

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2025

NEW ISSUES

**RATINGS: Bonds – Moody's: "Aaa"
Notes – Moody's: "MIG 1"**

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

**TOWNSHIP OF WAYNE
IN THE COUNTY OF PASSAIC, NEW JERSEY**

**\$10,178,000 GENERAL IMPROVEMENT BONDS, SERIES 2025
(CALLABLE) (BOOK-ENTRY ONLY)**

**\$11,780,000 OPEN SPACE NOTES, SERIES 2025
(NON-CALLABLE) (BOOK-ENTRY ONLY)**

Dated: Date of Delivery

**Bonds: Due: October 15, as set forth on the inside front cover
Notes: Due: October 28, 2026**

The Township of Wayne, in the County of Passaic, New Jersey (the "Township") is offering \$10,178,000 aggregate principal amount of General Improvement Bonds, Series 2025 (the "Bonds") and \$11,780,000 Open Space Notes, Series 2025 (the "Notes," and together with the Bonds, the "Obligations").

The Obligations will be issued as fully registered Obligations in the form of one certificate for the aggregate principal amount of each maturity of the Obligations and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Obligations on behalf of the individual purchasers. Individual purchases of the Obligations may be made in the principal amount of \$5,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Obligations will not receive certificates representing their beneficial ownership interests in the Obligations. See "DESCRIPTION OF THE OBLIGATIONS – Book-Entry Only System" herein.

Principal of the Bonds is payable on October 15 in each of the years set forth on the inside front cover. Interest on the Bonds, calculated on the basis of a 360-day year of twelve 30-day calendar months, will be payable semiannually on April 15 and October 15 in each year until maturity or prior redemption, commencing April 15, 2026. So long as DTC or its nominee is the registered owner of the Bonds, principal of and the interest on the Bonds shall be paid to DTC by the Township. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds). The Bonds are subject to optional redemption prior to their stated maturities at the times and in the manner described herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on October 28, 2026, and shall bear interest at the rate of interest set forth on the inside front cover, payable at maturity, calculated on the basis of a 360-day year of twelve 30-day calendar months. So long as DTC or its nominee is the registered owner of the Notes, principal of and interest on the Notes will be paid to DTC by the Township at maturity. Principal of and interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of October 21, 2026. The Notes are not subject to redemption prior to maturity.

The Bonds are being issued pursuant to the Local Bond Law of the State of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), various bond ordinances and a resolution in order to provide funds to (i) permanently finance various previously unfunded capital projects of the Township and (ii) pay certain costs incurred in connection with the issuance of the Bonds. The Notes are being issued pursuant to the Local Bond Law and various bond ordinances in order to provide funds to (i) to temporarily refinance various capital projects of the Township and (ii) pay certain costs incurred in connection with the issuance of the Notes.

The Obligations will constitute general obligations of the Township, the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THESE ISSUES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Obligations are offered when, as and if received by the Underwriters (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by Gibbons P.C., Newark, New Jersey, Bond Counsel, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey has served as municipal advisor in connection with the issuance of the Obligations. It is expected that the Obligations, in definitive form, will be available for delivery on or about October 29, 2025 through the facilities of DTC in New York, New York.

TOWNSHIP OF WAYNE
County of Passaic, New Jersey

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

\$10,178,000 GENERAL IMPROVEMENT BONDS, SERIES 2025

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2026	\$528,000			
2027	450,000			
2028	500,000			
2029	500,000			
2030	500,000			
2031	500,000			
2032	500,000			
2033	600,000			
2034	700,000			
2035	900,000			
2036	900,000			
2037	900,000			
2038	900,000			
2039	900,000			
2040	900,000			

\$11,780,000 OPEN SPACE NOTES, SERIES 2025

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
October 28, 2026			

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

**TOWNSHIP OF WAYNE
IN THE COUNTY OF PASSAIC,
NEW JERSEY**

MAYOR

Christopher P. Vergano

TOWNSHIP COUNCIL

Jason DeStefano, Council President

Michael Fattal

Jonathan Ettman

Richard Jasterzbski

Francine Ritter

Al Sadowski

Jill M. Sasso

Joseph Scuralli

David Varano

TOWNSHIP CLERK

Paul V. Margiotta

BUSINESS ADMINISTRATOR

Christopher J. Tietjen

**CHIEF FINANCIAL OFFICER/
TOWNSHIP TREASURER**

Heather L. McNamara

TOWNSHIP COUNSEL

Matthew J. Giacobbe, Esq.
Oakland, New Jersey

TOWNSHIP AUDITOR

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

TOWNSHIP MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

BOND COUNSEL

Gibbons P.C.
Newark, 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 Obligations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Township.

Any statements contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Obligations. This Official Statement is submitted in connection with the sale of the Obligations and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

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

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

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OFFICIAL STATEMENT
Relating to
TOWNSHIP OF WAYNE
IN THE COUNTY OF PASSAIC, NEW JERSEY

\$10,178,000 GENERAL IMPROVEMENT BONDS, SERIES 2025
(CALLABLE) (BOOK-ENTRY ONLY)

\$11,780,000 OPEN SPACE NOTES, SERIES 2025
(NON-CALLABLE) (BOOK-ENTRY ONLY)

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the Township of Wayne (the "Township"), in the County of Passaic (the "County"), in the State of New Jersey (the "State"), in connection with the sale and the issuance of \$10,178,000 General Improvement Bonds, Series 2025 (the "Bonds") and \$11,780,000 Open Space Notes, Series 2025 (the "Notes," and together with the Bonds, the "Obligations"). 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 Obligations described herein.

DESCRIPTION OF THE OBLIGATIONS

Bonds

The Bonds are dated their date of delivery and will mature on October 15 in the years and in the amounts and bear interest as set forth on the inside front cover page hereof, calculated on the basis of a 30-day month, 360-day year, payable semiannually to the registered owners of the Bonds as of each April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds) immediately preceding each April 15 and October 15, commencing April 15, 2026. So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds.

The Bonds will be issued in fully registered book-entry form only in the form of one certificate for each maturity of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof (except for one odd piece) through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "Book-Entry-Only System" herein.

Redemption Provisions for the Bonds

Optional Redemption

The Bonds maturing on or prior to October 15, 2032 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after October 15, 2033 shall be subject to redemption prior to

their respective maturity dates, on or after October 15, 2032 at the option of the Township, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the “Redemption Price”), plus in each case accrued interest thereon to the date fixed for redemption.

Notice of Redemption

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

Notes

The Notes are dated their date of delivery and will mature on October 28, 2026 and shall bear interest at the rate as set forth on the inside front cover page hereof, payable at maturity, calculated on the basis of a 30-day month, 360-day year. Principal of and interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of October 21, 2026. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Township directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes.

The Notes will be issued in fully registered book-entry form of one certificate in the principal amount of the Notes and, when issued, will be registered in the name of Cede & Co. as nominee of the DTC, which will act as Securities Depository for the Notes. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interest in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. See “Book-Entry-Only System” herein.

Redemption Provisions for the Notes

The Notes are not subject to redemption prior to maturity.

Book-Entry Only System

The description which follows of the procedures and record keeping with respect to beneficial ownership interest in the Obligations, payment of principal and interest and other payments on the Obligations to DTC Participants or Beneficial Owners (as defined herein), confirmation and transfer of beneficial ownership interests in the Obligations and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the Township. Under such circumstances, in the event that a successor depository is not obtained, 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, 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 Township believes to be reliable, but Township takes no responsibility for the accuracy thereof.

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE OBLIGATIONS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE OBLIGATIONS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE OBLIGATIONS.

Discontinuance of Book-Entry-Only System

If the Township, in their sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Obligations at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such Securities Depository, or if the Township determines, in their 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.

In the event that the book-entry only system for the Obligations is discontinued, the Township has provided that upon receipt of the Obligation certificates from DTC and the Participant information, the Township will

authenticate (or cause to be authenticated) and deliver definitive Obligations to the holders thereof, and the principal of and interest on the Obligations will be payable and the Obligations may thereafter be transferred or exchanged in the manner described in the certificates so provided.

SECURITY AND SOURCE OF PAYMENT

The Obligations are valid and legally binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Obligations. 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 the interest due on the Obligations without limitation as to rate or amount.

NO DEFAULT

The Township has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Township's indebtedness past due.

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

Bonds

The Bonds have been authorized pursuant to (i) the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances finally adopted by the Township Council of the Township (the "Township Council") and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Council on September 17, 2025.

The Township shall apply the proceeds derived from the sale of the Bonds to permanently finance various previously unfunded capital projects, all as authorized by and described in the bond ordinances set forth below:

<u>Ordinance #</u>	<u>Project Name</u>	<u>Principal Amount</u>
6-2023	Replacement of Parks and Forestry Trucks	\$ 132,200
13-2023	Acquisition of Police Department Vehicles & Equipment	1,520,000
18-2023	Re-Painting Traffic Striping	109,000
39-2023	Acquisition of Fire Department Equipment	156,000
40-2023	Acquisition of Street Sweeper	419,650
41-2023	Acquisition of Fire Department and Special Response Team Equipment	378,000
45-2023	Packanack Lake Dredging - Supplemental	57,000
46-2023	Acquisition of Police Vehicle Computer Equipment	351,500
3-2024	2024 Road Resurfacing Program	1,900,000
17-2024	DPW 2024 Equipment Replacement	292,500
26-2024	Acquisition of Tractor and Lawn Mower	169,650
35-2024	2024 Thermoplastic Traffic Striping and Battery Back-Up Systems at Signalized Intersections	147,250
38-2024	Master Plan	427,500
47-2024	Packanack Lake Dredging - Supplemental	1,900,000
48-2024	Acquisition of New Ambulance	489,000
60-2024	Acquisition of Fire Engine – Fire Company #5	1,638,750
66-2024	Replacement of Parks and Forestry Chipper	90,000
		\$10,178,000

Notes

The Notes have been authorized pursuant to the Local Bond Law and an ordinance finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law.

The Notes are being issued to currently refund the Township's \$11,780,000 Bond Anticipation Notes, Series 2024, issued October 31, 2024 and maturing October 30, 2025, as authorized by and described in the bond ordinance set forth below.

<u>Ordinance #</u>	<u>Project Name</u>	<u>Principal Amount</u>
41-2024	Acquisition of Real Property and Building Located Thereon	\$11,780,000
		<u>\$11,780,000</u>

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 real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation is included in Appendix A hereto.

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

As shown in Appendix A hereto, the Township has not exceeded its statutory debt limit as of December 31, 2024. 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.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("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 unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

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 (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, 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 "CAPS" 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 years' 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.

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 which the local unit may contemplate over the three 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 results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Township was last completed in 1992.

Upon the filing of certified adopted budgets by the Township's Local School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the

collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Township. 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 June 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest 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.

Tax Appeals

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

The 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 report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2022 for the Township is on file with the Clerk and is available for review during business hours.

TAX MATTERS

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

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

income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

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

Tax Treatment of Original Issue Premium

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

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

Tax Treatment of Original Issue Discount

The initial public offering price of certain of the Obligations (the “Discount Obligation”) is less than the amount payable on such Obligations at maturity. The difference between the initial public offering price of the Discount Obligations of each such year as set forth on the inside front cover of this Official Statement and the amount payable at maturity of the Discount Obligations of such year, is original issue discount. Bond Counsel is of the opinion that the accrued portion of the original issue discount will be treated for Federal income tax purposes as interest excludable from gross income under Section 103 of the Code to the same extent as stated interest on the Obligations.

The amount of original issue discount which is treated as having accrued with respect to the Discount Obligations is added to the cost basis of the holder of the Discount Obligations. Under Section 1288 of the Code, original issue discount on the Discount Obligations accrues on the basis of economic accrual and, in the case of an original holder of the Discount Obligations who purchases at the initial public offering price of such Discount Obligations, the amount treated as interest on the Discount Obligations excludable from gross income under Section 103 of the Code is the sum of the daily portions of the original issue discount attributable to the Discount Obligations for each day during the taxable year that the owner holds such Discount Obligations.

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

Additional Federal Income Tax Consequences

Prospective purchasers of the Obligations should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Obligations, may have additional Federal income tax

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

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

State Taxation

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

Miscellaneous

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

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

LITIGATION

To the knowledge of the Township Attorney, Matthew J. Giacobbe, Esq., Oakland, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the 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 Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (“Rule 15c2-12”) effective July 3, 1995 which generally prohibits a broker, dealer or municipal securities dealer (“Participating Underwriter”) from purchasing or selling municipal securities, such as the Obligations, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain

annual financial information and event notices to the Municipal Securities Rulemaking Board (“MSRB”) (the “Continuing Disclosure Requirements”).

