on the Notes will be credited to the registered owner as of the business day immediately preceding the maturity date of the Notes (the "Record Date" for the payment of principal of and interest on the Notes).

The Notes are issuable as a fully registered book-entry obligation in the form of one certificate in the aggregate principal amount of each series of the Notes. The Notes may be purchased in book-entry-only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (including any necessary odd denomination) through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York ("DTC"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC.

Redemption

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

Book-Entry-Only System

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners is based on certain information furnished by DTC to the Township.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Notes certificate will be issued for the aggregate principal amount of each series of the Notes and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Discontinuation of Book-Entry-Only System

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

SECURITY AND SOURCE OF PAYMENT

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

AUTHORIZATION AND PURPOSE OF NOTES

General Improvement Note

The General Improvement Note has been authorized by and is being issued pursuant to: (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.* (the "Local Bond Law"), and (ii) the bond ordinances of the Township set forth below.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Ordinance	Aggregate Amount of Notes to be Issued
1676	Improvements to the Kiwanis Oval, finally adopted May 4, 2010.	\$9,000
1720	Improvements to various streets for ADA compliance, finally adopted February 21, 2012.	\$7,200
1808	Various capital improvements, finally adopted June 12, 2018.	\$767,700
1827	Various capital improvements, finally adopted August 11, 2020.	\$59,000
1846	Various capital improvements, finally adopted August 17, 2021.	\$320,479
1853	Acquisition of property, finally adopted December 14, 2021.	\$515,886
1859	Various capital improvements, finally adopted July 19, 2022.	\$2,622,129
1864	Various capital improvements, finally adopted October 18, 2022.	\$509,141
1871	Various capital improvements, finally adopted October 18, 2022.	\$3,718,445
1883	Various capital improvements, finally adopted June 18, 2024.	\$1,749,520
	Totals:	\$10,278,500

The proceeds from the sale and issuance of the General Improvement Note will be used by the Township to: (i) currently refund the Township's \$7,606,325 General Improvement Bond Anticipation Note, dated and issued on September 4, 2024 and maturing on September 3, 2025, together with \$564,244 in principal reduction payments; (ii) issue \$3,236,419 in new money to fund various capital improvements in and by the Township; and (iii) pay the costs associated with the authorization, sale and issuance of the General Improvement Note.

Water Utility Note

The Water Utility Note has been authorized by and is being issued pursuant to: (i) the Local Bond Law and (ii) the bond ordinances of the Township set forth below.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Ordinance	Aggregate Amount of Notes to be Issued
1792	Various improvements to the Water Utility, finally adopted May 2, 2017.	\$12,000
1809	Various improvements to the Water Utility, finally adopted June 12, 2018.	\$50,000
1847	Various improvements to the Water Utility, finally adopted August 17, 2021.	\$510,000
1860	Various improvements to the Water Utility, finally adopted July 19, 2022.	\$1,334,625
1872	Various improvements to the Water Utility, finally adopted June 18, 2023.	\$1,726,375
1884	Various improvements to the Water Utility, finally adopted June 18, 2024.	\$1,010,000
	Totals:	\$4,643,000

The proceeds from the sale and issuance of the Water Utility Note will be used by the Township to: (i) currently refund the Township's \$3,317,000 Water Utility Bond Anticipation Note, dated and issued on September 4, 2024 and maturing on September 3, 2025, together with \$14,750 in principal reduction payments; (ii) issue \$1,340,750 in new money to fund various water utility improvements in and by the Township; and (iii) pay the costs associated with the authorization, sale and issuance of the Water Utility Note.

Pool Utility Note

The Pool Utility Note has been authorized by and is being issued pursuant to: (i) the Local Bond Law and (ii) the bond ordinances of the Township set forth below.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Ordinance	Aggregate Amount of Notes to be Issued
1818	Various improvements to the Cedar Street and Westville Road Pool, finally adopted June 11, 2019.	\$85,500
1829	Various improvements to the Pool Utility, finally adopted August 11, 2020.	\$25,000
1861	Various improvements to the Pool Utility, finally adopted July 19, 2022.	\$25,000
1873	Various improvements to the Pool Utility, finally adopted July 18, 2023.	\$25,000
1885	Various improvements to the Pool Utility, finally adopted June 18, 2024.	\$100,000
	Totals:	\$260,500

The proceeds from the sale and issuance of the Pool Utility Note will be used by the Township to: (i) issue \$260,500 in new money to fund various pool utility improvements in and by the Township; and (ii) pay the costs associated with the authorization, sale and issuance of the Pool Utility Note.

INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC AND ONGOING CONCERNS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township has received approximately \$1,134,293.13 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation, is \$73,416,674.23.

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

The Township has not exceeded its statutory debt limit. As of December 31, 2024, the statutory net debt as a percentage of average equalized valuation was 1.312%. As noted above, the statutory limit is 3½%.

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

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

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

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

The local unit is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director

determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

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

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

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purposes and contractually required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under legislation recently enacted to address the COVID-19 emergency, P.L. 2020, c. 74 (A3971), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

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

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

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the Township was last completed in 2011.

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

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, and if a delinquency (including interest) is in excess of \$10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

Tax Appeals

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

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

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

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

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to

take any action or fail to take any action that would cause interest on the Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

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

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

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

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

Original Issue Premium

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

of premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

Bank-Qualification

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

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

Additional Federal Income Tax Consequences of Holding the Notes

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

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

Changes in Federal Tax Law Regarding the Notes

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

State Taxation

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

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

LITIGATION

To the knowledge of the Township Attorney, Paul G. Jemas, Roseland, New Jersey, there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or delivery of the Notes, or the levy or collection of any taxes to pay the principal of or interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

The Township has covenanted for the benefit of the holders and beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Township will provide electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township;
- (13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive

- agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (15) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Township, any of which affect holders of the Notes, if material; and
 - (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

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

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

The undertaking may be amended by the Township from time to time, without the consent of the holders or beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

The Township has entered into prior continuing disclosure undertakings for certain outstanding issuance of debt by the Township. In connection with such undertakings, the Township appointed Phoenix Advisors, Bordentown, New Jersey to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix C. Certain legal matters will be passed upon for the Township by its Township Attorney, Paul G. Jemas, Esq., Roseland, New Jersey.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "SP-1+" to the Notes based upon the creditworthiness of the Township. An explanation of the significance of such rating may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. The rating is not a recommendation to buy, sell or hold the Notes and there is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by the Rating Agency may have an adverse effect on the market price or marketability of the Notes.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the "Underwriter"), which has agreed, subject to certain customary conditions precedent to closing, to purchase the Notes at a purchase price of \$_____. The purchase price reflects the principal amount of the Notes, *plus* original issue premium in the amount of \$_____, *less* Underwriter's discount in the amount of \$_____. The Underwriter has purchased the Notes in accordance with the Notice of Sale.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investments trusts) at a yield higher than the public offering yield set forth on the cover page of this Official Statement, and such yield may be changed, from time to time, by the Underwriter without prior notice.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Township with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

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

Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, has not participated in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in its Independent Auditors' Report attached hereto as Appendix B.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Nikole H. Baltycki, the Township's Administrator/Chief Financial Officer, at 30 Clinton Road, West Caldwell, New Jersey 07006, telephone (973) 226-2300, or by email at nbaltycki@westcaldwell.com, or to Heather I. Litzebauer, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, telephone (201) 656-0115, or by email at hlitzebauer@nwfinancial.com.

MISCELLANEOUS

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

TOWNSHIP OF WEST CALDWELL

By: _____
Nikole H. Baltycki
Chief Financial Officer

Dated: August __, 2025

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF WEST CALDWELL, IN THE COUNTY OF ESSEX, NEW JERSEY

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GENERAL INFORMATION ABOUT THE TOWNSHIP OF WEST CALDWELL

The Township of West Caldwell (the "Township" or "West Caldwell"), incorporated in 1904, has an area of 5.28 square miles and is located in the northwestern portion of Essex County, New Jersey, bounded on the north by the Township of North Caldwell and the Township of Fairfield, on the east by the Borough of Caldwell, on the south by the Borough of Roseland, and on the west by the Passaic River and the Township of Fairfield. It is within easy commuting distance to Newark and New York City. In 1920, the Township had a population of 1,085 with the present population estimated at 10,859.

The Township is considered to be one of the most attractive residential areas of Essex County. It is a community with a balanced economy, represented by a substantially developed industrial, commercial and residential base. This can best be illustrated by the distribution of the Township's assessed valuations by class of property as follows:

Property Class Breakdown for 2025

Residential Real Estate	\$1,593,069,700
Industrial	383,549,600
Commercial and Apartments	363,456,000
Vacant Land	20,786,000
Farm Land	<u>46,200</u>
Total	<u>\$2,360,907,500</u>

Among the larger industrial and commercial real property taxpayers located in West Caldwell with modern well-kept plants are the following:

Lutheran Social Ministries at Crane's Mill
West Caldwell Commons LLC
TA Dedrick LLC
Toyota Motor Sales Corp. Tax Dept.
LTS Lohmann Therapy Systems LP
Leknarf Associates LLC
West Caldwell Plaza LLC
BPREP 10 Patton LLC % Brookfield
Mountain Ridge Country Club
CMI Essex Property LLC
MBF Auto RE LLC
CGM Investments LLC
West Caldwell PC Propco LLC
CPT NJ 5 Henderson LLC
Verica Group LLC
Columbia Self-Storage West Caldwell
Broadway Belvedere LLC
VK 1 Dodge LLC
Atrium Apartments
Claremont Supermarket/ShopRite

The real estate occupied by these concerns is assessed for the year 2025 at \$456,675,500.00. The ten largest employers in West Caldwell have over 2,900 workers and their payrolls contribute to the Township's economy. Amazon operates an approximately 167,000 square foot distribution center located on a 14-acre site.

There are five shopping centers located in West Caldwell: the Essex Mall, Broadway Square, West Caldwell Shopping Center, Woodbury Square and Regency Plaza. These shopping areas have a combined total of 75 stores with an assessed valuation of \$83,427,800.00 for 2025. Nine banking institutions are located in West Caldwell: JP Morgan Chase Bank, Valley Bank, PNC Bank, Bank of America, TD Bank, Wells Fargo, Santander Bank, Citizens Bank and Spencer Savings Bank.

The residential development of West Caldwell consists principally of single family-owned occupied homes in the \$500,000 to \$1,250,000 selling price range. A Master Plan and revised Zoning Ordinance and a Land Use Procedures Ordinance provide for an orderly development of remaining land in the Township and have been designed to maintain and improve its desirable residential character, as well as a strong commercial base.

The Police Headquarters and Fire Headquarters were completed in 1968. The Police Headquarters had major renovations which were finalized in 2001. The Police Department has in place the latest technology including computer aided dispatch and mobile data terminals in police cars. The Fire Headquarters was fully renovated in 2012, including an addition and a generator. The Township Offices were acquired in late 1974 and an 11,000 square foot Free Public Library (the "Library") was completed in 1975. A 2,200 square foot addition was completed for the Municipal Building and Library in 2002.