On the date of delivery of the Obligations, the Township will enter into Continuing Disclosure Certificates (the “Continuing Disclosure Certificates”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Obligations pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Township by no later than October 1 of each fiscal year, commencing October 1, 2026 for the fiscal year ending December 31, 2025 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events for the benefit of the holders and beneficial owners of the Obligations. The Annual Report will be filed by the Township with the MSRB. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in “Appendix C - Forms of Continuing Disclosure Certificates”. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12. Notwithstanding the foregoing, if the fiscal year is not a calendar year then the Township shall provide financial information and operating data relating to the Township by not later than the first day of the tenth month of each fiscal year.

The Township has entered into prior undertakings to provide continuing disclosure under Rule 15c2-12 for certain outstanding debt issues. The Township has hired Digital Assurance Certification, LLC to act as its dissemination agent.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes. Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Obligations are subject to the approval of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Obligations substantially in the forms set forth as Appendix D. Certain legal matters will be passed on for the Township by its counsel, Matthew J. Giacobbe, Esq.

UNDERWRITING

The Bonds are being purchased from the Township by _____, _____, _____ (the "Bond Underwriter") at a purchase price of \$ _____. The Bond Underwriter is obligated to purchase all of the Bonds if any Bonds are purchased. The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale with respect to the Bonds.

The Notes are being purchased from the Township by _____, _____, _____ (the "Note Underwriter," and together with the Bond Underwriter, the "Underwriters") at a purchase price of \$ _____. The Note Underwriter is obligated to purchase all of the Notes if any Notes are purchased. The Note Underwriter has purchased the Notes in accordance with the Notice of Sale with respect to the Notes.

The Underwriters intend to offer the respective Obligations to the public initially at the respective offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the respective Obligations to the public. The Underwriters may offer and sell the respective Obligations to certain dealers (including dealers depositing bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriters without prior notice.

RATINGS

Moody's Ratings (the "Rating Agency"), has assigned a rating of "Aaa" to the Bonds. The Rating Agency has assigned a rating of "MIG 1" to the Notes.

The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. There can be no assurance that the ratings will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of such ratings, may have an adverse effect on the marketability or market price of the Obligations.

INFECTIOUS DISEASE OUTBREAK - COVID-19

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

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

Generally, according to the Plan, the allowable use of the funds provided to the Township include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative

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

Based on available information as of the date hereof, the Township has received \$4,451,949.00 from the Plan. The Township received its first installment under the Plan in the amount of \$2,225,974.50 on June 17, 2021, and its second installment under the Plan in the amount of \$2,225,974.50 on June 21, 2022. The Township utilized \$2,225,975 and \$2,225,974 in the calendar years 2022 and 2023, respectively, as revenue for the provision of government services under the loss revenue provision of the Plan. The deadlines to commit the funds was December 31, 2024 and to spend the funds is December 31, 2026; the Township has met the deadlines.

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

CYBER SECURITY

The Township relies on a complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, has served as municipal advisor to the Township (the "Municipal Advisor") with respect to the issuance of the Obligations. 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 a financial advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

INDEPENDENT AUDITORS

The audited financial statements of the Township for the years ended December 31, 2024 and 2023 are presented in Appendix B to this Official Statement. The independent auditors' report and financial statements were extracted from the report prepared by PKF O'Connor Davies, LLP, Woodcliff Lake, New Jersey (the "Auditor"), to the extent and for the period set forth in their report appearing in Appendix B to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial data appearing in Appendix B hereto) and, accordingly, will express no opinion with respect thereto. See "Appendix B – Independent Auditors' Report and Financial Statements of the Township of Wayne" herein.

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 purchasers of the Obligations, by certificates signed by the Chief Financial Officer of the Township, that to her 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.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Heather L. McNamara, the Township's Chief Financial Officer, at 475 Valley Road, Wayne, New Jersey 07470, telephone (973) 694-1800 ext. 3234, email mcnamarah@WayneTownship.com or Heather Litzebauer, NW Financial Group, LLC, the Township's Municipal Advisor at (201) 656-0115, email hlitzebauer@nwfinancial.com.

MISCELLANEOUS

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

TOWNSHIP OF WAYNE

By: _____
Heather L. McNamara,
Chief Financial Officer

Dated: October __, 2025

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF WAYNE

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GENERAL INFORMATION REGARDING THE TOWNSHIP

Size and Geographical Location

The Township was named by its citizens after General "Mad" Anthony Wayne. Located within its boundaries are many historical sites of special note, including the Dey Mansion, built in the 1700's, which served as General Washington's headquarters in 1780.

The Township, which is situated in the central section of Passaic County, is 26.6 square miles. Neighboring communities include North Haledon, Haledon, Totowa, Little Falls, Fairfield, Lincoln Park, Pequannock, Pompton Lakes, Oakland and Franklin Lakes.

Form of Government

The Township, incorporated in 1847, is governed by a Mayor-Council form of government formed under plan "F" of the Optional Municipal Charter (Faulkner Act). The governing body, complemented by an appointed business administrator, consists of an elected mayor, six council members elected by wards and three council members elected at-large.

Transportation

The Township is located approximately 20 miles northwest of New York City. The Township is served by major highways such as Interstate Highways 80 and 287, U.S. Highways 46 and 202 and State Highway 23. Its ideal location for distribution of products within the New York metropolitan area has earned the Township the term of "Optimum Point" among business circles.

The Township also benefits from the services of the Erie Lackawanna Railroad, which provides passenger and freight services.

All major airports, Kennedy, LaGuardia, Newark and Teterboro, as well as the New York and New Jersey ports, are accessible to Wayne.

Protection

The Township is served by a Police Department consisting of approximately 116 full-time police officers including 17 detectives who operate marked vehicles and unmarked vehicles. Its fire department includes approximately 170 volunteers who operate from five firehouses and utilize 11 pumpers, 2 aerial trucks, 2 squad trucks, a rescue extraction vehicle, a Special Emergency Response Team vehicle and 9 boats.

Sanitation

Solid waste is collected twice weekly from all residential dwelling units, throughout the municipality by the Township. Co-mingled recyclables are collected curbside every other week by the Township. The recycling center is available for residential drop-off of source separated recyclables. This recycling center is open seven days a week. The Township also has a comprehensive vegetative waste recycling program which diverts all vegetative waste from the solid waste stream. The vegetative waste program has reduced the amount of residential solid waste by over 30%, and has resulted in a net savings of millions of dollars.

Utilities

Electricity is supplied to the Township by Public Service Electric and Gas Co. and, to a small portion of the residents, by GPU Energy. Gas is supplied by Public Service Electric and Gas Co. The Township maintains a utility in which it provides water and a sewerage system to all residents.

Recreation

The Township provides recreation to its residents through the maintenance of a swimming pool and lake, tennis courts, 6 baseball fields, 12 softball fields, 23 parks complete with playground equipment, 10 soccer fields, 3 football fields and 2 large multi-component playgrounds.

The following activities are also provided for by the Township's Recreation Department: tennis and swimming instructions, softball, baseball, volleyball, basketball, bowling, ceramics, dance, wrestling, ice skating and skiing. Special events sponsored by the Recreation Department include the Memorial Day Parade, Junior Olympics, Halloween Festival, Easter Egg Hunt, Tree Lighting Ceremony and Wayne Day. Trips are also offered to residents including destinations from baseball games to operas.

The Township operates a state of the art Family Aquatic Center complete with a zero depth entry area, interactive water play activities and a large flume slide and drop slide. The facility also includes a separate tot pool and children's playground. This beautiful 15,000 plus square foot pool replaced an outdated facility built in the 1960s.

Two artificial turf fields are available for use at Waks Memorial Park. These two fields are able to accommodate many more activities than the old grass fields that they replaced and have made this site one of the most desirable recreation facilities in the area.

In 2024 the Township acquired the Wayne YMCA which now functions as the Wayne Community Center. The Center operates an Olympic size swimming pool, 400 seat theatre, indoor gym and basketball courts, exercise facility, indoor walking track and various exercise and community meeting rooms.

Water Pollution Control Program

The Township's Mountain View Water Pollution Control Plant was put into service on January 7, 1986. Maintenance and improvement of the plant is provided by the Township on a continual basis. The plant, which is designed with a capacity of 13.5 million gallons per day, is presently operating at an average daily flow of 7.1 million gallons per day. The municipality enjoys the position of being able to permit continued expansion of its commercial, industrial and residential growth within the Township.

Education

The Township's school district, coterminous with the Township, is a type II school district, and is an independent legal entity administered by a nine member Board of Education elected by the voters of the school district. The school district is not part of any regional or consolidated school district, and neither receives nor sends students, except for a limited number of special education students. The school district is authorized by law to issue debt for school purposes upon vote of the electorate. The school system is comprised of 9 elementary schools (grades K-5), 3 junior high schools (grades 6-8) and 2 high schools (grades 9-12).

Population

<u>Area</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Township of Wayne	46,474	47,025	54,069	54,717	54,838
County of Passaic	447,685	453,060	489,049	501,226	524,118
State of New Jersey	7,365,011	7,730,188	8,414,350	8,791,894	9,288,994

Source: Census Data for 1980-2020.

Employment and Unemployment Comparisons

According to the State of New Jersey, Department of Labor and Industry, the unemployment percentages for the last five years (on an annual average basis) were as follows:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
<u>Township of Wayne</u>				
2024	29,212	28,849	1,063	3.6%
2023	29,843	28,743	1,100	3.7
2022	29,242	28,320	922	3.2
2021	28,467	26,927	1,540	5.4
2020	27,404	25,176	2,228	8.1
<u>County of Passaic</u>				
2024	276,179	261,567	14,612	5.3%
2023	273,311	259,615	13,696	5.0
2022	265,157	253,179	11,978	4.5
2021	259,732	237,864	21,868	8.4
2020	261,371	230,579	30,792	11.8
<u>State of New Jersey</u>				
2024	4,898,000	4,676,064	221,944	4.5%
2023	4,829,671	4,615,722	213,949	4.4
2022	4,739,800	4,564,100	175,100	3.7
2021	4,661,100	4,365,400	295,700	6.3
2020	4,495,200	4,055,300	439,900	9.8

Source: New Jersey Department of Labor, Division of Planning & Research.

Income as of 2023

	Median Household Income	Median Family Income	Per Capita Income
Township of Wayne	\$ 151,561	\$ 182,970	\$ 65,579
County of Passaic	82,825	98,062	38,873
State of New Jersey	99,781	121,944	52,583

Source: U.S. Census Bureau, 2019-2023 American Community Survey – 5 Year Estimates

DEBT INFORMATION

Debt Statements

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the Township must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity As of December 31, 2024

	<u>Year</u>	Equalized Valuations <u>Amount</u>
	2022	\$ 11,762,768,271
	2023	13,937,161,435
	2024	<u>13,935,298,460</u>
	Total	<u>\$ 39,635,228,166</u>
Municipal		
Equalized Valuation Basis (last 3 years average)		<u>\$ 13,211,742,722</u>
3 1/2% Borrowing Margin		\$ 462,410,995
Net Debt Issued, Outstanding and Authorized		<u>94,417,637</u>
Remaining Municipal Borrowing Capacity		<u>\$ 367,993,358</u>
Local School		
4% Borrowing Margin		\$ 528,469,708
Debt, Issued, Outstanding and Authorized		<u>0</u>
Remaining School Borrowing Capacity		<u>\$ 528,469,708</u>

Gross and Statutory Net Debt as of December 31, 2024

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2024	\$ 127,441,313	\$ 94,417,637	0.714%
2023	112,030,457	88,332,090	0.723
2022	119,381,808	94,048,653	0.840
2021	123,203,607	95,468,036	0.870
2020	127,718,842	99,028,945	0.930

Source: Township of Wayne Annual Audit Reports.

**Statement of Indebtedness
As of December 31, 2024**

General Purpose

Bonds	\$ 62,872,000	
Notes	11,780,000	
Authorized But Not Issued	<u>35,492,197</u>	
		\$ 110,144,197

Water and Sewer Utility

Bonds	16,380,000	
Authorized But Not Issued	<u>917,116</u>	
		17,297,116

Local School

Bonds Issued and Authorized		<u>-</u>
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Total Gross Debt 127,441,313

Statutory Deductions

Municipal Purpose	15,726,560	
Self Liquidating Purposes	<u>17,297,116</u>	
		<u>33,023,676</u>

Total Net Debt \$ 94,417,637

Overlapping Debt

County of Passaic (1)	\$ 49,481,482	
Passaic County Utilities Authority (1)	6,750,563	
North Jersey District Water Supply Commission	<u>3,215,309</u>	
		<u>\$ 59,447,354</u>

Gross Debt

Per Capita (2020 - 54,838)	\$ 2,324
Percent of Net Valuation Taxable (2024 - \$5,248,033,400)	2.43%
Percent of Estimated True Value of Real Property (Average Equalized Valuation 2022-2024 - \$13,211,742,722)	0.96%

Net Municipal Debt

Per Capita (2020 - 54,838)	\$ 1,722
Percent of Net Valuation Taxable (2024 - \$5,248,033,400)	1.80%
Percent of Estimated True Value of Real Property (Average Equalized Valuation 2022-2024 - \$13,211,742,722)	0.71%

Overall Debt (Net and Overlapping Debt)

Per Capita (2020 - 54,838)	\$ 2,806
Percent of Net Valuation Taxable (2024 - \$5,248,033,400)	2.93%
Percent of Estimated True Value of Real Property (Average Equalized Valuation 2022-2024 - \$13,211,742,722)	1.17%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2024 Passaic County Abstract of Ratables published by the Passaic County Board of Taxation.

Source: Township of Wayne 2024 Audit.

BUDGET INFORMATION
Current Fund

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Anticipated Revenues					
Fund Balance Anticipated	\$ 9,576,342	\$ 9,558,342	\$ 8,789,600	\$ 7,353,603	\$ 8,417,146
Miscellaneous Revenues	17,038,661	16,002,532	15,546,735	12,764,127	11,093,792
Receipts from Delinquent Taxes	2,200,000	2,200,000	2,100,000	2,100,000	2,100,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>72,365,455</u>	<u>69,828,026</u>	<u>68,105,376</u>	<u>65,098,681</u>	<u>63,492,649</u>
	<u>\$ 101,180,458</u>	<u>\$ 97,588,900</u>	<u>\$ 94,541,711</u>	<u>\$ 87,316,411</u>	<u>\$ 85,103,587</u>
Appropriations					
Salaries and Wages	\$ 33,463,021	\$ 32,530,472	\$ 31,819,909	\$ 31,195,449	\$ 29,761,376
Other Expenses	42,560,759	38,596,670	38,476,502	33,911,363	32,955,203
Deferred Charges and Statutory Expenditures	8,887,744	8,728,949	8,176,252	7,782,599	7,907,883
Capital Improvement Fund	980,680	905,180	582,594	500,000	500,000
Municipal Debt Service	8,338,254	9,877,629	8,536,454	6,977,000	7,029,125
Reserve for Uncollected Taxes	<u>6,950,000</u>	<u>6,950,000</u>	<u>6,950,000</u>	<u>6,950,000</u>	<u>6,950,000</u>
	<u>\$ 101,180,458</u>	<u>\$ 97,588,900</u>	<u>\$ 94,541,711</u>	<u>\$ 87,316,411</u>	<u>\$ 85,103,587</u>

Source: Township of Wayne Adopted Annual Budgets.

FINANCIAL INFORMATION

Current Fund Balance and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024	\$ 28,012,449	\$ 9,576,342
2023	26,473,409	9,558,342
2022	26,261,138	8,789,600
2021	22,836,009	7,353,603
2020	22,024,294	8,417,146

Source: Township of Wayne Annual Audit Reports.

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2024	\$ 312,728,818	\$ 306,948,642	98.15%
2023	302,929,759	299,269,917	98.79
2022	299,152,118	295,949,841	98.92
2021	298,584,639	293,580,975	98.32
2020	297,535,965	293,889,399	98.77

Source: Township of Wayne Annual Audit Reports.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2024	\$ 895,832	\$ 2,521,972	\$ 3,417,804	1.09%
2023	944,661	3,170,607	4,115,268	1.36
2022	772,407	2,821,215	3,593,622	1.20
2021	785,897	3,394,315	4,180,212	1.40
2020	785,945	4,732,050	5,517,995	1.85

Source: Township of Wayne Annual Audit Reports.

Assessed Valuation of Property Owned by the Township Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2024	\$ 1,857,900
2023	1,857,900
2022	1,857,900
2021	1,857,900
2020	1,857,900

Source: Township of Wayne Annual Audit Reports.

Ten Largest Taxpayers

The ten largest taxpayers in the Township and their 2025 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Willowbrook Mall	\$ 155,000,000
West Belt Fee Owners	67,500,000
GS Portfolio Holdings	32,354,300
Mountain View Crossings	31,970,400
Peykar Family Properties of Wayne	30,979,800
Westbelt Industrial Owner	28,543,000
Point View Wayne Properties LLC	25,859,600
Wayne PSC, LLC	25,727,000
Kimco Realty/Ecova	22,000,000
First Northern Star	<u>21,198,900</u>
Total	<u>\$ 441,133,000</u>
Percentage of 2025 Assessed Valuation	<u>8.47%</u>

Source: Township of Wayne Tax Assessor.

Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>Apartment</u>	<u>Farm</u>	<u>Total</u>
2024	\$ 43,898,600	\$ 3,781,435,900	\$ 1,334,085,900	\$ 87,685,600	\$ 927,400	\$ 5,248,033,400
2023	42,447,900	3,774,390,900	1,377,541,600	87,685,600	1,511,900	5,283,577,900
2022	49,963,300	3,768,375,100	1,371,607,000	87,685,600	1,499,400	5,279,130,400
2021	51,839,200	3,769,385,100	1,347,840,900	87,685,600	1,499,400	5,258,250,200
2020	51,887,800	3,781,102,200	1,315,102,100	87,685,600	1,499,400	5,237,277,100

Source: Township of Wayne Tax Duplicates.

**Assessed Valuations
Net Valuation Taxable**

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2024	\$ 5,248,033,400	37.66%	\$ 13,935,298,460
2023	5,283,577,900	54.65	11,804,353,673
2022	5,279,130,400	48.18	10,997,194,267
2021	5,258,250,200	48.07	10,976,230,638
2020	5,237,277,100	48.03	10,941,976,086

Source: Tax Duplicate, Abstract of Ratables.

**Components of Real Estate Tax Rate
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal¹</u>	<u>Local School</u>	<u>County¹</u>
2024	\$ 5.900	\$ 1.350	\$ 3.269	\$ 1.281
2023	5.718	1.309	3.168	1.241
2022	5.654	1.252	3.099	1.303
2021	5.648	1.227	3.047	1.374
2020	5.623	1.231	2.994	1.398

(1) Includes Open Space Tax

Source: Township of Wayne Tax Collector.

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal¹</u>	<u>Local School</u>	<u>County¹</u>
2024	\$ 312,728,818	\$ 71,455,825	\$ 170,910,636	\$ 70,362,358
2023	302,929,759	66,377,786	167,389,881	69,162,092
2022	299,152,118	66,243,094	163,967,530	68,941,495
2021	298,584,639	65,778,433	160,240,763	72,565,443
2020	297,535,965	66,857,069	156,760,706	73,918,190

(1) Includes Open Space Tax

Source: Township of Wayne Annual Audit Reports.

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APPENDIX B

INDEPENDENT AUDITORS' REPORT AND FINANCIAL
STATEMENTS OF THE TOWNSHIP OF WAYNE

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Independent Auditors' Report

Honorable Mayor and
Members of the Township Council
Township of Wayne
Wayne, New Jersey

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

PKF O'CONNOR DAVIES, LLP
300 Tice Boulevard, Suite 315, Woodcliff Lake, NJ 07677 | Tel: 201.712.9800 | Fax: 201.712.0988 | www.pkfod.com

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Honorable Mayor and
Members of the Township Council
Township of Wayne
Wayne, New Jersey
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Basis for Opinion

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

**Honorable Mayor and
Members of the Township Council
Township of Wayne
Wayne, New Jersey**
Page 3

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
June 17, 2025



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

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 49,342,403	\$ 48,804,686
Change Funds	750	750
Grants Receivable	772,151	1,406,148
	<hr/>	<hr/>
	50,115,304	50,211,584
Receivables and Other Assets with Full Reserves		
Delinquent Taxes Receivable	2,521,972	3,170,607
Tax Title Liens Receivable	895,832	944,661
Property Acquired for Taxes - Assessed Valuation	1,857,900	1,857,900
Due from General Capital Fund	163,557	
Revenue Accounts Receivable	39,564	31,028
Due from Animal Control Trust Fund	22,632	
	<hr/>	<hr/>
	5,501,457	6,004,196
	<hr/>	<hr/>
Total Assets	<u>\$ 55,616,761</u>	<u>\$ 56,215,780</u>

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

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Appropriation Reserves	\$ 4,946,313	\$ 3,990,492
Encumbrances Payable	1,968,060	2,481,526
Accounts Payable	467,283	172,328
Due to State of NJ - State Fees Payable	39,169	29,383
Due to State of NJ - Senior Citizens and Veteran's Deductions	90,652	93,941
County Taxes Payable	154,025	181,655
Prepaid Taxes	1,991,333	1,560,362
Tax Overpayments	398,201	102,117
Reserve for Appropriated Grants	1,879,919	2,178,483
Reserve for Unappropriated Grants and Aid	109,618	490,202
Reserve for Tax Appeals	6,864,923	10,029,254
Miscellaneous Reserves and Deposits	3,193,359	2,428,432
	<hr/>	<hr/>
	22,102,855	23,738,175
Reserve for Receivables and Other Assets	5,501,457	6,004,196
Fund Balance	28,012,449	26,473,409
	<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance	<u>\$ 55,616,761</u>	<u>\$ 56,215,780</u>

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

REVENUES AND OTHER INCOME	<u>2024</u>	<u>2023</u>
Fund Balance Utilized	\$ 9,558,342	\$ 8,789,600
Miscellaneous Revenue Anticipated	19,846,043	19,144,886
Receipts from Delinquent Taxes	3,099,648	2,702,101
Receipts from Current Taxes	306,948,642	297,269,917
Non-Budget Revenue	2,548,291	1,880,594
Other Credits to Income		
Unexpended Balances of Appropriation Reserves	2,917,996	1,835,696
Refund of Prior Year Expenses	92,219	
Cancelled Accounts Payable		35,300
Cancelled Reserve for Appropriated Grants	<u>227,178</u>	
Total Revenues and Other Income	<u>345,238,359</u>	<u>331,658,094</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	32,506,972	31,781,909
Other Expenses	39,203,599	39,502,178
Deferred Charges and Statutory Expenditures - Municipal	8,728,949	8,412,633
Capital Improvements	1,108,580	582,594
Municipal Debt Service	9,877,629	8,188,400
County Taxes	70,208,333	65,567,371
County Taxes - Added Taxes	154,025	181,656
Local District School Taxes	170,910,636	167,379,881
Municipal Open Space Preservation Taxes	1,049,607	1,056,716
Municipal Open Space Preservation - Added Taxes	2,304	2,885
Other Debits to Income		
Interfunds Advanced	163,557	
Cancelled Grants Receivable	<u>226,786</u>	
Total Expenditures	<u>334,140,977</u>	<u>322,656,223</u>
Statutory Excess to Surplus	<u>\$ 11,097,382</u>	<u>\$ 9,001,871</u>

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

	<u>2024</u>	<u>2023</u>
Statutory Excess to Surplus (Brought Forward)	\$ 11,097,382	\$ 9,001,871
FUND BALANCE, JANUARY 1	<u>26,473,409</u>	<u>26,261,138</u>
	37,570,791	35,263,009
Decreased by:		
Utilized as Anticipated Revenue	<u>9,558,342</u>	<u>8,789,600</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 28,012,449</u></u>	<u><u>\$ 26,473,409</u></u>

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

	<u>Anticipated</u>	<u>Added</u> by NJS <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
	<u>Budget</u>			
Fund Balance Anticipated	\$ 9,558,342		\$ 9,558,342	
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	122,000		135,425	\$ 13,425
Other	222,000		237,077	15,077
Fees and Permits				
Other	430,000		576,109	146,109
Fines and Costs				
Municipal Court	520,000		563,903	43,903
Other	5,000		11,247	6,247
Interest and Costs on Taxes	700,000		777,554	77,554
Interest on Investments and Deposits	2,050,000		3,538,193	1,488,193
Utility Operating Surplus	75,000		75,000	
Fees for Professional Services- Health Dept.	22,000		43,303	21,303
Fees and Permits - Ball Field Maintenance	75,000		112,975	37,975
Hotel Occupancy Tax	770,000		834,333	64,333
Energy Receipts Taxes	4,308,475		4,308,475	
Garden State Preservation Trust Fund	18,973		18,973	
Watershed Moratorium Offset Aid	22,795		22,795	
New Jersey Municipal Relief Fund	450,745		450,745	
Uniform Construction Code Fees	1,426,000		2,365,158	939,158
Interlocal Services Agreement -				
Borough of Pompton Lakes - Health Services	90,492		90,492	
Township of Cedar Grove - Animal Control	39,284		45,160	5,876
Township of Totowa - Health Services	46,359		46,359	
Township of Verona - Animal Control	38,505		31,490	(7,015)
Township of Woodland Park- Animal Control	39,863		44,723	4,860
State and Federal Revenues Offset w/ Appropriations				
Bulletproof Vest Partnership		\$ 9,632	9,632	
Drunk Driving Enforcement Program		34,719	34,719	
Mun. Alliance on Alcoholism/Drug Abuse		17,312	17,312	
State Aid - Sustained Enforcement	80,000		80,000	
Clean Communities		137,282	137,282	
State Aid - Safe & Secure Com.		45,150	45,150	
Grant - Tree Planting Donations	5,000		5,000	
NJ Solid Waste Tonnage	134,608		134,608	
ARP - Firefighter Grant		70,000	70,000	
Strengthening Local Public Health Capacity - 24-25		74,664	74,664	