The Township's Recreation and Park Facilities are second to none in the West Essex area. Memorial Park consists of 32 acres of developed park land with facilities such as tennis courts, two baseball fields, a football field and a heated recreation shelter. Recent upgrades of Memorial Park include a state of the art ADA accessible playground, as well as many other improvements including a walking track around the entire park, batting cages and dugouts. The tennis courts at Memorial Park were renovated in 2017. Pickleball courts were constructed at the Westville Avenue pool site for all residents. Other park and recreational areas located in the Township are Wensch Park, Richard Park, Francisco Park, Harrison Park and Crane Park. A gazebo was constructed in Crane Park where a summer concert series is hosted in cooperation with many corporate sponsors.

A Community Pool, built with private funds, was turned over to the Township in 1975 at no cost to the taxpayers of the Township and is now known as Cedar Street Pool. Westville Pool, a second private pool and club, with pickleball courts and other recreational facilities, has been purchased and upgraded. With the two community pools, operating as a self-sustaining utility, every citizen of the Township has the opportunity to swim and enjoy related summer activities with no tax dollars needed. Pool memberships are also available to the residents of the surrounding West Essex towns.

The New Jersey Transit operates bus lines through the Township and there is bus service available to New York City. Passaic Avenue, a county road, bisects the Township and provides connections to U.S. Route 46, U.S. Routes 80, 287, 280 and State Highway 10. All major trucking concerns service this area.

West Caldwell has been a leader in recycling activities. Over 155,000 tons of material have been recycled from 2015 - 2024, resulting in tremendous savings in garbage collection and disposal fees and in the receipt of over \$350,000 in recycling grants.

The Caldwell-West Caldwell School District, founded in 1904, is a joint system governed by the provisions of Chapter VII of Title 18 of the Revised Statutes of New Jersey. The present physical plant consists of five elementary schools, a junior high school, a high school, an administration building and a separate athletic field with a stadium fieldhouse and adjoining playfields. Four of the elementary schools, the high school and athletic facilities are located in the Township.

There is also a branch of the Essex County College located within the Township, as well as an Essex County Vocational School. In the last three years, Essex County invested millions of dollars in these two sites. In 2021, Essex County completed the modernization and expansion of Essex County West Caldwell Tech. In September 2023, construction will be complete on the newly rebuilt 51,700 square foot Essex County College, West Essex Campus including a parking deck and turf field with lighting.

Neither the Township nor the Consolidated School District of Caldwell-West Caldwell has ever defaulted on the payment of principal or of interest on outstanding bonds.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

POPULATION

<u>Year</u>	<u>Source</u>	<u>Population</u>
2024	Federal Census	10,859
2023*	Federal Census	10,799
2020	Federal Census	11,012
2010	Federal Census	10,759
2000	Federal Census	11,233

*Estimated

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

ECONOMIC INFORMATION

Per Capita Income			
<u>Year</u>	<u>Township of West Caldwell</u>	<u>County of Essex</u>	<u>State of New Jersey</u>
2024	\$79,220.00	\$47,661.00	\$54,360.00
2023	75,293.00	45,389.00	51,378.00
2022	74,301.00	44,684.00	50,570.00
2021	66,220.00	42,028.00	46,691.00

Source: U.S. Census Bureau

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

LABOR FORCE ESTIMATES

<u>Year</u>	<u>Township of West Caldwell</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	5,972	5,781	191	3.2 %
2023	5,453	5,249	204	3.7
2022	5,356	5,182	174	3.2
2021	5,241	4,966	275	5.2
2020	5,084	4,631	453	8.9

<u>Year</u>	<u>County of Essex</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	425,042	401,693	23,349	5.5 %
2023	397,420	375,401	22,019	5.5
2022	386,500	370,900	15,600	4.0
2021	385,997	355,103	30,894	8.0
2020	373,943	330,269	43,674	11.7

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	4,898,008	4,676,064	221,944	4.5 %
2023	4,819,800	4,604,100	215,700	4.5
2022	4,731,600	4,584,500	147,100	3.1
2021	4,632,700	4,398,600	234,100	5.1
2020	4,495,200	4,055,300	439,900	9.8

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

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

HOUSING CHARACTERISTICS - HOUSING UNITS - 2024

	Township of <u>West Caldwell</u>	County of <u>Essex</u>	State of <u>New Jersey</u>
Number of Units:			
Owner Occupied	3,524	139,389	2,235,768
Renter Occupied	469	179,231	1,280,848
Vacant Housing Units	<u>125</u>	<u>22,480</u>	<u>339,675</u>
Total	<u>4,118</u>	<u>341,100</u>	<u>3,856,291</u>
Median Value Owned	<u>\$623,019</u>	<u>\$568,141</u>	<u>\$488,816</u>

Source: HomeTownLocator

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

BUILDING PERMITS

<u>Year</u>	<u>*Total Number</u>	<u>Construction Value</u>
2025	346	\$ 6,706,330
2024	347	11,611,709
2023	603	23,285,165
2022	714	69,896,958
2021	786	28,621,084

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

Source: Township of West Caldwell

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

TWENTY MAJOR TAXPAYERS

<u>Taxpayer</u>	<u>2025 Assessed Valuation</u>
Lutheran Social Ministries at Crane's Mill	\$ 81,000,000
West Caldwell Commons LLC	41,182,600
T/A Dedrick LLC	38,489,000
Toyota Motor Sales Corp. Tax Dept	32,033,900
LTS Lohmann Therapy Systems LP	32,016,600
Leknarf Associates LLC	26,571,700
West Caldwell Plaza LLC	22,911,600
BPREP 10 Patton LLC % Brookfield	19,816,300
Mountain Ridge Country Club	19,642,900
CMI Essex Property LLC	19,500,000
MBF Auto RE LLC	16,903,800
CGM Investments LLC	15,016,100
West Caldwell PC Propco LLC	14,200,000
CPT NJ 5 Henderson LLC	14,000,000
Verica Group LLC	13,500,000
Columbia Self-Storage West Caldwell	12,053,800
Broadway Belvedere LLC	10,000,000
VK 1 Dodge LLC	9,423,000
Atrium Apartments	9,293,100
Claremont Supermarket/ShopRite	9,122,100
Total	<u>\$456,676,500</u>

Source: Township of West Caldwell Tax Assessor

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

LIST OF TEN MAJOR EMPLOYERS

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Amazon 10 Patton Drive	Amazon Distribution Center	495
Vitaquest International 8 Henderson Drive	Vitamin Packaging	463
Caldwell-West Caldwell Board of Education Gray Street	Education	449
Toyota Motor Sales Corp. 16 Henderson Drive	Warehouse/Distribution	340
ShopRite Supermarket 540 Passaic Avenue	Offices and Supermarket	250
Al & John, Inc./Glen Rock Hams 147 Clinton Road	Manufacturer of Deli Meat	225
Lohmann Therapy Systems 15 Henderson Drive	Manufacturing of Transdermal Pharmaceutical Products	217
Lutheran Social Ministries at Crane's Mill 459 Passaic Avenue	Lifecare Retirement Living	172
Corporate Communications Group 14 Henderson Drive	Marketing Support Services	168
Quagen Pharmaceuticals	Manufacturing and Marketing of Pharmaceutical Products	140

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

REAL PROPERTY CLASSIFICATION
2021 - 2025 (ASSESSED VALUATION)

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Apartment</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>
2025	\$20,786,000	\$1,593,069,700	\$46,200	\$24,302,500	\$339,153,500	\$383,549,600	\$2,360,907,500	\$ 7,700	\$2,360,915,200
2024	16,675,500	1,589,688,400	46,200	24,302,500	339,833,300	381,018,800	2,351,564,700	8,000	2,351,572,700
2023	12,078,500	1,586,814,100	46,200	24,265,600	344,889,000	378,490,900	2,346,584,300	1,297,600	2,347,881,900
2022	22,395,700	1,582,018,600	46,200	24,265,600	342,108,700	333,485,800	2,304,320,600	1,367,971	2,305,688,571
2021	17,990,700	1,574,346,600	46,200	24,265,600	342,330,800	333,485,800	2,292,465,700	1,393,500	2,293,859,200

Source: Township of West Caldwell

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

ASSESSED VALUATION AND TAX RATES

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation as a Percentage of True Value</u>
2025	\$2,360,907,500.00	\$2,360,915,200.00	\$2.749	76.51 %
2024	2,351,564,700.00	2,351,572,700.00	2.736	79.57
2023	2,346,584,300.00	2,347,881,900.00	2.701	82.67
2022	2,304,320,600.00	2,305,688,571.00	2.658	88.46
2021	2,292,465,700.00	2,293,859,200.00	2.638	91.00

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

Source: Abstract of Ratables

COMPARISON OF COMPONENTS OF TAX RATE

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>\$2.749</u>	<u>\$2.736</u>	<u>\$2.701</u>	<u>\$2.658</u>	<u>\$2.638</u>
Apportionment of Tax Rate:					
Municipal	\$0.696	\$0.674	\$0.647	\$0.631	\$0.615
County	0.444	0.465	0.503	0.505	0.513
County Open Space	0.020	0.019	0.018	0.017	0.017
Local School	1.546	1.536	1.493	1.467	1.456
Library	<u>.043</u>	<u>0.042</u>	<u>0.040</u>	<u>0.038</u>	<u>0.037</u>

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

TAX COLLECTION EXPERIENCE

<u>Year</u>	<u>Tax Levy</u>	<u>Collections During</u> <u>Year of Levy</u>		<u>Added</u> <u>Taxes</u>	<u>Collections to Date</u> <u>Dec. 31,</u>		<u>*Uncollected</u> <u>Dec. 31, *</u>
		<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>	
2024	\$ 64,421,434.68	\$ 64,195,602.55	99.65%	\$ -	\$ 64,195,602.55	99.65%	\$ 167,531.53
2023	63,543,238.45	63,302,916.05	99.62	250.00	63,487,151.73	99.91	-
2022	62,059,137.64	61,839,757.29	99.64	500.00	61,997,397.72	99.90	-
2021	60,622,395.90	60,044,829.60	99.05	-	60,577,245.24	99.93	-
2020	59,952,378.98	59,542,707.19	99.32	519.18	59,907,334.65	99.39	-

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

Tax Collection Procedure

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

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first day of the months of August, November, February and May. Delinquent payments are subject to an interest penalty at 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00. Unpaid taxes are subject to tax sale as of the 11th day of the eleventh month in the fiscal year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

DEBT STATEMENT AS OF DECEMBER 31, 2024

Gross Debt

School Debt:

Serial Bonds Issued and Outstanding	\$	8,539,740.16
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Municipal Debt:

General:

Serial Bonds Issued and Outstanding	\$ 21,009,000.00	
Bond Anticipation Notes Issued	7,606,325.00	
ECIA Loan Payable	542,000.00	
Bond Anticipation Notes Authorized but Not Issued	<u>6,723,172.91</u>	
		35,880,497.91

Water Utility:

Serial Bonds Issued and Outstanding	8,435,000.00	
Bond Anticipation Notes Issued	3,317,000.00	
Bond Anticipation Notes Authorized but Not Issued	<u>2,023,349.00</u>	
		13,775,349.00

Swimming Pool Utility:

Serial Bonds Issued and Outstanding	266,000.00	
Bond Anticipation Notes Authorized Not Issued	<u>1,226,963.00</u>	
		<u>1,492,963.00</u>

Total Gross Debt		59,688,550.07
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Statutory Deductions

School Debt:

Maximum (4% of Average Equalized Valuation		
\$117,466,678.76)	8,539,740.16	

Municipal Debt:

Water Utility Debt	10,360,998.00	
Swimming Pool Utility Debt (Self-Liquidating)	1,492,963.00	
General	<u>1,347,199.88</u>	
		<u>21,740,901.04</u>

Statutory Net Debt		<u>\$ 37,947,649.03</u>
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Average Equalized Valuation of Real Property for 2022-2024		<u>\$ 2,936,666,969.00</u>
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Net Debt Percentage (Statutory Debt Limit 3 1/2%)		<u>1.292%</u>
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REMAINING STATUTORY BORROWING POWER

3 1/2% of Equalized Valuation Basis	\$	102,783,343.91
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Less: Statutory Net Debt		<u>37,947,649.03</u>
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Remaining Borrowing Power December 31, 2024	\$	<u>64,835,694.88</u>
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*Statutory deductions are used for the purpose of determining Municipal borrowing power under State Law. The municipality is obligated to pay the full amount of its gross debt.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY

UNDERLYING DEBT - DECEMBER 31, 2024

County of Essex - Gross Debt	<u>\$996,171,720.21</u>
Apportionment to Township of West Caldwell	<u>\$23,987,815.02</u>
Basis of Debt Apportionment: Ratio of Equalized Valuation: Township of West Caldwell - 2024	<u>\$2,966,193,844.00</u>
Total Essex County - 2024	<u>\$123,198,283,264.00</u>
Ratio of Township of West Caldwell	<u>2.408%</u>

GROSS DEBT COMPARED WITH TRUE VALUE

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2024	<u>\$59,688,550.07</u>	<u>\$83,676,365.09</u>
Aggregate Fair Value for 2024 - All Taxable Property - Assessed Valuation	\$2,351,572,700.00	
Amount Added for Equalization: Real Property Assessed at 79.57% of True Value	<u>614,621,144.00</u>	
Total - With Real Property at True Value	<u>\$2,966,193,844.00</u>	
Gross Debt as a Percentage of True Value	<u>2.012%</u>	<u>2.821%</u>

APPENDIX B

**FINANCIAL STATEMENTS OF THE TOWNSHIP OF WEST CALDWELL,
IN THE COUNTY OF ESSEX, NEW JERSEY**

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SAMUEL KLEIN AND COMPANY, LLP
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the Township Council
Township of West Caldwell
West Caldwell, New Jersey 07006

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the Township of West Caldwell, State of New Jersey, as of and for the years ended December 31, 2024, 2023, 2022, 2021 and 2020. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated June 24, 2025. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

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

Management's Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the summary financial statements - regulatory basis of the Township of West Caldwell, State of New Jersey as of and for the years then ended December 31, 2024, 2023, 2022, 2021 and 2020 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of Bond Anticipation Notes, consisting of General Improvement Bond Anticipation Note, Water Utility Bond Anticipation Note and Pool Utility Bond Anticipation Note of the Township of West Caldwell, State of New Jersey and were abstracted from audit reports issued under the periods referred to above as dated June 24, 2025, June 14, 2024, June 28, 2023, June 8, 2022 and August 4, 2021, respectively.

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
June 24, 2025

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Current Fund</u>					
Cash - Checking Account - Treasurer	6,433,954.36	\$ 2,872,899.06	\$ 7,630,733.18	\$ 4,401,990.78	\$6,017,506.51
Cash - Checking Account - Tax Collector	5,346,323.38	8,254,972.06	2,068,840.72	4,356,645.14	2,520,636.28
Change Funds	450.00	450.00	450.00	450.00	450.00
	<u>11,780,727.74</u>	<u>11,128,321.12</u>	<u>9,700,023.90</u>	<u>8,759,085.92</u>	<u>8,538,592.79</u>
Due from State of New Jersey per Ch. 129, P.L. 1976	712.50	556.34	734.03	1,005.65	3,712.50
	<u>11,781,440.24</u>	<u>11,128,877.46</u>	<u>9,700,757.93</u>	<u>8,760,091.57</u>	<u>8,542,305.29</u>
Receivables and Other Assets with Full Reserves:					
Taxes Receivable	167,531.53	183,985.68	157,220.20	532,978.09	364,611.38
Tax Title Liens Receivable	471,629.99	425,405.27	379,771.88	334,864.96	290,295.94
Property Acquired for Taxes - Assessed Valuations	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Other Accounts Receivable	13,073.03	35,676.02	12,416.38	38,752.47	6,329.47
Sewer Rentals Receivable	60,833.96	7,612.68	7,457.75	3,114.71	10,149.79
Revenue Accounts Receivable	6,441.73	9,278.57	4,056.44	8,280.44	103,135.30
Interfunds Receivable	8,681.00	243,978.00	13,824.72	62,779.61	81,801.06
	<u>743,191.24</u>	<u>920,936.22</u>	<u>589,747.37</u>	<u>995,770.28</u>	<u>871,322.94</u>
<u>Federal and State Grant Fund</u>					
Cash - Checking Account	408,007.86	765,904.73	914,045.41	718,424.47	152,887.40
Federal and State Grants Receivable	555,323.63	748,855.87	350,117.07	373,422.07	33,218.08
	<u>963,331.49</u>	<u>1,514,760.60</u>	<u>1,264,162.48</u>	<u>1,091,846.54</u>	<u>186,105.48</u>
	<u>\$13,487,962.97</u>	<u>\$13,564,574.28</u>	<u>\$11,554,667.78</u>	<u>\$10,847,708.39</u>	<u>\$9,599,733.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Current Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 260,293.20	\$ 368,202.34	\$ 791,404.33	\$ 335,781.85	\$ 224,676.53
Unencumbered	1,578,257.91	2,716,786.67	400,116.45	1,180,135.92	2,878,944.64
Reserve for Master Plan	800.69	800.69	800.69	800.69	800.69
Reserve for Revaluation	3,660.43	3,660.43	3,660.43	3,660.43	3,660.43
Reserve for Municipal Relief Fund		136,685.02	68,357.22		
Accounts Payable	30,714.64	470,981.77	438,433.05	67,615.35	77,125.97
Tax Overpayments	3,608.27	1,527.93	5,961.93	11,575.31	4,070.98
Sewer Rent Overpayments	283.81	141.90	579.51	453.40	1,283.32
Interfunds Payable	24,208.27	18,578.84	57,423.39		
County Taxes Payable	14,623.47		152,007.42	22,204.63	58,090.48
Prepaid Taxes	169,174.67	174,496.05	364,002.82	629,423.98	272,594.82
Prepaid Revenue	15,300.72	6,508.75	4,795.00	10,446.56	
	<u>2,100,926.08</u>	<u>3,898,370.39</u>	<u>2,287,542.24</u>	<u>2,262,098.12</u>	<u>3,521,247.86</u>
Reserve for Receivables and Other Assets	743,191.24	920,936.22	589,747.37	995,770.28	871,322.94
Fund Balance	9,680,514.16	7,230,507.07	7,413,215.69	6,497,993.45	5,021,057.43
	<u>12,524,631.48</u>	<u>12,049,813.68</u>	<u>10,290,505.30</u>	<u>9,755,861.85</u>	<u>9,413,628.23</u>
<u>Federal and State Grant Fund</u>					
Accumulated Revenue Unappropriated	101,587.82	731,672.93	834,032.14	684,929.73	25,408.07
Federal and State Grant Programs Appropriated	861,743.67	783,087.67	430,130.34	406,916.81	160,697.41
	<u>963,331.49</u>	<u>1,514,760.60</u>	<u>1,264,162.48</u>	<u>1,091,846.54</u>	<u>186,105.48</u>
	<u>\$13,487,962.97</u>	<u>\$13,564,574.28</u>	<u>\$11,554,667.78</u>	<u>\$10,847,708.39</u>	<u>\$9,599,733.71</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 2,075,000.00	\$ 1,900,000.00	\$ 1,675,000.00	\$ 1,930,000.00	\$ 1,475,000.00
Miscellaneous Revenue Anticipated	7,099,269.37	6,840,173.05	5,815,021.42	5,247,547.93	5,429,161.98
Receipts from Current Taxes	64,195,602.55	63,302,916.05	61,839,757.29	60,044,829.60	59,542,707.19
Receipts from Delinquent Taxes	184,235.68	158,449.78	532,915.64	365,127.46	493,255.72
Nonbudget Revenue	1,308,622.26	360,886.27	383,168.42	238,512.88	280,487.93
Other Credits to Income:					
Unexpended Balance of Appropriation					
Reserves	1,825,375.63	73,872.11	298,842.83	2,417,081.57	880,734.26
Interfund Credits	235,297.00		48,954.89	19,021.45	
Other Accounts Receivable Realized	35,593.16		36,715.76		10,028.16
	<u>76,958,995.65</u>	<u>72,636,297.26</u>	<u>70,630,376.25</u>	<u>70,262,120.89</u>	<u>68,111,375.24</u>
<u>Expenditures and Other Charges</u>					
Budget Appropriations:					
Operations	19,193,873.84	18,399,987.93	17,720,898.62	17,211,079.05	17,227,063.46
Capital Improvements	200,000.00	175,000.00	200,000.00	200,000.00	200,000.00
Debt Service	3,422,220.03	2,776,003.76	2,282,087.16	2,143,579.67	2,166,859.92
Statutory Expenditures	<u>2,100,381.80</u>	<u>2,007,237.00</u>	<u>1,762,553.32</u>	<u>1,705,659.25</u>	<u>1,458,385.00</u>
	24,916,475.67	23,358,228.69	21,965,539.10	21,260,317.97	21,052,308.38
Interfund Charges		230,153.28			28,259.75
Reserve for Other Accounts Receivable		14,717.15		17,517.02	
Other Accounts Receivable Cancelled	3,748.97			202.00	10.21
Prior Year Revenue Refund	1,640.00	14,961.40	635.00	572.00	737.00
Prior Year Deductions Disallowed	250.00	1,250.00	66,155.80	519.18	541.64
County Taxes	11,385,987.92	12,256,552.36	12,191,718.11	12,178,197.70	12,350,841.96
Local School District Taxes	<u>36,125,886.00</u>	<u>35,043,143.00</u>	<u>33,816,106.00</u>	<u>33,397,859.00</u>	<u>32,853,882.00</u>
	<u>72,433,988.56</u>	<u>70,919,005.88</u>	<u>68,040,154.01</u>	<u>66,855,184.87</u>	<u>66,286,580.94</u>
Excess in Revenue	4,525,007.09	1,717,291.38	2,590,222.24	3,406,936.02	1,824,794.30
<u>Fund Balance</u>					
Balance January 1	<u>7,230,507.07</u>	<u>7,413,215.69</u>	<u>6,497,993.45</u>	<u>5,021,057.43</u>	<u>4,671,263.13</u>
	11,755,514.16	9,130,507.07	9,088,215.69	8,427,993.45	6,496,057.43
Decreased by:					
Utilized as Anticipated Revenue	<u>2,075,000.00</u>	<u>1,900,000.00</u>	<u>1,675,000.00</u>	<u>1,930,000.00</u>	<u>1,475,000.00</u>
Balance December 31	<u>\$ 9,680,514.16</u>	<u>\$ 7,230,507.07</u>	<u>\$ 7,413,215.69</u>	<u>\$ 6,497,993.45</u>	<u>\$ 5,021,057.43</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENT OF MISCELLANEOUS REVENUE - REGULATORY BASIS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Licenses:					
Alcoholic Beverages	\$ 12,938.00	\$ 12,688.00	\$ 12,688.00	\$ 12,688.00	\$ 12,688.00
Other	14,178.00	12,146.00	11,069.00	8,493.00	11,105.00
Fines and Costs:					
Municipal Court	86,038.14	69,439.97	70,877.57	55,113.12	70,596.08
Interest and Costs on Taxes	57,783.12	64,722.89	155,541.62	103,663.86	126,643.52
Interest on Investments and Deposits	1,077,863.92	877,626.26	196,955.77	18,805.68	55,604.37
Sewer Rentals	1,104,073.15	1,147,951.80	1,119,384.14	1,062,273.70	1,075,434.89
Recreation Program Fees	338,489.16	338,762.72	286,720.19	260,925.91	76,977.59
Township of the Borough of Caldwell:					
Share of Recreation Costs	400,000.00	400,000.00	400,000.00	500,000.00	300,000.00
Rents on Township Property	161,137.42	156,808.25	160,381.27	143,120.78	139,512.32
Energy Receipts Tax	1,326,057.95	1,319,490.18	1,310,432.00	1,310,432.00	1,310,432.00
Municipal Relief Fund	136,685.02	68,357.22			
Uniform Construction Code Fees	495,550.00	425,233.00	527,517.00	602,008.00	684,485.00
Special Items:					
Public and Private Revenue Offset with Appropriations:					
Recycling Tonnage Grant	50,702.32	48,518.09	38,762.95		41,803.62
Drunk Driving Enforcement Fund				778.98	
Clean Communities Program	25,006.60	22,295.07	21,836.89	20,518.55	22,756.63
Body Armor Grant	2,035.71	1,950.37	3,637.78		2,766.23
Body Worn Camera			55,026.00		
Click It or Ticket Grant		6,543.40			5,308.45
Stormwater Assistance Grant	15,000.00				
Local Recreation Improvement Grant	72,000.00				
Division of Mental Health and Addiction Services - Youth Leadership	16,892.87				
Estate of Richard Roth	247,436.35				
N.J. Health Officers Association - COVID-19 Grant					
County of Essex - CARES Act Grant					
Municipal Alliance - FY 2020				27,900.00	23,626.00
Municipal Alliance - FY 2021				9,360.00	808,909.53
Municipal Alliance - FY 2022					
Municipal Alliance - FY 2023			12,480.00		
Municipal Alliance - FY 2024	13,722.52		12,480.00		
Drive Sober or Get Pulled Over				4,889.52	
COVID-19 Vaccination Supplemental Funding			25,000.00		
Strengthening Local Public Health Capacity Program 2021				142,236.00	
Strengthening Local Public Health Capacity Program 2022				291,042.00	
Strengthening Local Public Health Capacity Program 2023					
Strengthening Local Public Health Capacity Program 2024			274,735.00		
Strengthening Local Public Health Capacity Program 2025		495,411.00			
Enhancing Local Public Health Infrastructure Grant	74,664.00	270,478.00			
Lead Grant Assistance Program		1,500.00			
Opioid Settlement Funds	13,388.82	22,000.00			
American Rescue Plan Firefighters	73,000.00				
Sustaining Local Public Health	168,049.00				
Other Special Items:					
Township of Fairfield - Health Services	146,870.00	143,271.00	140,445.00	136,765.00	132,820.50
Borough of North Caldwell - Health Services	25,515.00	25,015.00	25,015.08	24,767.00	24,522.00
Borough of Roseland - Dispatch Services	154,170.00				
Lawn Maintenance for Board of Education	32,984.00	32,984.00			
Township of the Borough of Caldwell - Police Dispatch			149,381.00	146,452.00	143,580.00
Uniform Fire Safety Act	56,586.10	49,722.74	55,201.93	57,643.33	50,715.97
Franchise Fee from Cablevision Gross Revenue Collection	172,349.07	169,163.09	171,358.23	175,959.11	182,643.22
General Capital Surplus	150,000.00	280,000.00	200,000.00	110,000.00	50,000.00
American Rescue Plan	378,103.13	378,095.00	378,095.00		
Reserve for Debt Service					67,092.30
Insurance Proceeds				21,712.39	9,138.76
	<u>\$ 7,099,269.37</u>	<u>\$ 6,840,173.05</u>	<u>\$ 5,815,021.42</u>	<u>\$ 5,247,547.93</u>	<u>\$ 5,429,161.98</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENT OF BUDGET APPROPRIATIONS - REGULATORY BASIS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operations:					
General Government	\$ 5,607,741.66	\$ 5,223,220.00	\$ 5,526,363.00	\$ 5,135,431.00	\$ 4,794,883.00
Public Safety	4,831,440.00	4,574,705.00	4,421,776.00	4,349,666.00	4,075,510.00
Streets and Roads	614,530.16	602,949.00	453,466.00	457,871.00	481,980.00
Sanitation	822,500.00	780,102.00	717,749.00	724,475.00	637,014.00
Health and Welfare	158,915.00	171,915.00	210,611.00	167,269.00	202,449.00
Recreation and Education	1,197,425.00	1,250,419.00	1,154,850.00	1,078,937.00	1,118,775.00
Uniform Construction Code	375,325.00	352,160.00	310,590.00	235,750.00	282,150.00
Unclassified	1,302,300.00	1,279,905.00	1,124,932.00	1,235,409.00	1,311,000.00
Contingent	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
State and Federal Programs Offset					
by Revenue	771,898.19	868,695.93	443,958.62	496,725.05	905,170.46
Capital Improvements	200,000.00	175,000.00	200,000.00	200,000.00	200,000.00
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	500,017.82	454,593.00	453,540.41	428,671.25	383,660.00
Social Security System (OASI)	324,500.00	345,000.00	302,210.00	296,000.00	260,000.00
Police and Firemen's Retirement System of N.J.	1,258,553.47	1,191,644.00	991,202.91	972,988.00	808,225.00
Defined Contribution Retirement Program	17,310.51	16,000.00	15,600.00	8,000.00	6,500.00
Debt Service	3,422,220.03	2,776,003.76	2,282,087.16	2,143,579.67	2,166,859.92
Shared Service Agreements	349,459.00	191,715.00	305,491.00	299,744.00	294,110.00
Operations	3,158,339.83	3,100,202.00	3,047,112.00	3,025,802.00	3,120,022.00
	<u>\$ 24,916,475.67</u>	<u>\$ 23,358,228.69</u>	<u>\$ 21,965,539.10</u>	<u>\$ 21,260,317.97</u>	<u>\$ 21,052,308.38</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #1