**TOWNSHIP OF WAYNE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>	<u>Anticipated</u> <u>Added</u> <u>by NJS</u> <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
State and Federal Revenues Offset				
With Appropriations (Continued)				
Open Space Grant - Pickle Ball Park	\$ 225,000		\$ 225,000	
NJACCHO - Sustaining Local Public Health Infrastructure		\$ 168,049	168,049	
State Aid - Body Armor	9,202		9,202	
State Aid - Pedestrian Safety	20,000		20,000	
National Opioids Settlement	4,276	165,702	169,978	
Municipal Court Admin.	5,000		5,000	
NJ Dept of Law and Public Safety - Popup Party Prev		35,269	35,269	
Atlantic Health System - B.A.B.E.S. Program		6,250	6,250	
Atlantic Health System Grant		22,800	22,800	
Other Special Items:				
Jr. Police Academy	5,000		4,650	\$ (350)
Uniform Fire Safety Act	430,000		498,979	68,979
Reserve for Payment of Bonds - General Capital Fund	2,000,000		2,000,000	
Detention Basin Maintenance- Trust Other	5,000		5,000	
Wayne Board of Education - COPS in School	452,580		452,172	(408)
Drainage Maintenance - Trust Other	5,000		5,000	
Wireless Tower Rental	140,000		271,463	131,463
Cablevision Local Grant	9,375		9,375	
Premium on Bond Sale - General Capital Fund	1,000,000		1,000,000	
	<u>16,002,532</u>	<u>786,829</u>	<u>19,846,043</u>	<u>3,056,682</u>
Receipts from Delinquent Taxes	<u>2,200,000</u>		<u>3,099,648</u>	<u>899,648</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Municipal Purposes	65,182,310		66,928,021	1,745,711
Minimum Library Tax	<u>4,645,716</u>		<u>4,645,716</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>69,828,026</u>		<u>71,573,737</u>	<u>1,745,711</u>
Budget Totals	<u>\$ 97,588,900</u>	<u>\$ 786,829</u>	<u>104,077,770</u>	<u>\$ 5,702,041</u>
Non-Budget Revenue			<u>2,548,291</u>	
			<u>\$ 106,626,061</u>	

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

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections	
Revenue from Collections	\$ 306,948,642
Allocated to School, County and Special District Taxes	<u>242,324,905</u>
	64,623,737
Add: Appropriation "Reserve for Uncollected Taxes"	<u>6,950,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 71,573,737</u>
Licenses - Other	
Township Clerk	\$ 63,535
Board of Health	152,249
Other	<u>21,293</u>
	<u>\$ 237,077</u>
Fees and Permits - Other	
Public Works	\$ 108,200
Police Department	110,394
Registrar of Vital Statistics	40,890
Planning Board	60,550
Board of Adjustment	217,685
Miscellaneous	<u>38,390</u>
	<u>\$ 576,109</u>
Delinquent Taxes	
Taxes Receivable	\$ 3,049,829
Tax Title Liens	<u>49,819</u>
	<u>\$ 3,099,648</u>

**TOWNSHIP OF WAYNE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Non-Budget Revenue

Maps	\$ 6,020
OPRA - Police Body Cameras	4,653
BOE and County Radio Systems	321,509
Duplicate Bills	1,677
DPW Billings	4,544
Cable Franchise Fees	261,847
Outside Police Admin Fees	136,405
BOE Admin Fee - Fuel Charges	20,000
BOE - SLEO's	354,126
Sale of Equipment	57,697
Refunds	330
Insurance Reimbursement	217,389
St Joseph's Hospital Agreement	275,980
PILOT Runnymede	308,479
Sienna Village Rent	50,000
PILOT - Preakness	73,630
PILOT - Summer Hill	116,100
Civil Union Fees	5,900
Laurelwood Gardens Trust	34,915
Police Entrance Exam Fees	4,650
Tax Sale Costs	8,362
FEMA Reimbursements	123,557
Miscellaneous	160,521
	<hr/>
	\$ 2,548,291
	<hr/>

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

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
Office of the Clerk				
Salaries and Wages	\$ 444,705	\$ 444,705	\$ 416,510	\$ 28,195
Other Expenses	152,054	152,054	131,239	20,815
Office of the Mayor				
Salaries and Wages	108,358	108,358	84,890	23,468
Other Expenses	7,000	7,000	5,165	1,835
Department of Administration				
Salaries and Wages	643,620	643,620	553,198	90,422
Other Expenses	18,763	18,763	18,383	380
Various Commissions				
Other Expenses	43,950	43,950	26,476	17,474
Division of Management Information Systems				
Salaries and Wages	442,689	442,689	405,222	37,467
Other Expenses	417,174	459,774	459,674	100
Division of Treasury				
Salaries and Wages	457,303	457,303	405,640	51,663
Other Expenses	108,510	108,510	96,697	11,813
Division of Assessments				
Salaries and Wages	348,917	348,917	304,469	44,448
Other Expenses	328,800	328,800	270,699	58,101
Division of Revenue Collection				
Salaries and Wages	193,904	193,904	72,434	121,470
Other Expenses	15,845	15,845	9,884	5,961
Legal Services and Costs				
Salaries and Wages	454,620	454,620	437,176	17,444
Other Expenses	103,950	103,950	43,522	60,428
Division of Engineering				
Salaries and Wages	558,240	558,240	477,278	80,962
Other Expenses	81,200	81,200	16,176	65,024
Department of Planning				
Salaries and Wages	364,934	364,934	302,457	62,477
Other Expenses	306,825	306,825	239,020	67,805
Board of Adjustment				
Salaries and Wages	15,000	15,000	7,500	7,500
Other Expenses	33,575	33,575	19,910	13,665

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

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
GENERAL GOVERNMENT (Continued)				
Subtotal General Government	\$ 5,649,936	\$ 5,692,536	\$ 4,803,619	\$ 888,917
PUBLIC SAFETY				
Fire				
Supplemental Fire Service Program	290,243	290,243	252,944	37,299
Aid to Volunteer Fire Companies	226,330	226,330	226,330	
Department of Police				
Salaries and Wages	17,974,827	18,124,827	18,106,321	18,506
Other Expenses	750,801	750,801	743,081	7,720
First Aid Cont. (R.S. 40:5-2)	65,000	65,000	65,000	
Uniform Fire Safety Act (P.L. 183, C383)				
Fire Official				
Salaries and Wages	377,852	377,852	312,803	65,049
Other Expenses	283,894	283,894	283,894	
Fire Hydrant Service	1,000	1,000	1,000	
Emergency Management Services				
Salaries and Wages	17,500	17,500	17,500	
Other Expenses	11,500	11,500	10,298	1,202
Subtotal Public Safety	19,998,947	20,148,947	20,019,171	129,776
STREETS AND ROADS				
Department of Public Works				
Division of Roads				
Salaries and Wages	3,193,430	3,193,430	2,723,576	469,854
Other Expenses	1,660,735	1,660,735	1,629,844	30,891
Division of Public Buildings				
Salaries and Wages	318,700	297,700	179,214	118,486
Other Expenses	163,924	184,924	184,121	803
Garbage and Trash Removal - Contract				
Other Expenses	3,520,000	3,520,000	3,233,000	287,000

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

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
STREETS AND ROADS (Continued)				
Division of Recycling & Solid Waste				
Salaries and Wages	\$ 456,166	\$ 456,166	\$ 305,644	\$ 150,522
Other Expenses	3,257,950	3,257,950	2,683,200	574,750
Subtotal Streets and Roads	12,570,905	12,570,905	10,938,599	1,632,306
DEPARTMENT OF HEALTH AND WELFARE				
Division of Health				
Salaries and Wages	1,370,322	1,220,322	799,131	421,191
Other Expenses	63,775	63,775	36,953	26,822
Health Services				
Other Expenses	201,028	201,028	161,541	39,487
Municipal Court				
Salaries and Wages	555,121	555,121	375,856	179,265
Other Expenses	26,649	26,649	26,199	450
Public Defender				
Salaries and Wages	56,000	56,000	45,538	10,462
Animal Control				
Salaries and Wages	280,000	280,000	280,000	
Other Expenses	65,500	65,500	65,500	
Division of Social Services				
Salaries and Wages	96,269	96,269	90,947	5,322
Other Expenses	1,000	1,000	1,000	
Subtotal Dept. of Health and Welfare	2,715,664	2,565,664	1,882,665	682,999
RECREATION AND EDUCATION				
Community Assisted Programs	484,250	484,250	477,152	7,098
Division of Parks and Forestry				
Salaries and Wages	2,461,371	2,461,371	2,088,192	373,179
Other Expenses	231,710	231,710	224,340	7,370
Division of Recreation				
Salaries and Wages	338,335	338,335	285,302	53,033
Other Expenses	76,117	76,117	72,549	3,568
Recreation - User Fees	73,649	73,649	73,014	635
Historical Commission	10,200	10,200	6,463	3,737
Wayne Historical House Museum	52,000	52,000	52,000	
Subtotal Dept. of Recreation and Educ.	3,727,632	3,727,632	3,279,012	448,620

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

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
UNCLASSIFIED				
Extended Sick and Terminal Leave				
Salaries and Wages	\$ 35,000	\$ 35,000		\$ 35,000
Other Expenses	11,500	11,500	\$ 5,747	5,753
Insurance				
Insurance Liability	1,871,647	1,871,647	1,871,647	
Employee Opt-Out	225,000	225,000	225,000	
Workmen's Comp Insurance	1,247,287	1,247,287	1,247,287	
Group Insurance - Employees	13,680,824	13,680,824	13,680,824	
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17) Division of Building Inspection/ Construction Official				
Salaries and Wages	964,789	964,789	920,713	44,076
Other Expenses	780,602	780,602	738,165	42,437
Other Operating Expenses				
Utilities				
Power and Light	482,500	482,500	422,077	60,423
Radios	172,530			
Telephone	188,500	188,500	188,491	9
Petroleum Products	418,000	344,530	204,486	140,044
Subtotal Other	20,078,179	19,832,179	19,504,437	327,742
Total Operations Within "CAPS"	64,741,263	64,537,863	60,427,503	4,110,360
Details:				
Salaries and Wages	32,527,972	32,506,972	29,997,511	2,509,461
Other Expenses	32,213,291	32,030,891	30,429,992	1,600,899
STATUTORY EXPENDITURES -				
Contribution to:				
Social Security System (O.A.S.I.)	1,131,800	1,131,800	1,116,533	15,267
Public Employees' Retirement System	2,012,365	2,012,365	2,012,365	
Police and Firemen's Retirement System	5,401,784	5,401,784	5,401,784	
Pension - DCRP	18,000	18,000	12,118	5,882
Unemployment Insurance	85,000	85,000	85,000	
P.E.O.S.H.A	80,000	80,000	68,745	11,255
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	8,728,949	8,728,949	8,696,545	32,404
Total General Appropriations for Municipal Purposes Within "CAPS"	73,470,212	73,266,812	69,124,048	4,142,764

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

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS EXCLUDED FROM "CAPS"				
GENERAL GOVERNMENT				
Maintenance of Free Public Library				
Other Expenses	\$ 4,645,716	\$ 4,645,716	\$ 3,858,278	\$ 787,438
Other Expenses (Return of Fines)	8,582	8,582	6,000	2,582
Other Excluded from CAPS				
Recycling Tax	66,000	66,000	57,471	8,529
Insurance - Liability	9,289	9,289	9,289	
LOSAP Contribution	300,000	300,000	300,000	
Reserve for Tax Appeals	600,000	600,000	600,000	
Subtotal Operations Excluded from "CAPS"	5,629,587	5,629,587	4,831,038	798,549
Interlocal Municipal Services Agreement				
Interlocal Government Services				
Pompton Lakes Health Services	90,492	90,492	90,492	
Totowa Health Services	46,359	46,359	46,359	
Cedar Grove Animal Control Services	39,284	39,284	39,284	
Township of Verona Animal Control Services	38,505	38,505	38,505	
Township of Woodland Park Animal Control Services	39,863	39,863	39,863	
Total Interlocal Municipal Service Agreements	254,503	254,503	254,503	
PUBLIC AND PRIVATE PROGRAMS EXCLUDED "CAPS"				
Local Match for Grants	5,000	5,000		5,000
Municipal Alliance	4,328	21,640	21,640	
Safe & Secure Communities		45,150	45,150	
Cablevision Grant	9,375	9,375	9,375	
Tree Donation	5,000	5,000	5,000	
Sustained Enforcement (Police)	80,000	80,000	80,000	
State Aid - Municipal Court Admin.	5,000	5,000	5,000	
State Aid - Body Armor	9,202	9,202	9,202	
Federal Body Armor Replacement Fund		9,632	9,632	
Drunk Driving Enforcement Fund		34,719	34,719	
Recycling Tonnage	134,608	134,608	134,608	
Pedestrian Safety	20,000	20,000	20,000	
Sustaining LPH Infrastructure		168,049	168,049	
Atlantic Health B.A.B.E.S Program		6,250	6,250	
Atlantic Health System Chilton Med. Center		22,800	22,800	
Sustaining LPH Capacity 2025		74,664	74,664	
COVID-19 ARP - Firefighter		70,000	70,000	
National Opiod Settlement	4,276	169,978	169,978	
Pop-up Party Prevention		35,269	35,269	
Clean Communities		137,282	137,282	
County Open Space - Pickleball Park	225,000	225,000	225,000	
Subtotal Public and Private Programs				
Offset by Revenues	501,789	1,288,618	1,283,618	5,000
Total Operations Excluded from "CAPS"	6,385,879	7,172,708	6,369,159	803,549
Detail:				
Other Expenses	6,385,879	7,172,708	6,369,159	803,549