<u>ASSETS</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Animal Control Trust Fund</u>					
Cash - Checking Account	\$ 17,129.63	\$ 9,596.82	\$ 3,468.33	\$ 9,962.80	\$ 9,037.19
Interfunds Receivable	<u>17,129.63</u>	<u>9,596.82</u>	<u>3,877.33</u>	<u>9,962.80</u>	<u>9,037.19</u>
<u>Trust - Other Fund</u>					
Cash - Checking Accounts	2,787,291.84	2,798,484.56	2,966,823.52	2,250,917.57	2,187,827.52
Cash - Savings Account	5,775.71	5,774.55	5,773.39	5,772.23	5,771.07
Cash - Developer Escrow Account	379,180.34	502,432.21	316,325.89	347,338.61	354,319.10
	<u>3,172,247.89</u>	<u>3,306,691.32</u>	<u>3,288,922.80</u>	<u>2,604,028.41</u>	<u>2,547,917.69</u>
Assets in the Hands of Plan Administrator	738.28	3,674.49	75.88		579.43
Other Accounts Receivable	24.00	6.00	104.00	100.00	202.00
Due from Municipal Court	24,208.27	18,578.84			200.00
Interfunds Receivable	<u>3,197,218.44</u>	<u>3,328,950.65</u>	<u>3,289,102.68</u>	<u>2,604,128.41</u>	<u>2,548,899.12</u>
<u>Length of Service Award Programs - Unaudited</u>					
Investment	<u>4,478,762.31</u>	<u>3,838,191.21</u>	<u>3,334,712.80</u>	<u>3,951,346.37</u>	<u>3,359,402.97</u>
	<u>\$7,693,110.38</u>	<u>\$7,176,738.68</u>	<u>\$6,627,692.81</u>	<u>\$6,565,437.58</u>	<u>\$5,917,339.28</u>

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TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance Dec. 31, 2024</u>	<u>Balance Dec. 31, 2023</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2021</u>	<u>Balance Dec. 31, 2020</u>
<u>Animal Control Trust Fund</u>					
Due to State of New Jersey	\$ 334.80	\$ 329.40	\$ 337.20	\$ 152.40	\$
Prepaid Licenses	3,585.00	3,630.00	3,540.00	5,265.00	9,037.19
Reserve for Animal Control Trust Fund Expenditures	13,209.83	5,637.42	0.13	4,545.40	9,037.19
	<u>17,129.63</u>	<u>9,596.82</u>	<u>3,877.33</u>	<u>9,962.80</u>	<u>9,037.19</u>
<u>General Trust Fund</u>					
Reserve for Employee Health Benefit Fund					579.43
Expenditures					447,263.93
Special Deposits	418,247.61	606,798.73	405,538.06	443,546.16	1,522,480.99
Special Programs	2,610,759.38	2,449,373.67	2,603,761.84	1,790,560.42	47,928.00
Due to State of New Jersey	16,610.00	7,309.00	7,555.00	7,394.00	67,653.00
Payroll Deductions Payable	12,697.78	87,479.02	70,031.53	67,909.51	312,300.00
Premiums on Tax Sale	55,000.00	89,500.00	91,000.00	169,000.00	50,987.06
Interfunds Payable			7,098.40	31,044.08	
Reserve for:					
State Unemployment Insurance Trust Fund					
Expenditures	83,903.67	88,490.23	104,117.85	94,674.24	99,706.71
	<u>3,197,218.44</u>	<u>3,328,950.65</u>	<u>3,289,102.68</u>	<u>2,604,128.41</u>	<u>2,548,899.12</u>
<u>Length of Service Award Programs - Unaudited</u>					
Reserve for Length of Service Award Programs	4,478,762.31	3,838,191.21	3,334,712.80	3,951,346.37	3,359,402.97
	<u>\$7,693,110.38</u>	<u>\$7,176,738.68</u>	<u>\$6,627,692.81</u>	<u>\$6,565,437.58</u>	<u>\$5,917,339.28</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

ASSETS AND DEFERRED CHARGES

	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020
Cash - Checking Account	\$ 6,950,300.18	\$ 10,021,915.91	\$ 8,420,032.05	\$ 7,865,195.93	\$ 7,956,665.79
Grants Receivable	320,542.31	670,271.37	1,220,416.07	928,862.83	1,000,112.83
Loans Receivable	16,791.20	16,791.20	207,320.20	813,936.74	991,000.00
Other Accounts Receivable	24,000.00	48,000.00	72,000.00	96,000.00	120,000.00
Interfunds Receivable			57,014.39		
Deferred Charges to Future Taxation:					
Funded	21,551,000.00	23,764,000.00	7,963,000.00	9,132,000.00	10,267,000.00
Unfunded	13,854,084.37	10,917,577.36	26,730,424.70	23,356,179.07	19,867,390.07
	<u>\$42,716,718.06</u>	<u>\$45,438,555.84</u>	<u>\$44,670,207.41</u>	<u>\$42,192,174.57</u>	<u>\$40,202,168.69</u>

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LIABILITIES, RESERVES AND FUND BALANCE