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

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	\$ 905,180	\$ 1,108,580	\$ 1,108,580	
Total Capital Improvements Excluded from "CAPS"	905,180	1,108,580	1,108,580	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Principal	7,550,000	7,550,000	7,550,000	
Interest on Bonds	2,327,629	2,327,629	2,327,629	
Total Municipal Debt Service - Excluded from "CAPS"	9,877,629	9,877,629	9,877,629	
Total General Appropriations - Excluded from "CAPS"	17,168,688	18,158,917	17,355,368	\$ 803,549
Subtotal General Appropriations	90,638,900	91,425,729	86,479,416	4,946,313
Reserve for Uncollected Taxes	6,950,000	6,950,000	6,950,000	
Total General Appropriations	\$ 97,588,900	\$ 98,375,729	\$ 93,429,416	\$ 4,946,313
Adopted Budget		\$ 97,588,900		
Added by NJS 40A:4-87		786,829		
		<u>\$ 98,375,729</u>		
Cash Disbursed			\$ 82,587,066	
Encumbrances Payable			1,968,060	
Transfer to Appropriated Grant Reserves			1,279,290	
Transfer to Reserve for Tax Appeals			600,000	
Transfer to Reserve for Salaries and Wages			45,000	
Reserve for Uncollected Taxes			6,950,000	
			<u>\$ 93,429,416</u>	

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

	<u>2024</u>	<u>2023</u>
ASSETS		
ANIMAL CONTROL TRUST FUND		
Cash	\$ 107,827	\$ 48,789
OTHER TRUST FUND		
Cash	15,084,915	17,425,236
Accounts Receivable	688,592	526,639
	<u>15,773,507</u>	<u>17,951,875</u>
OPEN SPACE PRESERVATION TRUST FUND		
Cash	1,536,356	2,135,608
Grant Receivable	1,913,562	1,913,562
	<u>3,449,918</u>	<u>4,049,170</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Cash	1,023,383	1,044,119
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND		
Cash	165,073	157,995
Federal Grants Receivable	80,072	79,709
	<u>245,145</u>	<u>237,704</u>
Total Assets	<u><u>\$ 20,599,780</u></u>	<u><u>\$ 23,331,657</u></u>

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

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL TRUST FUND		
Due to State of New Jersey	\$ 7	\$ 7
Due to Current Fund	22,632	
Reserve for Animal Control Expenditures	85,188	48,782
	<u>107,827</u>	<u>48,789</u>
OTHER TRUST FUND		
Reserve for Guarantee Deposits	1,356,771	1,235,043
Reserve for Self Insurance	979,054	4,479,327
Miscellaneous Reserves and Deposits	13,437,682	12,237,505
	<u>15,773,507</u>	<u>17,951,875</u>
OPEN SPACE PRESERVATION TRUST FUND		
Reserve for Grants Receivable	1,913,562	1,913,562
Encumbrances Payable	200,510	402,856
Reserve for Open Space Preservation	1,335,846	1,732,752
	<u>3,449,918</u>	<u>4,049,170</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Due to State of New Jersey	13,920	26,656
Reserve for Unemployment Expenditures	1,009,463	1,017,463
	<u>1,023,383</u>	<u>1,044,119</u>
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND		
Deferred Revenue	120,900	113,459
Reserve for Community Development Expenditures	124,245	124,245
	<u>245,145</u>	<u>237,704</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 20,599,780</u>	<u>\$ 23,331,657</u>

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

	Modified Budget	Realized	Variance
Amount to be Raised by Taxation	\$ 1,049,607	\$ 1,051,911	\$ 2,304
Interest on Investments and Deposits	4,000	93,661	89,661
	<u>\$ 1,053,607</u>	<u>\$ 1,145,572</u>	<u>\$ 91,965</u>
Non-Budget Revenue and Credits		690,036	
		<u>\$ 1,835,608</u>	

EXHIBIT B-2

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

	Modified Budget	Paid or Charged	Variance
Development of Lands for Recreation and Conservation			
Other Expenses	\$ 206,807	\$ 965,714	\$ (758,907)
Acquisition of Lands for Recreation and Conservation	50,000		50,000
Down Payments on Improvements	350,000	820,000	(470,000)
Debt Service			
Payment of Bond Principal	385,000	385,000	
Interest on Bonds	61,800	61,800	
	<u>\$ 1,053,607</u>	<u>\$ 2,232,514</u>	<u>\$ (1,178,907)</u>
Cash Disbursements		\$ 2,032,004	
Encumbrances Payable		200,510	
		<u>\$ 2,232,514</u>	

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 13,259,582	\$ 21,101,610
Grants Receivable	22,821,541	22,821,541
Other Accounts Receivable	70,716	70,716
Due from Water and Sewer Utility Capital Fund	176,334	
Deferred Charges to Future Taxation		
Funded	62,872,000	70,807,000
Unfunded	47,272,197	23,645,160
	<hr/>	<hr/>
Total Assets	\$ 146,472,370	\$ 138,446,027
LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds Payable	\$ 62,872,000	\$ 70,807,000
Bond Anticipation Note Payable	11,780,000	
Due to Current Fund	163,557	
Improvement Authorizations		
Funded	11,451,196	13,712,710
Unfunded	28,945,322	21,865,173
Encumbrances Payable	4,642,311	2,945,338
Capital Improvement Fund	307,743	488,243
Reserves for:		
Payment of Bonds	2,786,560	4,575,070
Bond Payment Costs	1,809,627	2,809,627
Barbour Pond	236,088	242,588
Vehicle Rotation	203,400	
Grants and Other Accounts Receivable	20,107,327	20,107,327
Fund Balance	1,167,239	892,951
	<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance	\$ 146,472,370	\$ 138,446,027

There were bonds and notes authorized but not issued on December 31, 2024 and 2023 of \$35,492,197 and \$23,645,160 respectively.

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

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 892,951	\$ 763,412
Increased by:		
Refund of Prior Year Expenditures		2,953
Funded Improvement Authorizations Cancelled	274,288	126,586
	<hr/>	<hr/>
Balance, December 31	<u>\$ 1,167,239</u>	<u>\$ 892,951</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
OPERATING FUND		
Cash	\$ 12,673,073	\$ 11,756,485
Change Fund	100	100
Due from Water and Sewer Utility Assessment Trust Fund	269	321
	<hr/>	<hr/>
	12,673,442	11,756,906
Receivables With Full Reserves		
Consumer Accounts Receivable	1,431,812	1,148,652
Liens Receivable	2,706	2,781
	<hr/>	<hr/>
	1,434,518	1,151,433
	<hr/>	<hr/>
Total Operating Fund	14,107,960	12,908,339
	<hr/>	<hr/>
ASSESSMENT TRUST FUND		
Cash	344,003	324,493
Assessments Receivable	4,937	22,398
	<hr/>	<hr/>
Total Assessment Trust Fund	348,940	346,891
	<hr/>	<hr/>
CAPITAL FUND		
Cash	10,581,336	13,516,928
Fixed Capital Completed	152,522,512	149,927,338
Fixed Capital Authorized and Uncompleted	13,222,050	13,860,484
	<hr/>	<hr/>
Total Capital Fund	176,325,898	177,304,750
	<hr/>	<hr/>
Total Assets	<u>\$ 190,782,798</u>	<u>\$ 190,559,980</u>

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

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCES		
OPERATING FUND		
Liabilities		
Accounts Payable	\$ 13,753	\$ 9,781
Appropriation Reserves	1,563,726	1,271,374
Encumbrances Payable	496,368	415,152
Accrued Interest on Bonds/Notes	114,430	110,313
Rent Overpayments	31,063	60,410
Reserve for Salaries and Wages	115,000	40,000
	<u>2,334,340</u>	<u>1,907,030</u>
Reserve for Receivables	1,434,518	1,151,433
Fund Balance	<u>10,339,102</u>	<u>9,849,876</u>
Total Operating Fund	<u>14,107,960</u>	<u>12,908,339</u>
ASSESSMENT TRUST FUND		
Reserve for Assessments & Liens Receivable	4,937	22,398
Assessment Overpayments	2,101	-
Due to Water and Sewer Utility Operating Fund	269	321
Fund Balance	<u>341,633</u>	<u>324,172</u>
Total Assessment Trust Fund	<u>348,940</u>	<u>346,891</u>
CAPITAL FUND		
Serial Bonds Payable	16,380,000	17,305,000
Improvement Authorizations:		
Funded	1,814,435	2,770,208
Unfunded	124,504	56,212
Encumbrances Payable	680,365	651,998
Capital Improvement Fund	520,573	806,573
Reserve for Amortization	145,403,332	144,561,411
Deferred Reserve for Amortization	3,044,114	1,648,114
Due to General Capital Fund	176,334	
Reserve for Payment of Bonds and Bond Issuance Costs	188,921	188,921
Miscellaneous Reserves	6,337,591	7,385,458
Fund Balance	<u>1,655,729</u>	<u>1,930,855</u>
Total Capital Fund	<u>176,325,898</u>	<u>177,304,750</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 190,782,798</u>	<u>\$ 190,559,980</u>

There were bonds and notes authorized but not issued at December 31, 2024 and 2023 of \$917,116 and \$273,297, respectively.

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

	<u>2024</u>	<u>2023</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Anticipated	\$ 1,800,000	\$ 1,700,000
Rents	19,917,993	19,968,813
Fire Hydrant Service	1,000	1,000
Miscellaneous	2,087,961	1,184,794
Industrial Pretreatment Program	138,654	159,827
Equipment Replacement Reserve - Water and Sewer Utility Capital Fund	300,000	
Non-Budget Revenue	29,616	1,270
Other Credits to Income:		
Prior Year Accounts Payable Cancelled	9,781	
Unexpended Balance of Appropriation Reserves	1,025,827	1,328,729
	<hr/>	<hr/>
Total Income	25,310,832	24,344,433
	<hr/>	<hr/>
EXPENDITURES		
Budget Appropriations		
Salaries and Wages	6,000,000	5,937,059
Other Expenses	13,868,877	12,528,789
Capital Improvements	300,000	
Debt Service	1,627,733	1,557,692
Statutory Expenditures	1,224,996	1,139,606
Refund of Prior Year Revenue		27,601
	<hr/>	<hr/>
Total Expenditures	23,021,606	21,190,747
	<hr/>	<hr/>
Statutory Excess to Surplus	2,289,226	3,153,686
	<hr/>	<hr/>
FUND BALANCE, JANUARY 1	9,849,876	8,396,190
	<hr/>	<hr/>
	12,139,102	11,549,876
	<hr/>	<hr/>
Fund Balance Utilized	1,800,000	1,700,000
	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 10,339,102	\$ 9,849,876
	<hr/>	<hr/>

TOWNSHIP OF WAYNE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER AND SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 324,172	\$ 304,466
Increased by:		
Collection of Unpledged Assessments	<u>17,461</u>	<u>19,706</u>
Balance, December 31	<u>\$ 341,633</u>	<u>\$ 324,172</u>

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER AND SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 1,930,855	\$ 1,919,318
Increased by:		
Refunds	1,795	
Funded Improvement Authorizations Cancelled	<u>83,079</u>	<u>161,537</u>
	2,015,729	2,080,855
Decreased by:		
Utilized to Fund Capital Ordinances	<u>360,000</u>	<u>150,000</u>
Balance, December 31	<u>\$ 1,655,729</u>	<u>\$ 1,930,855</u>

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Surplus	\$ 1,800,000	\$ 1,800,000	
Rents	19,680,000	19,917,993	\$ 237,993
Fire Hydrant Service	1,000	1,000	
Miscellaneous	1,125,606	2,087,961	962,355
Water and Sewer Utility Capital Fund - Equipment Replacement Reserve	300,000	300,000	
Industrial Pretreatment Program	115,000	138,654	23,654
Budget Totals	<u>\$ 23,021,606</u>	<u>\$ 24,245,608</u>	<u>\$ 1,224,002</u>

Non-Budget Revenue	29,616
	<u>\$ 24,275,224</u>

Analysis of Miscellaneous Budget Revenue

Other	\$ 179,033
Interest on Investments	1,338,353
Inspections	376,472
Hydrant Water - Fire Sprinkler	88,621
Hydrant Water - Misc.	57,458
New Meters	48,024
	<u>\$ 2,087,961</u>