Serial Bonds	\$21,009,000.00	\$23,124,000.00	\$ 7,230,000.00	\$ 8,310,000.00	\$ 9,360,000.00
Essex County Improvement Authority Loan Payable	542,000.00	640,000.00	733,000.00	822,000.00	907,000.00
Bond Anticipation Notes	7,606,325.00	6,818,663.00	22,321,945.00	19,049,173.00	17,591,869.00
Improvement Authorizations:					
Funded	3,499,281.80	5,198,088.65	382,358.41	880,131.12	1,220,889.09
Unfunded	8,817,278.44	7,886,174.06	12,111,277.97	11,524,779.68	9,481,120.15
Capital Improvement Fund	30,484.81	24,564.81	56,389.81	61,157.81	95,107.81
Interfunds Payable		235,297.00		24,825.00	24,000.00
Reserves for:					
Debt Service	527,244.03	363,633.76			
Grants Receivable	320,542.31	670,271.37	1,220,416.07	928,862.83	1,000,112.83
Other Accounts Receivable	24,000.00	48,000.00	72,000.00	96,000.00	120,000.00
Other Contributions	38,777.40	38,777.40	38,777.40	38,777.40	38,777.40
Future Improvements	151,976.78	151,976.78	151,976.78		
Fund Balance	149,807.49	239,109.01	352,065.97	456,467.73	363,292.41
	<u>\$42,716,718.06</u>	<u>\$45,438,555.84</u>	<u>\$44,670,207.41</u>	<u>\$42,192,174.57</u>	<u>\$40,202,168.69</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 6,723,172.91</u>	<u>\$ 4,326,019.90</u>	<u>\$ 4,983,214.46</u>	<u>\$ 4,788,256.46</u>	<u>\$ 2,688,521.46</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
WATER UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Operating Fund</u>					
Cash - Checking Account	\$ 1,910,106.15	\$ 2,199,446.86	\$ 2,315,740.90	\$ 2,246,589.66	\$ 2,506,189.09
Receivables and Inventory with Full Reserves:					
Consumer Accounts Receivable	119,025.57	51,805.85	49,341.37	43,826.89	61,280.43
Inventory - Materials and Supplies	171,945.92	172,717.00	131,180.00	134,942.00	133,540.00
	<u>290,971.49</u>	<u>224,522.85</u>	<u>180,521.37</u>	<u>178,768.89</u>	<u>194,820.43</u>
	<u>2,201,077.64</u>	<u>2,423,969.71</u>	<u>2,496,262.27</u>	<u>2,425,358.55</u>	<u>2,701,009.52</u>
<u>Capital Fund</u>					
Cash - Checking Account	2,176,289.55	2,415,927.23	2,028,530.73	1,882,776.90	1,833,541.67
Fixed Capital	14,000,657.65	13,367,657.65	10,665,157.65	10,665,157.65	9,519,907.65
Fixed Capital Authorized and Uncompleted	10,387,197.00	9,813,325.00	10,789,450.00	9,440,075.00	9,387,325.00
	<u>26,564,144.20</u>	<u>25,596,909.88</u>	<u>23,483,138.38</u>	<u>21,988,009.55</u>	<u>20,740,774.32</u>
	<u>\$ 28,765,221.84</u>	<u>\$ 28,020,879.59</u>	<u>\$ 25,979,400.65</u>	<u>\$ 24,413,368.10</u>	<u>\$ 23,441,783.84</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Operating Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 137,973.30	\$ 133,417.62	\$ 229,578.32	\$ 211,500.71	\$ 155,344.84
Unencumbered	562,255.32	410,393.26	501,326.96	511,548.81	704,473.15
Accrued Interest on Notes	36,847.92	36,527.50	6,236.69	5,479.48	3,442.38
Accrued Interest on Bonds	107,583.33	36,750.00	36,750.00	44,250.00	51,750.00
Water Rent Overpayments	7,938.23	4,655.19	4,884.02	4,414.44	5,235.65
Interfunds Payable			17.32	132.53	
	<u>852,598.10</u>	<u>621,743.57</u>	<u>778,793.31</u>	<u>777,325.97</u>	<u>920,246.02</u>
Reserve for Receivables and Inventory	290,971.49	224,522.85	180,521.37	178,768.89	194,820.43
Fund Balance	1,057,508.05	1,577,703.29	1,536,947.59	1,469,263.69	1,585,943.07
	<u>2,201,077.64</u>	<u>2,423,969.71</u>	<u>2,496,262.27</u>	<u>2,425,358.55</u>	<u>2,701,009.52</u>
<u>Capital Fund</u>					
Serial Bonds	8,435,000.00	9,040,000.00	2,520,000.00	2,880,000.00	3,240,000.00
Bond Anticipation Notes	3,317,000.00	2,307,000.00	7,960,000.00	7,207,519.00	6,196,290.00
Improvement Authorizations:					
Funded	551,694.09	609,337.70	160,530.64	173,291.60	333,796.52
Unfunded	3,456,158.33	3,367,750.06	3,108,160.91	2,464,377.04	2,205,982.15
Capital Improvement Fund	98,955.00	98,955.00	98,955.00	98,955.00	98,955.00
Reserves for:					
Debt Service	19,878.00	19,878.00	19,878.00	41,878.00	61,878.00
Amortization	10,191,129.65	9,605,014.65	8,828,041.65	8,465,509.65	8,045,627.65
Deferred Amortization	421,376.00	402,491.00	531,964.00	437,042.00	415,678.00
Fund Balance	72,953.13	146,483.47	255,608.18	219,437.26	142,567.00
	<u>26,564,144.20</u>	<u>25,596,909.88</u>	<u>23,483,138.38</u>	<u>21,988,009.55</u>	<u>20,740,774.32</u>
	<u>\$ 28,765,221.84</u>	<u>\$ 28,020,879.59</u>	<u>\$ 25,979,400.65</u>	<u>\$ 24,413,368.10</u>	<u>\$ 23,441,783.84</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 2,023,349.00</u>	<u>\$ 1,826,477.00</u>	<u>\$ 1,614,602.00</u>	<u>\$ 1,115,162.00</u>	<u>\$ 1,009,637.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
WATER UTILITY

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized					
Fund Balance Utilized	\$ 659,580.00	\$ 494,720.00	\$ 460,000.00	\$ 430,400.00	\$ 431,200.00
Water Rents	3,148,671.12	3,341,505.71	3,296,075.24	3,185,837.95	3,153,988.70
Miscellaneous	222,126.32	212,517.58	115,128.24	74,328.51	76,326.78
Water Capital Fund Surplus	100,000.00	150,000.00	22,000.00	20,000.00	50,000.00
Reserve for Debt Service					
Other Credits to Income:					
Unexpended Balance of Appropriation	311,096.21	321,443.49	366,704.42	275,600.16	402,290.47
Reserves	<u>4,441,473.65</u>	<u>4,520,186.78</u>	<u>4,259,907.90</u>	<u>3,986,166.62</u>	<u>4,113,805.95</u>
Expenditures					
Budget Appropriations:					
Operations	3,063,950.00	3,013,935.00	2,957,200.00	2,944,500.00	2,912,500.00
Capital Improvements					20,000.00
Debt Service	1,111,138.89	849,776.08	656,024.00	612,946.00	624,650.65
Statutory Expenditures	<u>127,000.00</u>	<u>121,000.00</u>	<u>119,000.00</u>	<u>115,000.00</u>	<u>108,000.00</u>
	<u>4,302,088.89</u>	<u>3,984,711.08</u>	<u>3,732,224.00</u>	<u>3,672,446.00</u>	<u>3,665,150.65</u>
Excess in Revenue	139,384.76	535,475.70	527,683.90	313,720.62	448,655.30
Fund Balance					
Balance January 1	<u>1,577,703.29</u>	<u>1,536,947.59</u>	<u>1,469,263.69</u>	<u>1,585,943.07</u>	<u>1,568,487.77</u>
	<u>1,717,088.05</u>	<u>2,072,423.29</u>	<u>1,996,947.59</u>	<u>1,899,663.69</u>	<u>2,017,143.07</u>
Decreased by:					
Utilized as Anticipated Revenue	659,580.00	494,720.00	460,000.00	430,400.00	431,200.00
Balance December 31	<u>\$1,057,508.05</u>	<u>\$1,577,703.29</u>	<u>\$1,536,947.59</u>	<u>\$1,469,263.69</u>	<u>\$1,585,943.07</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
SWIMMING POOL UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #1

<u>ASSETS</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Operating Fund</u>					
Cash - Checking Account	\$ 374,520.80	\$ 330,952.66	\$ 257,087.44	\$ 159,875.09	\$ 64,704.65
Interfunds Receivable					
Other Assets Offset with Full Reserves:					
Inventory	34,362.05	36,485.75	32,795.97	36,475.87	39,422.93
	<u>408,882.85</u>	<u>367,438.41</u>	<u>289,883.41</u>	<u>196,350.96</u>	<u>104,127.58</u>
<u>Capital Fund</u>					
Cash - Checking Account	201,092.02	224,139.43	209,253.21	226,480.86	6,517.41
Interfunds Receivable			5,000.00		
Fixed Capital	2,310,450.00	2,310,450.00	2,310,450.00	2,310,450.00	2,310,450.00
Fixed Capital Authorized and Uncompleted	1,604,600.00	1,169,600.00	844,600.00	734,600.00	594,600.00
	<u>4,116,142.02</u>	<u>3,704,189.43</u>	<u>3,369,303.21</u>	<u>3,271,530.86</u>	<u>2,911,567.41</u>
	<u>\$ 4,525,024.87</u>	<u>\$ 4,071,627.84</u>	<u>\$ 3,659,186.62</u>	<u>\$ 3,467,881.82</u>	<u>\$ 3,015,694.99</u>

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
SWIMMING POOL UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Operating Fund</u>						
Appropriation Reserves:						
Encumbered	\$	404.16	\$	1,365.99	\$	27.95
Unencumbered		14,858.39		10,700.27		2,614.11
Security Deposits		1,000.00		1,000.00		1,000.00
Accrued Interest on Notes		3,380.00		250.88		54.45
Interfunds Payable				5,000.00		
		<u>19,642.55</u>		<u>13,066.26</u>		<u>35,591.88</u>
Reserve for Receivables and Inventory		34,362.05		36,485.75		36,475.87
Fund Balance		<u>354,878.25</u>		<u>317,886.40</u>		<u>124,283.21</u>
		<u>408,882.85</u>		<u>367,438.41</u>		<u>196,350.96</u>
						<u>15,847.53</u>
						<u>39,422.93</u>
						<u>48,857.12</u>
						<u>104,127.58</u>
<u>Capital Fund</u>						
Serial Bonds		266,000.00		281,000.00		287,571.00
Bond Anticipation Notes						
Improvement Authorizations:						
Funded		206,569.30		211,606.71		25,616.59
Unfunded		1,187,723.87		770,733.87		544,612.89
Capital Improvement Fund		11,027.00		11,027.00		6,027.00
Reserve for:						
Preliminary Costs		3,800.00		3,800.00		3,800.00
Amortization		2,327,450.00		2,312,450.00		2,310,450.00
Deferred Amortization		94,637.00		94,637.00		85,796.00
Fund Balance		18,934.85		18,934.85		7,657.38
		<u>4,116,142.02</u>		<u>3,704,189.43</u>		<u>3,271,530.86</u>
						<u>2,911,567.41</u>
		<u>\$ 4,525,024.87</u>		<u>\$ 4,071,627.84</u>		<u>\$ 3,467,881.82</u>
						<u>\$ 3,015,694.99</u>
Bonds and Notes Authorized but Not Issued		<u>\$ 1,226,963.00</u>	<u>\$ 791,963.00</u>	<u>\$ 471,233.00</u>	<u>\$ 361,233.00</u>	<u>\$ 451,233.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST CALDWELL
COUNTY OF ESSEX, NEW JERSEY
SWIMMING POOL UTILITY

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 16,380.00	\$	\$	\$ 48,800.00	\$ 29,543.00
Membership Fees	636,485.00	604,065.00	581,910.90	530,505.00	293,332.00
Miscellaneous Revenue	81,111.89	54,752.38	61,681.97	50,222.22	55,508.95
Other Credits to Income:					
Unexpended Balance of Appropriation					
Reserves	9,811.96	2,614.11	31,098.42	13,714.87	12,047.08
	<u>743,788.85</u>	<u>661,431.49</u>	<u>674,691.29</u>	<u>643,242.09</u>	<u>390,431.03</u>
<u>Expenditures</u>					
Budget Expenditures:					
Operations	618,942.00	542,865.00	501,959.00	479,000.00	339,983.00
Capital Improvements			5,000.00		
Debt Service	28,675.00	13,274.59	8,821.00	5,016.00	5,558.98
Statutory Expenditures	42,800.00	35,600.00	35,000.00	35,000.00	35,000.00
	<u>690,417.00</u>	<u>591,739.59</u>	<u>550,780.00</u>	<u>519,016.00</u>	<u>380,541.98</u>
Excess in Revenue	53,371.85	69,691.90	123,911.29	124,226.09	9,889.05
<u>Fund Balance</u>					
Balance January 1	317,886.40	248,194.50	124,283.21	48,857.12	68,511.07
	<u>371,258.25</u>	<u>317,886.40</u>	<u>248,194.50</u>	<u>173,083.21</u>	<u>78,400.12</u>
Decreased by:					
Utilized as Anticipated Revenue	16,380.00			48,800.00	29,543.00
Balance December 31	<u>\$ 354,878.25</u>	<u>\$ 317,886.40</u>	<u>\$ 248,194.50</u>	<u>\$ 124,283.21</u>	<u>\$ 48,857.12</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF WEST CALDWELL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of West Caldwell is governed by a Mayor-Council Type Government. The Township Council consists of six members, one of which is appointed Council President on an annual basis. The Mayor is elected in a general election for a term of 4 years. Each Council member is elected in a general election for a term of 3 years. Each Council member carries the power of one legislative vote while the Mayor votes only in the event of a tie.

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

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

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

Description of Funds

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description of Funds (Continued)

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

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

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

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

Basis of Accounting

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

Property Taxes and Other Revenue

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

Grant Revenue

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

Expenditures

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Expenditures (Continued)

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

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

Encumbrances

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

Appropriation Reserves

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

Compensated Absences

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

Property Acquired for Taxes

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

Self-Insurance Contributions

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

Interfunds Receivable

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Inventories of Supplies

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

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

Capital Fixed Assets

General:

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

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

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

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

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

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

Utilities:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utilities: (Continued)

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

Volunteer Length of Service Award Plan (LOSAP)

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

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements Not Yet Effective

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

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

In September 2024, the Governmental Accounting Standards Board issued GASB Statement No. 104, "*Disclosure of Certain Capital Assets*". The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

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

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

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

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

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

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

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

The Township of West Caldwell has the following cash, cash equivalents and investments at December 31, 2024:

	<u>2023</u>
Provident Bank - Checking Accounts	\$ 7,945,392.14
TD Bank - Checking Accounts	379,180.34
Valley National Bank - Checking Accounts	18,702,027.31
Valley National Bank - Saving Accounts	5,775.71
Change Funds	<u>450.00</u>
Total Cash and Cash Equivalents	<u>\$27,032,825.50</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2024, of the cash balance in the bank, \$750,000.00 was covered by Federal Depository Insurance and \$26,940,219.35 was covered under the provisions of NJGUDPA.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents

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

As of December 31, 2024, the Township had funds invested and on deposit in checking accounts and savings accounts. The amount on deposit of the Township’s Cash and Cash Equivalents as of December 31, 2024 was \$27,690,219.35. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 40.

B. Investments

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

3. TAXES AND TAX TITLE LIENS RECEIVABLE

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

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

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

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

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

Comparative Schedule of Tax Rates

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	<u>\$2.736</u>	<u>\$2.701</u>	<u>\$2.658</u>	<u>\$2.638</u>	<u>\$2.612</u>
Apportionment of Tax Rate:					
Municipal	\$0.674	\$0.647	\$0.631	\$0.615	\$0.597
County	0.465	0.503	0.505	0.513	0.522
School	1.536	1.493	1.467	1.456	1.440
County Open Space	0.019	0.018	0.017	0.017	0.017
Library	0.042	0.040	0.038	0.037	0.036

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2024	\$ 2,351,572,700.00
2023	2,347,881,900.00
2022	2,305,688,571.00
2021	2,293,859,200.00
2020	2,282,093,800.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2024	\$ 64,421,434.68	\$ 64,195,602.55	99.65%
2023	63,543,238.45	63,302,916.05	99.62
2022	62,059,137.64	61,839,757.29	99.65
2021	60,622,395.90	60,044,829.60	99.05
2020	59,952,378.98	59,542,707.19	99.32

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$471,629.99	\$167,531.53	\$639,161.52	0.99%
2023	425,405.27	183,985.68	609,390.95	0.96
2022	379,771.88	157,220.20	536,992.08	0.87
2021	334,864.96	532,978.09	867,843.05	1.43
2020	290,295.94	364,611.38	654,907.32	1.09

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2024	\$15,000.00
2023	15,000.00
2022	15,000.00
2021	15,000.00
2020	15,000.00

5. WATER CONSUMER ACCOUNTS RECEIVABLE

The Township of West Caldwell maintains a utility fund for the billing and collection of water rents. The Township is divided into four sections for the purposes of billings which are done on a quarterly basis.

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

<u>Year</u>	<u>Billing</u>	<u>Collection</u>
2024	\$ 3,215,890.84	\$ 3,148,671.12
2023	3,343,970.19	3,341,505.71
2022	3,301,589.72	3,296,075.24
2021	3,168,384.41	3,185,837.95
2020	3,195,034.45	3,153,988.70

Cash collections include realization of prior year uncollected balances.

6. SEWER RENTALS RECEIVABLE

Sewer user charges are billed on a quarterly basis and recorded as revenue in the Current Fund.

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

<u>Year</u>	<u>Billing</u>	<u>Collection</u>
2024	\$ 1,157,294.43	\$ 1,104,073.15
2023	1,148,106.73	1,147,951.80
2022	1,123,727.18	1,119,384.14
2021	1,055,238.62	1,062,273.70
2020	1,080,514.10	1,075,434.89

Cash collections include realization of prior year uncollected balances.

7. SWIMMING POOL MEMBERSHIP FEES

The Township of West Caldwell maintains a utility fund for the collection of membership fees. The Township has two swimming pools.

A comparison of swimming pool membership fees for the past five years is as follows:

<u>Year</u>	<u>Amount</u>
2024	\$636,485.00
2023	604,065.00
2022	581,910.90
2021	530,505.00
2020	293,332.00

8. FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2024	\$ 9,680,514.16	\$ 2,200,000.00 *
	2023	7,230,507.07	2,075,000.00
	2022	7,413,215.69	1,900,000.00
	2021	6,497,993.45	1,675,000.00
	2020	5,021,057.43	1,930,000.00
Water Utility Operating Fund:	2024	1,057,508.05	716,512.00 *
	2023	1,577,703.29	659,580.00
	2022	1,469,263.69	460,000.00
	2021	1,585,943.07	430,400.00
	2020	1,568,487.77	431,200.00
Swimming Pool Utility Operating Fund:	2024	354,878.25	39,246.00 *
	2023	317,886.40	16,380.00
	2022	248,194.50	
	2021	124,283.21	
	2020	48,857.12	48,800.00

*As introduced.

9. PENSION PLANS

Information presented below is as of June 30, 2023. Additional information was not available as of the date of this audit.

Description of Systems

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

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

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

9. PENSION PLANS (Continued)

Description of Systems (Continued)

	PERS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$3,486,524	\$3,230,335	\$3,220,401
Total Payroll	9,210,810	8,933,367	8,587,840
Actuarial Contribution			
Requirements	576,390	543,593	527,514
Total Contributions	845,827	790,927	774,598
Employer Share	576,390	543,593	527,514
% of Covered Payroll	16.53%	16.83%	16.38%
Employee's Share	269,437	247,334	247,084
% of Covered Payroll	7.73%	7.66%	7.67%

	PFRS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$3,154,203	\$3,440,045	\$3,222,847
Total Payroll	9,210,810	8,933,367	8,587,840
Actuarial Contribution			
Requirements	1,256,459	1,191,644	952,791
Total Contributions	1,573,160	1,537,424	1,275,985
Employer Share	1,256,459	1,191,644	952,791
% of Covered Payroll	39.83%	34.64%	29.56%
Employee's Share	316,701	345,780	323,194
% of Covered Payroll	10.04%	10.05%	10.03%

Assumptions

The collective total PERS and PFRS pension liability for June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS and for the period July 1, 2018 to June 30, 2021 for PFRS. The pension liability was rolled forward to June 30, 2023. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases of 2.75% to 6.55% for PERS based on years of service, 3.25% to 16.25% for PFRS based on years of service and an investment rate of 7.00%.

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

For PFRS, employment 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.

9. PENSION PLANS (Continued)

Assumptions (Continued)

The discount rate used to measure the total pension liability was 7.00% for PERS and 7.00% for PFRS as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability. More information on mortality rates and other assumptions, and investment policies can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System:

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

Significant Legislation

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

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

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

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

9. PENSION PLANS (Continued)

Public Employees' Retirement System: (Continued)

Significant Legislation (Continued)

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2023	<u>\$8,200,200</u>	<u>\$6,299,186</u>	<u>\$4,681,172</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$8,428,256</u>	<u>\$6,560,450</u>	<u>\$4,970,871</u>

Special Funding Situation

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

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$6,246,523.00	\$6,505,356.00
Nonemployer Proportional Share of the Net Pension Liability	<u>52,663.00</u>	<u>55,094.00</u>
	<u>\$6,299,186.00</u>	<u>\$6,560,450.00</u>

Police and Firemen's Retirement System:

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

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

9. PENSION PLANS (Continued)

Police and Firemen's Retirement System: (Continued)

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

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

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

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

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

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2023	<u>\$17,207,554</u>	<u>\$12,349,994</u>	<u>\$8,304,807</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$16,951,510</u>	<u>\$12,354,356</u>	<u>\$8,527,202</u>

Special Funding Situation

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

9. PENSION PLANS (Continued)

Special Funding Situation (Continued)

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$10,428,434.00	\$10,487,830.00
Nonemployer Proportional Share of the Net Pension Liability	<u>1,921,560.00</u>	<u>1,866,526.00</u>
	<u>\$12,349,994.00</u>	<u>\$12,354,356.00</u>

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

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

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

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

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$6,246,523	\$10,428,434
Deferred Outflow of Resources	104,822	2,531,095
Deferred Inflow of Resources	766,307	1,723,039
Pension Expense	(836,593)	(532,146)
Contributions Made After Measurement Date	576,390	1,256,459

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2023 and 2022. The Township's proportionate share of the collective net pension liability as of June 30, 2023 and 2022 was .0431% and .0431% for PERS and .0944% and .0916% for PFRS, respectively.