Due from Water and Sewer Utility Assessment Trust Fund	\$ 20,502
Cash Receipts	<u>2,067,459</u>
	<u>\$ 2,087,961</u>

Analysis of Non Budget Revenue

Other	\$ 29,616
	<u>\$ 29,616</u>

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

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 6,000,000	\$ 6,000,000	\$ 5,726,782	\$ 273,218
Other Expenses	13,868,877	13,868,877	12,578,369	1,290,508
CAPITAL IMPROVEMENTS				
Capital Improvement Sewer Plant	300,000	300,000	300,000	
DEBT SERVICE				
Payment of Bond Principal	925,000	925,000	925,000	
Interest on Bonds	702,733	702,733	702,733	
STATUTORY EXPENDITURES				
Unemployment Compensation	15,000	15,000	15,000	
Contribution to:				
Public Employees' Retirement System	668,796	668,796	668,796	
Social Security System (O.A.S.I.)	541,200	541,200	541,200	
Total Water and Sewer Utility Appropriations	<u>\$ 23,021,606</u>	<u>\$23,021,606</u>	<u>\$ 21,457,880</u>	<u>\$ 1,563,726</u>
Cash Disbursed			\$ 20,258,779	
Encumbrances Payable			496,368	
Accrued Interest on Bonds			<u>702,733</u>	
			<u>\$ 21,457,880</u>	

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

	<u>2024</u>	<u>2023</u>
ASSETS		
OPERATING FUND		
Cash	\$ 1,659,617	\$ 1,366,911
Total Assets	<u>\$ 1,659,617</u>	<u>\$ 1,366,911</u>
LIABILITIES AND FUND BALANCE		
OPERATING FUND		
Liabilities		
Appropriation Reserves	\$ 188,312	\$ 135,184
Encumbrances Payable	28,975	12,948
Accounts Payable	<u>2,805</u>	
Fund Balance	<u>1,439,525</u>	<u>1,218,779</u>
Total Liabilities and Fund Balance	<u>\$ 1,659,617</u>	<u>\$ 1,366,911</u>

TOWNSHIP OF WAYNE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS - RECREATION UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUES AND OTHER INCOME		
Fund Balance Anticipated	\$ 215,000	\$ 190,000
Recreation Fees	1,239,128	952,603
Miscellaneous	227,589	78,271
Refund of Prior Years' Expenditures		2,079
Unexpended Balance of Appropriation Reserves	123,133	24,815
	<hr/>	<hr/>
Total Revenues and Other Income	1,804,850	1,247,768
EXPENDITURES		
Budget Appropriations:		
Salaries and Wages	681,413	572,413
Other Expenses	579,191	511,987
Surplus (General Budget)	75,000	
Statutory Expenditures	29,600	29,600
Refund of prior year revenue	3,900	
	<hr/>	<hr/>
Total Expenditures	1,369,104	1,114,000
Statutory Excess to Surplus	435,746	133,768
FUND BALANCE, JANUARY 1	1,218,779	1,275,011
	<hr/>	<hr/>
	1,654,525	1,408,779
Fund Balance Utilized	215,000	190,000
	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 1,439,525	\$ 1,218,779

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

	<u>Anticipated</u>	Added by <u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	Excess or (Deficit)
Fund Balance Anticipated	\$ 215,000		\$ 215,000	
Recreation Fees	943,000	\$ 142,204	1,239,128	\$ 153,924
Miscellaneous	65,000		227,589	162,589
	<hr/>			
Total Revenues	\$ 1,223,000	\$ 142,204	\$ 1,681,717	\$ 316,513
	<hr/>			

Analysis of Miscellaneous Revenues:

Interest on Deposits	\$ 80,836
Community Center Revenue	146,500
Power and Light (Board of Education)	253
	<hr/>
	\$ 227,589
	<hr/>

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

	<u>Appropriation</u>		<u>Expended</u>	
	<u>Budget</u>	Budget After <u>Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 681,413	\$ 681,413	\$ 597,625	\$ 83,788
Other Expenses	436,987	579,191	474,667	104,524
STATUTORY EXPENDITURES				
Contribution to				
Social Security System (O.A.S.I.)	29,600	29,600	29,600	
Surplus (General Budget)	75,000	75,000	75,000	
Total Recreation Utility Appropriations	<u>\$ 1,223,000</u>	<u>\$ 1,365,204</u>	<u>\$ 1,176,892</u>	<u>\$ 188,312</u>

Adopted Budget	\$ 1,223,000
Added by N.J.S.A. 40A:4-87	142,204
	<u>\$ 1,365,204</u>

Cash Disbursed	\$ 1,147,917
Encumbrances Payable	28,975
	<u>\$ 1,176,892</u>

**TOWNSHIP OF WAYNE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE TRUST FUND
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 8,453	\$ 8,074
Total Assets	<u>\$ 8,453</u>	<u>\$ 8,074</u>
LIABILITIES AND RESERVES		
Reserve for Public Assistance Expenditures	\$ 8,453	\$ 8,074
Total Liabilities and Reserves	<u>\$ 8,453</u>	<u>\$ 8,074</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Land and Land Improvements	\$ 104,874,310	\$ 104,874,310
Buildings and Building Improvements	91,756,018	91,756,018
Machinery and Equipment	17,647,596	15,418,197
Vehicles	27,264,934	25,713,244
	<hr/>	<hr/>
Total Assets	<u>\$ 241,542,858</u>	<u>\$ 237,761,769</u>
RESERVES		
Investment in General Fixed Assets	<u>\$ 241,542,858</u>	<u>\$ 237,761,769</u>
	<hr/>	<hr/>
Total Reserves	<u>\$ 241,542,858</u>	<u>\$ 237,761,769</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Wayne (the "Township") was incorporated in 1847, is governed by a Mayor-Council form of government formed under plan "F" of the Optional Municipal Charter (Faulkner Act). The governing body, complemented by an appointed business administrator, consists of an elected mayor, six council members elected by wards and three council members elected at-large. The Mayor is the Chief Executive Officer of the Township and as such presides over all public meetings and makes appointments to various boards. The Township Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Township Administrator is appointed by the Township Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Wayne have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Regulatory Basis of Accounting (continued)

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

C. Basis of Presentation – Financial Statements

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

The Township has the following funds and account group:

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

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

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

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

Open Space Preservation Trust Fund - This fund is used to account for the resources which have accumulated from a dedicated tax to be used for the preservation of open space, recreation and farmland.

Unemployment Insurance Trust Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Community Development Block Grant Trust Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

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

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation – Financial Statements (continued)

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

Recreation Utility Fund – This fund is used to account for the revenues and expenditures for operation of the Township's swimming and tennis facilities and the assets and liabilities relative to such activities.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

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

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

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

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

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

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

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

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

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

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

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

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

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

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Township has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Township has not received notices or report of losses (i.e. IBNR). Additionally, the Township has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). 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 potential claims are recorded as a long-term obligation in the government-wide financial statements.

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

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

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

General Fixed Assets purchased after December 31, 2018 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2018 are stated as follows:

Land and Land Improvements	Assessed Value
Buildings and Building Improvements	Assessed Value
Machinery and Equipment	Estimated Historical Cost
Vehicles	Estimated Historical Cost

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

No depreciation has been provided for in the financial statements.

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

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

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

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

Long-term debt - The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in Note 8 to the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - the requirements of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*" require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2, municipalities may use the most recent available audited GASB 68 financial information published by the New Jersey Department of Treasury, Division of Pensions and Benefits. As of the date of audit, the 2023 Public Employees' Retirement System Report and the 2023 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 10 for these disclosures.

Other Post-Employment Benefits Other Than Pensions - The requirements of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*" that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow generally accepted accounting principles, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

However, it did result in additional note disclosures as required by the GASBs. As it relates to the State of New Jersey multi-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures. Pursuant to N.J.A.C. 5:30-6.1(c)2 municipalities may use the most recent available audited GASB 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits. As of the date of the audit, the 2023 Report was the most recent report available and therefore information for that year was disclosed accordingly. As a result, the latest available audited information is presented in Note 11.

Leases

Township as a Lessee

The Township is a lessee for a Township radio tower and building space. The Township acknowledges a lease obligation with an initial, collective value of \$140,000 or more. At the commencement of the lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Key estimates and judgments related to leases payable include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Township is reasonably certain to exercise. The Township monitors changes in circumstances that would require a remeasurement of its lease obligation and will measure if certain changes occur that are expected to significantly affect the amount of the lease obligation. See Note 20 for further detail.

Township as a Lessor

The Township is a lessor for the rental of real property with T-Mobile, Verizon and AT&T for the purpose of wireless tower service. The Township acknowledges a lease receivable with an initial collective value of \$140,000 or more. The Township initially measures the lease obligation at the present value of payments expected to be received during the lease term. Key estimates and judgments to the lessor include (1) the discount rate using the lessee's estimated borrowing rate expected less receipts to present value, (2) the lease term including any noncancellable period of the lease, and (3) the lease payments determined by the lease receipts included in the measurement of the lease that are composed of fixed payments from the lessee and any payment renewal option that the Township is reasonably certain to exercise. The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease. See Note 21 for further detail.

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

Length of Service Awards Program (LOSAP) - Financial reporting standards established by the DLGS/Division exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Township's LOSAP Program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the volunteers, is not reported as part of the Township's basic financial statements. As the LOSAP Plan's assets remain the property of the Township until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Township's basic financial statements. See Note 19 regarding the availability of LOSAP Plan financial information.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds (Except Open Space Preservation Trust Fund)
General Capital Fund
Utility Assessment Trust and Capital Funds
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2024 and 2023 the Township Council increased the original budget by \$786,829 and \$1,242,892, respectively. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2024 and 2023.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2024 and 2023, the book value of the Township's deposits were \$105,786,020 and \$117,691,784 and bank and brokerage firm balances of the Township's deposits amounted to \$109,702,668 and \$118,357,663, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Insured	<u>\$ 109,702,668</u>	<u>\$ 118,357,663</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk.

B. Investments

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

The Township did not have any investments as of December 31, 2024 and 2023.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

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

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

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

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

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2024 consisted of the following:

	<u>Current</u>	<u>Water and Sewer Utility</u>	<u>Total</u>
<u>2024</u>			
Property Taxes	\$ 2,521,972		\$ 2,521,972
Tax Title Liens	895,832		895,832
Utility Charges and Fees		\$ 1,431,812	1,431,812
Utility Liens		2,706	2,706
	<u>\$ 3,417,804</u>	<u>\$ 1,434,518</u>	<u>\$ 4,852,322</u>

In 2024, the Township collected \$3,099,648 and \$1,148,652 from delinquent taxes and utility charges and fees, respectively, which represented 79% and 100% of the delinquent tax and water and sewer charges receivable, respectively, at December 31, 2023.

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

Receivables at December 31, 2023 consisted of the following:

	<u>Current</u>	Water and Sewer <u>Utility</u>	<u>Total</u>
<u>2023</u>			
Property Taxes	\$ 3,170,607		\$ 3,170,607
Tax Title Liens	944,661		944,661
Utility Charges and Fees		\$ 1,148,652	1,148,652
Utility Liens		2,781	2,781
	<u>\$ 4,115,268</u>	<u>\$ 1,151,433</u>	<u>\$ 5,266,701</u>

In 2023, the Township collected \$2,702,101 and \$2,144,142 from delinquent taxes and utility charges and fees, which represented 78% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2022.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund balances that resulted from various interfund transactions were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
General Capital Fund	\$ 163,557			
Animal Control Trust Fund	22,632			
General Capital Fund :				
Water Capital Fund	176,334			
Current Fund		\$ 163,557		
Water/Sewer Utility Operating Fund :				
Water/Sewer Assessment Fund	269			\$ 321
Water/Sewer Utility Capital :				
General Capital Fund		176,334		
Water/Sewer Utility Assessment:				
Water/Sewer Operating Fund		269	\$ 321	
Animal Control Trust Fund:				
Current Fund		22,632		
Total	<u>\$ 362,792</u>	<u>\$ 362,792</u>	<u>\$ 321</u>	<u>\$ 321</u>

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

NOTE 5 DUE TO/FROM OTHER FUNDS (continued)

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position. The Township expects all interfund balances to be liquidated within one year.

NOTE 6 FUND BALANCES APPROPRIATED

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

	2024		2023	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$27,240,298	\$ 9,576,342	\$25,067,261	\$ 9,558,342
Non-Cash Surplus	772,151		1,406,148	
	<u>\$ 28,012,449</u>	<u>\$ 9,576,342</u>	<u>\$ 26,473,409</u>	<u>\$ 9,558,342</u>
Water and Sewer Utility Operating Fund				
Cash Surplus	<u>\$10,339,102</u>	<u>\$ 2,100,000</u>	<u>\$ 9,849,876</u>	<u>\$ 1,800,000</u>
Recreation Utility Operating Fund				
Cash Surplus	<u>\$ 1,439,525</u>	<u>\$ 350,000</u>	<u>\$ 1,218,779</u>	<u>\$ 215,000</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7 FIXED ASSETS

A. General Fixed Assets

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

	Balance December 31, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Land and Land Improvements	\$ 104,874,310			\$ 104,874,310
Buildings and Building Improvements	91,756,018			91,756,018
Machinery and Equipment	15,418,197	\$ 2,229,399		17,647,596
Vehicles	25,713,244	2,259,630	\$ 707,940	27,264,934
	<u>\$ 237,761,769</u>	<u>\$ 4,489,029</u>	<u>\$ 707,940</u>	<u>\$ 241,542,858</u>
	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Land and Land Improvements	\$ 104,783,361	\$ 90,949		\$ 104,874,310
Buildings and Building Improvements	91,846,967		\$ 90,949	91,756,018
Machinery and Equipment	15,233,036	185,161		15,418,197
Vehicles	24,426,072	1,287,172		25,713,244
	<u>\$ 236,289,436</u>	<u>\$ 1,563,282</u>	<u>\$ 90,949</u>	<u>\$ 237,761,769</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7 FIXED ASSETS (continued)

B. Water and Sewer Utility Fund Fixed Assets

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

Water and Sewer Utility Fund	Balance December 31, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Fixed Capital				
Water and Sewer Utility	\$ 149,927,338	\$ 2,595,174	\$ -	\$ 152,522,512
	<u>\$ 149,927,338</u>	<u>\$ 2,595,174</u>	<u>\$ -</u>	<u>\$ 152,522,512</u>
Water and Sewer Utility Fund	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Fixed Capital				
Water and Sewer Utility	\$ 149,927,338	\$ -	\$ -	\$ 149,927,338
	<u>\$ 149,927,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,927,338</u>

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

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds may be issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
Issued		
General		
Bonds and Notes	\$ 74,652,000	\$ 70,807,000
Water and Sewer Utility		
Bonds	16,380,000	17,305,000
	<hr/>	<hr/>
	91,032,000	88,112,000
Less Funds Temporarily Held to Pay Bonds		
and Notes	2,975,481	4,763,991
	<hr/>	<hr/>
Net Debt Issued	88,056,519	83,348,009
	<hr/>	<hr/>
Authorized But Not Issued		
General		
Bonds and Notes	35,492,197	23,645,160
Water and Sewer Utility		
Bonds and Notes	917,116	273,297
	<hr/>	<hr/>
	36,409,313	23,918,457
	<hr/>	<hr/>
Net Bonds and Notes Issued and Authorized		
But Not Issued	\$ 124,465,832	\$ 107,266,466
	<hr/>	<hr/>

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

NOTE 8 MUNICIPAL DEBT (continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 0.714% and 0.723% at December 31, 2024 and 2023, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 110,144,197	\$ 15,726,560	\$ 94,417,637
Utility Debt	<u>17,297,116</u>	<u>17,297,116</u>	<u></u>
Total	<u>\$ 127,441,313</u>	<u>\$ 33,023,676</u>	<u>\$ 94,417,637</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 94,452,160	\$ 6,120,070	\$ 88,332,090
Utility Debt	<u>17,578,297</u>	<u>17,578,297</u>	<u></u>
Total	<u>\$ 112,030,457</u>	<u>\$ 23,698,367</u>	<u>\$ 88,332,090</u>

Statutory Borrowing Power

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

	<u>2024</u>	<u>2023</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 462,410,995	\$ 427,159,729
Less: Net Debt	<u>94,417,637</u>	<u>88,332,090</u>
Remaining Borrowing Power	<u>\$ 367,993,358</u>	<u>\$ 338,827,639</u>

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

NOTE 8 MUNICIPAL DEBT (continued)

Self-Liquidating Water and Sewer Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of “Self-Liquidating Purpose” for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2024</u>	<u>2023</u>
Cash Receipts from Fees, Rents or Other Charges and Fund Balance Anticipated for the Year	\$24,275,224	\$ 23,015,704
Deductions:		
Operating and Maintenance Costs	21,093,873	19,605,454
Debt Service	<u>1,627,733</u>	<u>1,557,692</u>
Excess in Revenues	<u>\$ 1,553,618</u>	<u>\$ 1,852,558</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2024</u>	<u>2023</u>
\$3,745,000, 2015 Refunding Open Space Bonds, due in annual installments of \$380,000 to \$390,000 through November 1, 2027, interest at 4.00%	\$ 1,160,000	\$ 1,545,000
\$13,098,000, 2016 General Bonds, due in a final installment of \$2,000,000 on July 15, 2025, interest at 2.00%	2,000,000	4,000,000
\$9,950,000, 2018 General Bonds, due in annual installments of \$1,500,000 through May 15, 2026, interest at 4.00%	3,000,000	4,450,000
\$5,670,000, 2020 Refunding Bonds, due in a final installment of \$1,375,000 on February 15, 2024, interest at 4.00%		1,375,000
\$22,442,000, 2022 General Bonds, due in annual installments of \$725,000 to \$1,400,000 through June 15, 2040, interest at 3.00% to 4.00%	21,015,000	21,740,000
\$37,697,000, 2023 General Bonds, due in annual installments of \$2,000,000 to \$4,000,000 through May 1, 2034, interest at 3.00% to 4.00%	35,697,000	37,697,000
	<u>\$ 62,872,000</u>	<u>\$ 70,807,000</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (continued)

A. Long-Term Debt (continued)

Utility Bonds

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

	<u>2024</u>	<u>2023</u>
\$1,685,000, 2015 Refunding Bonds, due in annual installments of \$185,000 through November 1, 2026 interest at 4.00%	\$ 370,000	\$ 555,000
\$7,275,000, 2018 Bonds, due in annual installments of \$505,000 to \$600,000 through May 15, 2033 interest at 2.50% to 4.00%	5,110,000	5,600,000
\$11,150,000, 2023 Bonds, due in annual installments of \$250,000 to \$500,000 through November 1, 2048 interest at 4.00% to 6.00%	<u>10,900,000</u>	<u>11,150,000</u>
	<u>\$ 16,380,000</u>	<u>\$ 17,305,000</u>

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

Calendar Year	General		Water and Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2025	\$ 6,615,000	\$ 2,159,653	\$ 940,000	\$ 620,350	\$ 10,335,003
2026	5,872,000	1,943,448	960,000	582,350	9,357,798
2027	5,175,000	1,766,193	790,000	547,700	8,278,893
2028	4,935,000	1,580,368	810,000	522,550	7,847,918
2029	5,080,000	1,398,468	980,000	495,450	7,953,918
2030-2034	26,830,000	3,934,940	4,900,000	1,937,750	37,602,690
2035-2039	7,000,000	795,590	2,500,000	1,293,750	11,589,340
2040-2044	1,365,000	23,034	2,500,000	775,000	4,663,034
2045-2048			2,000,000	225,000	2,225,000
Total	<u>\$ 62,872,000</u>	<u>\$ 13,601,694</u>	<u>\$ 16,380,000</u>	<u>\$ 6,999,900</u>	<u>\$ 99,853,594</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (continued)

A. Long-Term Debt (continued)

Changes in Long-Term Municipal Debt

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

	Balance, December 31, <u>2023</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>				
General Capital Fund Bonds Payable	<u>\$ 70,807,000</u>	<u>\$ 7,935,000</u>	<u>\$ 62,872,000</u>	<u>\$ 6,615,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 70,807,000</u>	<u>\$ 7,935,000</u>	<u>\$ 62,872,000</u>	<u>\$ 6,615,000</u>
Water and Sewer Utility Capital Fund Bonds Payable	<u>\$ 17,305,000</u>	<u>\$ 925,000</u>	<u>\$ 16,380,000</u>	<u>\$ 940,000</u>
Water and Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 17,305,000</u>	<u>\$ 925,000</u>	<u>\$ 16,380,000</u>	<u>\$ 940,000</u>

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
General Capital Fund Bonds Payable	<u>\$ 39,772,000</u>	<u>\$ 37,697,000</u>	<u>\$ 6,662,000</u>	<u>\$ 70,807,000</u>	<u>\$ 7,935,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 39,772,000</u>	<u>\$ 37,697,000</u>	<u>\$ 6,662,000</u>	<u>\$ 70,807,000</u>	<u>\$ 7,935,000</u>
Water and Sewer Utility Capital Fund Bonds Payable	<u>\$ 7,495,000</u>	<u>\$ 11,150,000</u>	<u>\$ 1,340,000</u>	<u>\$ 17,305,000</u>	<u>\$ 925,000</u>
Water and Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 7,495,000</u>	<u>\$ 11,150,000</u>	<u>\$ 1,340,000</u>	<u>\$ 17,305,000</u>	<u>\$ 925,000</u>

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

NOTE 8 MUNICIPAL DEBT (continued)

B. Short-Term Debt – Bond Anticipation Notes

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

		Rate	Maturity	Balance,		Balance,
		(%)	Date	December 31,	Issued	December 31,
				2023		2024
<u>2024</u>						
<u>General Capital Fund</u>						
Acquisition of Property- One Pike Drive		4.00%	10/30/2025	\$ -	\$ 11,780,000	\$ 11,780,000
Total General Capital Fund				\$ -	\$ 11,780,000	\$ 11,780,000

Water and Sewer Utility Capital Fund

There were none.

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (continued)

B. Short-Term Debt - Bond Anticipation Notes (continued)

			Balance, December 31, 2022	Retired/ Redeemed	Balance, December 31, 2023
<u>2023</u>	<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>		
<u>General Capital Fund</u>					
	Flood Mitigation Project	3.00%	6/15/2023	\$ 1,020,285	\$ 1,020,285
	Acquisition of Various Equipment for First Aid	3.00%	6/15/2023	28,835	28,835
	Flood Mitigation Project	3.00%	6/15/2023	523,175	523,175
	Replacement of Portion of Town Hall Roof	3.00%	6/15/2023	223,524	223,524
	Acquisition of Turnout Gear	3.00%	6/15/2023	59,400	59,400
	Acquisition and Replacement of Personal Protective Gear	3.00%	6/15/2023	62,222	62,222
	Acquisition and Replacement of Equipment for Fire Dept.	3.00%	6/15/2023	123,157	123,157
	Replacement of Generator for Fire Co #2	3.00%	6/15/2023	125,517	125,517
	Improvements to Lion Lake Dam	3.00%	6/15/2023	56,000	56,000
	Acq. of Handicapped Bus for Parks and Recreation	3.00%	6/15/2023	121,000	121,000
	In Car Computer System Replacement for Police	3.00%	6/15/2023	191,111	191,111
	Technology Infrastructure Improvements	3.00%	6/15/2023	138,461	138,461
	Acquisition of Rolling Stock and Equipment	3.00%	6/15/2023	213,333	213,333
	Fire Dept Communication Enhancement Proj	3.00%	6/15/2023	95,000	95,000
	Replacement of Excavator	3.00%	6/15/2023	150,000	150,000
	River Dredging Project	3.00%	6/15/2023	31,000	31,000
	HVAC Replacement for Municipal Owned Properties	3.00%	6/15/2023	76,000	76,000
	Acquisition of a Pumper Fire Truck - Fire Company #2	3.00%	6/15/2023	676,000	676,000
	Removal & Replacement of Underground Storage Tank	3.00%	6/15/2023	350,122	350,122
	Acquisition of Various Vehicles - DPW	3.00%	6/15/2023	450,000	450,000
	Replacement of Municipal Building Roof	3.00%	6/15/2023	300,000	300,000
	Replacement of Garbage Truck - Park Division	3.00%	6/15/2023	110,000	110,000
	Acquisition of Bucket Truck - Parks and Forestry Division	3.00%	6/15/2023	144,000	144,000
	Removal and Replacement of Gas Tank and Diesel Tank for DPW	3.00%	6/15/2023	167,000	167,000
	Acquisition of Various Equipment - Fire Companies	3.00%	6/15/2023	150,000	150,000
	Acquisition of Generator - Town Hall	3.00%	6/15/2023	380,000	380,000
	Acq of a Salt Shed Cover for the DPW	3.00%	6/15/2023	99,500	99,500
	2020 Road Resurfacing Program	3.00%	6/15/2023	1,500,000	1,500,000
	Laurelwood Pond Dredging	3.00%	6/15/2023	566,358	566,358

Total General Capital Fund	\$ 8,131,000	\$ 8,131,000	\$ -
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Water and Sewer Utility Capital Fund

There were none.