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

9. PENSION PLANS (Continued)

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

At June 30, 2023, the amount determined as the Township's proportionate share of the PERS net pension liability was \$6,246,523. For the year ended June 30, 2023, the Township would have recognized PERS pension expense of \$(836,593). At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 59,725	\$ 25,534
Change of Assumptions	13,722	378,566
Net Difference Between Projected and Actual Investment Earnings	28,766	
Net Change in Proportions	2,609	362,207
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>576,390</u>	<u> </u>
	<u><u>\$681,212</u></u>	<u><u>\$766,307</u></u>

At June 30, 2023, the amount determined as the Township's proportionate share of the PFRS net pension liability was \$10,428,434. For the year ended June 30, 2023, the Township would have recognized PFRS pension expense of \$(532,146). At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 446,525	\$ 497,344
Change of Assumptions	22,508	704,169
Net Difference Between Projected and Actual Investment Earnings	531,100	
Net Change in Proportions	1,530,962	521,526
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>1,256,459</u>	<u> </u>
	<u><u>\$3,787,554</u></u>	<u><u>\$1,723,039</u></u>

Long-Term Expected Rate of Return

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

9. PENSION PLANS (Continued)

Long-Term Expected Rate of Return (Continued)

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

Contributions Required and Made

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

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Township</u>	<u>Employees</u>	<u>Township</u>	<u>Employees</u>
2024	\$593,017.82	\$270,561.30	\$1,258,553.47	\$336,526.50
2023	543,593.00	261,489.79	1,191,644.00	315,420.30
2022	540,540.41	247,333.72	991,202.91	345,779.74

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

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

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

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

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

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

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. The employer contribution is 4.05%, which includes a member contribution match of 3.0%, Group Life Insurance is .74% of gross wages and Long-Term Disability is .31% of gross wages. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>Township</u>	<u>Employees</u>
2024	\$ 19,227.17	\$29,491.50
2023	15,222.50	27,986.31
2022	15,024.14	28,699.45

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description

The Township of West Caldwell, by contractual agreement, provides medical benefits to Township employees who retire in accordance with the provisions of the Police and Firemen's Retirement System. The Township also provides medical coverage to surviving spouses of any officer retiring with 25 years or more of service. Such coverage expires when the spouse becomes eligible for Medicare at which time the Township will pay the Part B premium only or if the spouse remarries.

In addition, by resolution of the Township Council the Township provides medical benefits to other retired employees with 25 years of service. The Township will also reimburse the retired employee for Federal Medicare premiums and cover the cost of medical and Medicare premiums for the spouse of the retired employee.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Plan Description (Continued)

The Township will also provide medical coverage and Medicare reimbursements to employees retired from a State or locally administered retirement system with 25 or more years of service credited in such retirement system and a minimum of 10 years of service with the Township of West Caldwell. Spouses of the employees will also be covered, however should the employee predecease their spouse, the spouse will retain the same benefits until they are eligible for Medicare when the Township will only pay Part B premiums and provide no other coverage. Also upon remarrying, the spouse will not be eligible for any medical coverage.

GASB Statement 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, applies to government employees who provide OPEB plans to their employees. The primary objective of GASB Statement 75 is to improve accounting and financial reporting by state and local governments for Post-Employment Benefits other than pensions. GASB Statement 75 replaces the requirements of GASB Statement 45.

Funding Policy

Contributions to pay for medical benefits of participating retirees are billed to the Township of West Caldwell on a monthly basis.

The Township of West Caldwell's payments for the year ended December 31, 2024 was \$1,842,404.10.

Actuarial Valuations

The Township of West Caldwell has contracted with an actuary and received an actuarial certification regarding the plan in accordance with the requirements of GASB 75.

Total OPEB Liability

The Total OPEB Liability ("TOL") is the actuarial accrued liability. As of December 31, 2023, it is \$50,123,544 based upon a discount rate of 3.26% per annum and the plan provisions in effect on December 31, 2023. This liability is broken out as follows:

(1) Actives	\$ 8,563,967
(2) Retirees	<u>41,559,577</u>
(3) Total	<u><u>\$50,123,544</u></u>

Net OPEB Liability

The Net OPEB Liability ("NOL") as of December 31, 2023 is \$50,123,544 based upon a discount rate of 3.26% per annum and the plan provisions in effect on December 31, 2023. There are no plan assets to offset the liability. This liability is broken out as follows:

(1) TOL	\$50,123,544
(2) Fiduciary Net Position (Assets)	<u> </u>
(3) NOL	<u><u>\$50,123,544</u></u>

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Actuarial Assumptions

The following assumptions were made by the actuarial in their calculations:

- Mortality PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021
- Turnover NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility
- Assumed Retirement Age At first eligibility after the completion of 25 years of service
- Full Attribution Period Service to Assumed Retirement Age
- Annual Discount Rate 3.26% based on Bond Buyer 20 Index December 31, 2023
- CPI Increase 2.5%
- Rate of Salary Increase 2.5%
- Medical Trend Medical: 5.1% in 2023, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026

Drug: 6.0% in 2023, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026

Medicare Advantage: 4.5% per annum

Dental and Vision: 3.5% per annum
- Medical Cost Aging Factor NJ SHBP Medical Morbidity Rates
- Attribution Period - The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per Capita Cost Methods - The valuation reflects per capita net premium costs based on actual 2022 medical premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (46) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.
- Retiree Contributions - NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees' Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Township increased annually by the rate of medical trend.
- Actuarial Valuation Method - Entry Age Normal Funding Method based on a level percentage of salary. 2023 payroll is \$4.218 million.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Changes in the Net OPEB Liability

	<u>Net OPEB Liability</u>
Net OPEB Liability as of December 31, 2022	<u>\$51,386,817</u>
Changes Recognized for the Year:	
Service Cost	336,023
Interest on Total OPEB Liability	1,877,025
Change in Assumptions	(945,941)
Benefit Payments Including Employee Refunds	<u>(2,530,380)</u>
Net Changes	<u>(1,263,273)</u>
Net OPEB Liability December 31, 2023	<u><u>\$50,123,544</u></u>

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

The following presents the net OPEB liability as of December 31, 2023, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>December 31, 2023</u>		
	<u>At 1% Decrease (2.26%)</u>	<u>At Discount Rate (3.26%)</u>	<u>At 1% Increase (4.26%)</u>
Net OPEB Liability	\$55,862,956	\$50,123,544	\$45,377,069

Sensitivity of the Net OPEB Liability to Changes in the Medical Inflation Rate

The following presents the net OPEB liability as of December 31, 2023, calculated using the medical inflation rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a medical inflation rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>December 31, 2023</u>		
	<u>1% Decrease</u>	<u>Health Care Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$45,686,927	\$50,123,544	\$55,414,000

Total OPEB Expense

The Total OPEB Expense ("TOE") is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the "Service Cost" (aka "normal cost") which is the portion of future liabilities attributable to the measurement year, plus the recognized portion of gains and losses, and interest on the NOL during the year.

Other Information

Participant Information:

Active Employees	55
Retirees and Spouses	70

It should be noted that the above information is required with the regulations of GASB Statement No. 75 to be amended every two years.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Special Funding Situation

Information presented below is as of June 30, 2023. Additional information was not available as of the date of this audit.

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

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

The Township as of June 30, 2023 had 24 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the Township is \$4,253,274.00.

12. MUNICIPAL DEBT

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

12. MUNICIPAL DEBT (Continued)

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$28,615,325.00	\$29,942,663.00	\$29,551,945.00
Loans	542,000.00	640,000.00	733,000.00
Water Utility:			
Bonds and Notes	11,752,000.00	11,347,000.00	10,480,000.00
Swimming Pool Utility:			
Bonds and Notes	266,000.00	281,000.00	283,260.00
	<u>41,175,325.00</u>	<u>42,210,663.00</u>	<u>41,048,205.00</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	6,723,172.91	4,326,019.90	4,983,214.46
Water Utility:			
Bonds and Notes	2,023,349.00	1,826,477.00	1,614,602.00
Swimming Pool Utility:			
Bonds and Notes	1,213,643.00	791,963.00	471,233.00
	<u>9,960,164.91</u>	<u>6,944,459.90</u>	<u>7,069,049.46</u>
Total Debt	<u>51,135,489.91</u>	<u>49,155,122.90</u>	<u>48,117,254.46</u>
<u>Deductions</u>			
Cash on Hand:			
General	475,413.54	227,105.54	574,734.76
Reserve for Debt Service:			
General Capital	527,244.03	363,633.76	
Water Capital	19,878.00	19,878.00	19,878.00
Grants Receivable	320,542.31	670,271.37	1,220,416.07
Other Accounts Receivable	24,000.00	48,000.00	72,000.00
	<u>1,367,077.88</u>	<u>1,328,888.67</u>	<u>1,887,028.83</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$49,768,412.03</u>	<u>\$47,826,234.23</u>	<u>\$46,230,225.63</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.292%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 8,539,740.16	\$ 8,539,740.16	\$
Water Utility	13,775,349.00	10,360,998.00	3,414,351.00
Swimming Pool Utility	1,479,643.00	1,479,643.00	
General	35,880,497.91	1,347,199.88	34,533,298.03
	<u>\$59,675,230.07</u>	<u>\$21,727,581.04</u>	<u>\$37,947,649.03</u>

Net debt, \$37,947,649.03 divided by Average Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$2,936,666,969.00 equals 1.292%.

12. MUNICIPAL DEBT (Continued)

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

3 1/2% of Equalized Valuation Basis	\$102,783,343.91
Net Debt	<u>37,947,649.03</u>
Remaining Borrowing Power	<u><u>\$ 64,835,694.88</u></u>

School Debt Deductions

The Local School District Debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations or \$117,466,678.76. \$8,539,740.16 of the total debt of the Caldwell-West Caldwell School District (\$12,690,000.00) is apportioned to the Township of West Caldwell on the basis of Average Equalized Valuations.

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

Fund Balance, Cash Receipts from Fees, Rents or Other Charges for Year		\$4,130,377.44
Deductions:		
Operating and Maintenance Costs	\$3,190,950.00	
Debt Service per Water Utility Operating Fund	<u>1,111,138.89</u>	
		<u>4,302,088.89</u>
Deficit in Revenue		<u><u>\$ (171,711.45)</u></u>
Total Debt Service		<u><u>\$1,111,138.89</u></u>
Deficit - Small of Deficit in Revenue or Total Debt Service		<u><u>\$ 171,711.45</u></u>

There being a deficit in Water Utility Revenue, the Utility Debt is not 'self-liquidating' for debt statement purposes.

Since there is a deficit, the Water Utility is not deductible to the extent of 20 times the deficit amount.

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

Fund Balance, Cash Receipts from Fees, Rents or Other Charges for Year		\$733,976.89
Deductions:		
Operating and Maintenance Costs	\$661,742.00	
Debt Service per Swimming Pool Utility Operating Fund	<u>28,675.00</u>	
		<u>690,417.00</u>
Excess in Revenue		<u><u>\$ 43,559.89</u></u>

12. MUNICIPAL DEBT (Continued)

Calculation of "Self-Liquidating Purposes" Swimming Pool Utility Per N.J.S. 40A:2-45 (Continued)

There being an excess in Swimming Pool Utility Revenue, all Swimming Pool Utility Debt is deductible for debt statement purposes.

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

As of December 31, 2024, the Township's long-term debt is as follows:

General Obligation Bonds

\$15,050,000.00, 2014 Bonds due in annual installments of \$1,190,000.00 to \$1,290,000.00 through February 2028, interest at 2.50% to 3.00%.	\$ 4,960,000.00
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\$17,014,000.00 2023 Bonds due in annual installments of \$965,000.00 to \$1,745,000.00 through September 2036, interest at 3.00% to 4.00%.	<u>16,049,000.00</u>
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	<u>\$21,009,000.00</u>
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Water Utility Bonds

\$4,750,000.00, 2014 Bonds due in annual installments of \$360,000.00 through February 2029, interest at 2.50% to 3.00%.	\$1,800,000.00
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\$6,880,000.00, 2023 Bonds due in annual installments of \$255,000.00 to \$490,000.00 through September 2043, interest at 3.00% to 4.00%.	<u>6,635,000.00</u>
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	<u>\$8,435,000.00</u>
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Swimming Pool Utility Bonds

\$281,000.00, 2023 Bonds due in annual installments of \$15,000.00 to \$25,000.00 through September 2037, interest at 3.00% to 4.00%.	<u>\$266,000.00</u>
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12. MUNICIPAL DEBT (Continued)

Essex County Improvement Authority Loan Payable

A loan agreement was entered into by the Township of West Caldwell with the Essex County Improvement Authority for the purpose of acquisition of leased equipment at an interest rate of 4.00% to 5.00%.

The following is a schedule of annual principal and interest payments for the Essex County Improvement Authority Loan Payable as of December 31, 2024:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2025	\$127,100.00	\$100,000.00	\$27,100.00
2026	127,100.00	105,000.00	22,100.00
2027	121,850.00	105,000.00	16,850.00
2028	125,600.00	114,000.00	11,600.00
2029	<u>123,900.00</u>	<u>118,000.00</u>	<u>5,900.00</u>
	<u>\$625,550.00</u>	<u>\$542,000.00</u>	<u>\$83,550.00</u>

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Amount</u>
General Capital	4.00%	<u>\$7,606,325.00</u>
Water Capital	4.00%	<u>\$3,317,000.00</u>

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

<u>Notes Issued</u>	<u>Installments Due</u>	<u>Required as of May 1</u>
2019	2022 - 2029	2030
2022	2025 - 2032	2033
2023	2026 - 2033	2034
2024	2027 - 2034	2035

12. **MUNICIPAL DEBT (Continued)**

A schedule of annual debt service for principal and interest for bonded debt is as follows:

Calendar Year	Total	General		Water Utility		Swimming Pool Utility	
		Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 3,841,325.00	\$ 2,155,000.00	\$ 740,985.00	\$ 615,000.00	\$ 305,200.00	\$ 15,000.00	\$ 10,140.00
2026	3,801,200.00	2,185,000.00	678,860.00	625,000.00	287,650.00	15,000.00	9,690.00
2027	3,765,850.00	2,225,000.00	612,710.00	630,000.00	268,900.00	20,000.00	9,240.00
2028	3,709,150.00	2,255,000.00	545,510.00	630,000.00	250,000.00	20,000.00	8,640.00
2029	2,708,800.00	1,325,000.00	487,560.00	640,000.00	228,400.00	20,000.00	7,840.00
2030	2,338,400.00	1,375,000.00	434,560.00	290,000.00	211,800.00	20,000.00	7,040.00
2031	2,331,000.00	1,425,000.00	379,560.00	300,000.00	200,200.00	20,000.00	6,240.00
2032	2,331,200.00	1,485,000.00	322,560.00	310,000.00	188,200.00	20,000.00	5,440.00
2033	2,328,600.00	1,545,000.00	263,160.00	320,000.00	175,800.00	20,000.00	4,640.00
2034	2,333,200.00	1,609,000.00	201,360.00	335,000.00	163,000.00	21,000.00	3,840.00
2035	2,339,600.00	1,680,000.00	137,000.00	345,000.00	149,600.00	25,000.00	3,000.00
2036	2,337,600.00	1,745,000.00	69,800.00	360,000.00	135,800.00	25,000.00	2,000.00
2037	522,400.00			375,000.00	121,400.00	25,000.00	1,000.00
2038	496,400.00			390,000.00	106,400.00		
2039	505,800.00			415,000.00	90,800.00		
2040	504,200.00			430,000.00	74,200.00		
2041	517,000.00			460,000.00	57,000.00		
2042	513,600.00			475,000.00	38,600.00		
2043	509,600.00			490,000.00	19,600.00		
	<u>\$37,734,925.00</u>	<u>\$21,009,000.00</u>	<u>\$4,873,625.00</u>	<u>\$8,435,000.00</u>	<u>\$3,072,550.00</u>	<u>\$266,000.00</u>	<u>\$78,750.00</u>

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

12. MUNICIPAL DEBT (Continued)

Bonds and Notes Authorized but Not Issued

	Balance Dec. 31, 2024	Balance Dec. 31, 2023
General Capital Fund:		
General Improvements	\$6,723,172.91	\$4,326,019.90
Water Utility Capital Fund:		
General Improvements	2,023,349.00	1,826,477.00
Swimming Pool Utility Capital Fund:		
General Improvements	<u>1,213,643.00</u>	<u>791,963.00</u>
	<u>\$9,960,164.91</u>	<u>\$6,944,459.90</u>

13. LEASES

In June 2017, the Governmental Accounting Standards Board issued GASB No. 87, Leases.

The Township has commitments to lease copying equipment under operating leases. Future minimum lease payments are as follows:

<u>Year</u>	<u>Operating Leases</u>
2025	\$ 9,431.00
2026	5,748.00
2027	5,748.00
2028	5,748.00
2029	<u>3,768.00</u>
Total Future Minimum Lease Payments	<u>\$30,443.00</u>

The Township is also the lessor to several lease agreements involving cell towers, health officer services, police dispatch services, recreation programs and fields at Kiwanis Oval. These leases were classified as operating leases. Future minimum lease receivables are as follows:

<u>Year</u>	<u>Operating Leases</u>
2025	\$ 925,314.03
2026	373,608.43
2027	151,194.91
2028	47,657.50
2029	<u>45,000.00</u>
Total Future Minimum Lease Receivables	<u>\$1,542,774.87</u>

14. SUBSCRIPTION LEASES

In June 2022, GASB No. 96, Subscription-Based Information Technology Arrangements was implemented providing municipalities guidance on the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) for government end users. Under this new guidance, the Township must disclose and report any SBITAs in excess of one year. The Township of West Caldwell has reviewed all their SBITAs and determined that they are all considered short-term and require no disclosure under GASB No. 96.

15. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2024 and 2023 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Building and Improvements	\$ 8,958,800.00	\$ -	\$ -	\$ 8,958,800.00
Land	24,474,500.00	11,200.00		24,485,700.00
Vehicles	5,591,347.28	219,610.85		5,810,958.13
Other Furniture and Equipment	<u>415,247.92</u>	<u></u>	<u></u>	<u>415,247.92</u>
Total	<u>\$39,439,895.20</u>	<u>\$230,810.85</u>	<u>\$ -</u>	<u>\$39,670,706.05</u>

<u>Governmental Activities</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Building and Improvements	\$ 8,958,800.00	\$ -	\$ -	\$ 8,958,800.00
Land	24,474,500.00			24,474,500.00
Vehicles	5,056,729.71	534,617.57		5,591,347.28
Other Furniture and Equipment	<u>415,247.92</u>	<u></u>	<u></u>	<u>415,247.92</u>
Total	<u>\$38,905,277.63</u>	<u>\$534,617.57</u>	<u>\$ -</u>	<u>\$39,439,895.20</u>

16. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2024, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Current Fund	\$ 8,681.00	\$24,208.27
General Trust Fund	24,208.27	
Public Assistance Trust Fund Account #1	3,000.00	
Public Assistance Trust Fund Account #2	<u></u>	<u>11,681.00</u>
	<u>\$35,889.27</u>	<u>\$35,889.27</u>

17. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, there were no deferred charges on the balance sheet.

18. DEFERRED COMPENSATION PLAN

The Township of West Caldwell offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

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

The Township of West Caldwell authorized such modifications to their plan by resolution of the Township Council adopted September 16, 1997.

The administrator for the Township of West Caldwell Deferred Compensation Plan is the Variable Annuity Life Insurance Company (VALIC).

19. RISK MANAGEMENT

The Township of West Caldwell is a member of the Morris County Municipal Joint Insurance Fund with respect to Property, Commercial General Liability, Workers' Compensation, Automotive and Employer Liability.

The Township of West Caldwell entered into a contract with BMED (HIF) to provide medical benefits as of August 1, 2022. The benefits provided through BMED are billed as monthly premium rates.

20. CONTINGENT LIABILITIES

A. Compensated Absences

The Township permits employees to accrue unused vacation and sick pay which, if not taken as time off, will be paid at a later date at an agreed upon rate. Employees will be compensated for up to 20 unused vacation days at full rate. Ordinance #1307 dated July 16, 1996 details the vacation leave policy for Township employees. Any employee, not covered by a collective bargaining agreement, having accumulated unused vacation days in excess of 20 days shall be considered lost unless specifically authorized by resolution of the Mayor and Township Council.

Employees hired prior to May 1, 1998 will be compensated for one-half of accumulated sick leave at separation without limit. Employees hired on or after May 1, 1998 will be compensated for one-third of accumulated sick leave at separation, subject to a maximum payment of \$15,000.00.

The Township estimates that the current cost of such unpaid compensation would be \$1,177,367.08 payable to Township officials and employees on the basis of 2024 salary rates. This amount was not verified by audit.

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

20. CONTINGENT LIABILITIES (Continued)

B. Tax Appeals

As of May 1, 2025, there were seven (7) tax appeals pending before the New Jersey Tax Court with an assessed valuation of \$142,912,100.00. Potential liability was undeterminable.

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

C. Federal and State Awards

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2024 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

D. Arbitrage Rebate Calculation

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

E. Payments in Lieu of Taxes (PILOT)

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

F. Litigation

There is no significant litigation or any contingent liabilities, unasserted claims or assessments or statutory violations which would materially affect the financial position or results of operations of the Township.

General liability claims pending against the Township are handled or managed by insurance carriers and that no such general liability claims involve material financial exposure to the Township.

21. SECONDARY MARKET DISCLOSURE

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

22. SUBSEQUENT EVENTS

The Township of West Caldwell has evaluated subsequent events that occurred after the balance sheet date but before June 24, 2025. No items were determined to require disclosure.

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2025

Township Council of the
Township of West Caldwell, in the
County of Essex, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of West Caldwell, in the County of Essex, New Jersey (the "Township"), in connection with the issuance by the Township of its \$15,182,000 Bond Anticipation Notes, consisting of the \$10,278,500 General Improvement Bond Anticipation Note, the \$4,643,000 Water Utility Bond Anticipation Note and the \$260,500 Pool Utility Bond Anticipation Note (together, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

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

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

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

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

Very truly yours,

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