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (continued)

B. Short-Term Debt-Bond Anticipation Notes (continued)

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

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

NOTE 9 OTHER LONG-TERM LIABILITIES

Compensated Absences

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

The maximum benefit an employee is entitled to at retirement for sick leave is \$14,000.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,691,751 and \$2,098,219 at December 31, 2024 and 2023, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024, the Township has reserved in the Other Trust Fund \$396,199 to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 10 PENSION PLANS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

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

NOTE 10 PENSION PLANS (continued)

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 PENSION PLANS (continued)

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

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

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 10 PENSION PLANS (continued)

Investment Valuation

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

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

Collective Net Pension Liability

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

Actuarial Methods and Assumptions

In the July 1, 2023 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

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

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

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

NOTE 10 PENSION PLANS (continued)

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

<u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2024	\$ 5,401,784	\$ 3,181,435	\$ 7,660
2023	5,284,658	2,879,893	5,943
2022	4,817,072	2,727,169	4,614

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

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

At December 31, 2023, the Township had a liability of \$34,478,198 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Township's proportionate share of the net pension liability was based on the ratio of the Township's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Township's proportionate share was 0.2380371952 percent, which was an increase of 0.0096642110 percent from its proportionate share measured as of June 30, 2022 of 0.2283729842 percent.

For the year ended December 31, 2023, the pension system has determined the Township's pension benefit to be \$668,341 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Township's financial statements of \$1,082,961. At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 329,656	\$ 140,936
Changes of Assumptions	75,742	2,089,527
Changes in Proportion	1,552,350	1,171,737
Difference Between Projected and Actual Investment Earnings	158,777	
Township Contributions Subsequent to the Measurement Date	3,181,435	
Total	<u>\$ 5,297,960</u>	<u>\$ 3,402,200</u>

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

NOTE 10 PENSION PLANS (continued)

\$3,181,435 of deferred outflows of resources resulting from the Township’s contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (2,018,314)
2025	(855,593)
2026	1,522,284
2027	38,674
2028	27,274
	<u>\$ (1,285,675)</u>

Actuarial Assumptions

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

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

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

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

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

NOTE 10 PENSION PLANS (continued)

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	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%
	<u>100.00%</u>	

Discount Rate

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

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

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

NOTE 10 PENSION PLANS (continued)

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

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

Sensitivity of Net Pension Liability

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Township's Proportionate Share of the PERS Net Pension Liability	\$ 44,883,278	\$ 34,478,198	\$ 25,622,099

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

Special Funding Situation - PERS

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

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Township for the PERS special funding situation is \$0. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Township for the PERS special funding situation is \$107,525, which is equal to the actual contribution the State made on behalf of the Township of \$107,525. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PERS net pension liability attributable to the Township was 0.2389409515 percent. The State’s proportionate share attributable to the Township was developed based on actual contributions made to PERS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township’s financial statements.

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 PENSION PLANS (continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2023, the Township had a liability of \$44,834,052 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Township's proportionate share of the net pension liability was based on the ratio of the Township's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Township's proportionate share was 0.40578272 percent, which was a decrease of 0.0005564800 percent from its proportionate share measured as of June 30, 2022 of 0.40633920 percent.

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

For the year ended December 31, 2023, the pension system has determined the Township pension expense to be \$714,697 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Township's financial statements of \$5,284,658. At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 96,768	\$ 3,027,373
Changes in Proportion		3,914,054
Difference Between Projected and Actual Earnings	2,283,313	
Difference Between Projected and Actual Experience	1,919,704	2,138,187
Township Contributions Subsequent to the Measurement Date	5,401,784	
	<hr/>	<hr/>
Total	<u>\$ 9,701,569</u>	<u>\$ 9,079,614</u>

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

NOTE 10 PENSION PLANS (continued)

\$5,401,784 of deferred outflows of resources resulting from the Township’s contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (3,400,560)
2025	(2,738,260)
2026	1,880,381
2027	(538,818)
2028	13,843
Thereafter	<u>3,585</u>
	<u>\$ (4,779,829)</u>

Actuarial Assumptions

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

	<u>2023</u>
Inflation Rate:	
Price	2.75%
Salary Increases:	
Through all Future Years	3.25%-15.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

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

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

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

NOTE 10 PENSION PLANS (continued)

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	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%
	<u>100.00%</u>	

Discount Rate

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

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

NOTE 10 PENSION PLANS (continued)

Sensitivity of Net Pension Liability

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Township's Proportionate Share of the PFRS Net Pension Liability	\$ 62,468,401	\$ 44,834,052	\$ 30,148,853

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State’s proportionate share is 100% for PFRS under this legislation.

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$8,261,196. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Township of the PFRS special funding situation is \$939,694 which is less than the actual contribution the State made on behalf of the Township of \$944,763. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Township was 0.40578293 percent, which was a decrease of 0.00055631percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of 0.40633924 percent. The State’s proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township’s financial statements.

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 PENSION PLANS (continued)

Pension Plan Fiduciary Net Position

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

DEFINED CONTRIBUTION RETIREMENT PLAN

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

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

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

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

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

Total DCRP covered payroll for 2024 was \$255,320. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Employee contributions to the DCRP for the year ended December 31, 2024 were \$14,043 and employer contributions were \$7,660.

Total DCRP covered payroll for 2023 was \$198,090. Covered payroll refers to all compensation paid by The Township to active employees covered by the Plan. Employee contributions to the DCRP for the year ended December 31, 2023 were \$10,895 and employer contributions were \$5,943.

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

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

Township’s OPEB Plan

Plan Description

The Township provides a postemployment healthcare plan (OPEB) for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Township. In accordance with Township ordinances, contracts and/or policies, the Township provides post-retirement health benefits to police officers who retire with twenty years of service. All other Township employees receive post-retirement health benefits at age 65 with 25 years of service or upon completion of 30 years of service with no age restriction. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The Township provides postretirement healthcare insurance benefits for retirees and their dependents who meet certain eligibility requirements. Retirees are eligible for coverage after completing 25 years of service. The Plan provides, medical , drug, dental and vision benefits. Employee and employer contributions vary by participant.

Employees Covered by Postemployment Benefits

At December 31, 2024, the following employees were covered by postemployment health care benefits:

Active Employees	341
Inactive Employees or Beneficiaries Currently Receiving Benefits	231
	<u>572</u>

At December 31, 2024, the Township’s total OPEB liabilities were \$168,420,098. Net OPEB liability was measured as of December 31, 2024, and the OPEB liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2024, the Township has determined it’s OPEB expense to be \$10,754,702, based on the actuarial valuations which are more than the actual contributions reported in the Township’s financial statements of \$3,371,326.

Actuarial Assumptions

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

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

The investment return assumptions (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that are being partially funded.

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

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (continued)

Township’s OPEB Plan (continued)

Inflation Rate	2.50%
Salary Increases	2.50%
Discount Rate	4.08%
Healthcare Cost Trend Rates-Medical	6.50%
Drug	14.00%
Dental and Vision	3.50%
Retirees' Share of Benefit-Related Costs	\$ 3,371,326

The discount rate was based on the Bond Buyer 20 Index for 2024.

Mortality rates for 2024 were based on the PUB 2010 “General” classification headcount weighted mortality with generational improvement using scale MP-2021.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2023 report from Cherion. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2023 report from Aon Consultants.

Changes in the Total OPEB Liability

The change in the Township’s OPEB liability for the years ended December 31, 2024 based on measurement dates of December 31, 2024 are as follows:

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

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (continued)

Township's OPEB Plan (continued)

	Total OPEB Liability 2024
Balance - Beginning of Year	<u>\$ 170,015,573</u>
Changes for the Year:	
Service Cost	\$ 3,562,832
Interest on the Total OPEB Liability	5,603,703
Difference Between Expected and Actual Experience	2,021,213
Changes in Assumptions	(9,411,897)
Benefit Payments	(3,371,326)
Net Changes	<u>(1,595,475)</u>
Balance - End of Year	<u>\$ 168,420,098</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Township's net OPEB liability as of December 31, 2024 as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Net OPEB Liability	<u>\$187,789,109</u>	<u>\$ 168,420,098</u>	<u>\$ 152,685,557</u>

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

The following presents the Township's net OPEB liability as of December 31, 2024 calculated using the healthcare trend rates as disclosed above as well as what the Township's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	<u>\$155,498,648</u>	<u>\$ 168,420,098</u>	<u>\$ 184,575,600</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (continued)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB

Plan Description

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

Benefits Provided

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

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

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

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (continued)

State Health Benefit Local Government Retired Employees Plan (continued)

Contributions

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

	<u>June 30, 2023</u>
Inactive plan members or beneficiaries currently receiving benefits	34,771
Active plan members	<u>65,613</u>
Total	<u>100,384</u>
Contributing employers	590
Contributing nonemployers	1

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

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

	<u>June 30, 2023</u>
Total OPEB Liability	\$ 14,889,576,786
Plan Fiduciary Net Position (Deficit)	<u>(116,962,691)</u>
Net OPEB Liability	<u>\$ 15,006,539,477</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.79%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (continued)

State Health Benefit Local Government Retired Employees Plan (continued)

Salary increases*	
Public Employees' Retirement Systems (PERS)	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25%
Mortality:	
PERS	Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

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

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

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

Discount Rate - The discount rate for June 30, 2023 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability	\$ 17,382,355,978	\$ 15,006,539,477	\$ 13,095,561,553

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

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (continued)

State Health Benefit Local Government Retired Employees Plan (continued)

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

	1% Decrease	Healthcare Trend Rate	1% Increase
Net OPEB Liability	\$ 12,753,792,805	\$ 15,006,539,477	\$ 17,890,743,651

Special Funding Situation - The State of New Jersey’s Total OPEB Liability for special funding situation was \$3,489,093,208 at June 30, 2023.

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a 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 amounts of the State’s Non-employer OPEB Liability that are attributable to employees and retirees of the Township of Wayne was \$22,506,849 (127 members) at June 30, 2023. These allocated liabilities represent 0.645063% of the State’s Total Non-employer OPEB Liability for June 30, 2023. The OPEB (benefit) attributed to the Township was \$(4,080,932) at June 30, 2023.

NOTE 12 RISK MANAGEMENT

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

The Township has established a group insurance benefit plan for its employees and their eligible dependents. The Township and its retirees contribute to fund the entire cost of the plan. Claims are paid directly by the plan up to a maximum benefit per person, of \$150,000 per year, with any excess benefit being reimbursed through a Re-Insurance Agreement with Nationwide Life Insurance Company of Columbia, Ohio. The reinsurance policy contains an aggregate loss provision in the amount of \$22,739,881 and \$20,845,136 for the years ended December 31, 2024 and 2023, respectively. The Township has not created a liability for loss reserves for claims incurred which were unpaid at December 31, 2024 and 2023. In addition, the Township has not created a liability for reserves for any potential unreported losses which have taken place

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

NOTE 12 RISK MANAGEMENT (continued)

but in which the Township has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined, but is likely material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the Township under existing reinsurance agreements.

Estimates of claims payable and claims incurred, but not reported (IBNR) at December 31, 2024 and 2023 were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$1,629,985 and \$2,367,912 at December 31, 2024 and 2023, respectively is determined based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As of December 31, 2024 and 2023 the Township has available in the Other Trust Fund \$630,028 and \$4,113,663, respectively for the payment of unpaid self-insurance claims.

The Township of Wayne is a member of the North Jersey Intergovernmental Insurance Fund (NJIIF). The joint insurance fund is an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk-sharing public entity pool. The NJIIF coverage amounts are on file with the Township.

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

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

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

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

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

NOTE 12 RISK MANAGEMENT (continued)

<u>Year Ended December 31</u>	<u>Opening Balance</u>	<u>Township Contributions</u>	<u>Employee/Other Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 1,017,463	\$ 100,000	\$ 49,767	\$ 157,767	\$ 1,009,463
2023	897,400	100,000	115,322	95,259	1,017,463
2022	888,612	100,000	13,322	104,534	897,400

NOTE 13 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2024 and 2023, the Township reserved \$6,864,923 and \$10,029,254, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. As of the date of audit the Township has not calculated its estimated arbitrage earnings due to the IRS, if any, at December 31, 2024 and 2023. At December 31, 2024 and 2023, the Township has a reserve in the Current Fund of \$97,077, to fund such liabilities, if any.

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

NOTE 15 TAX ABATEMENTS

For the years ended December 31, 2024 and 2023, the Township provided property tax abatements through a program known as the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2024 and 2023, the Township abated property taxes totaling \$2,788,121 and \$2,681,210 respectively, under the NJHMFA program. The Township received \$548,209 and \$511,673 in PILOT payments under this program for the years ended December 31, 2024 AND 2023, respectively.

NOTE 16 SELECTED TAX INFORMATION

Comparative Schedule of Tax Rate Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax Rate	5.900	5.718	5.654
Apportionment of Tax Rate			
Municipal (Including Municipal Library)	1.330	1.289	1.232
Municipal Open Space	0.020	0.020	0.020
County	1.281	1.241	1.303
Local School	3.269	3.168	3.099

Assessed Valuations

2024	<u>\$5,248,033,400</u>
2023	<u>\$5,283,577,900</u>
2022	<u>\$5,279,130,400</u>

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

NOTE 16 SELECTED TAX INFORMATION (continued)

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 312,728,818	\$ 306,948,642	98.15%
2023	302,929,759	299,269,917	98.79%
2022	299,152,118	295,949,841	98.92%

Delinquent Taxes And Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2024	\$ 895,832	\$ 2,521,972	\$ 3,417,804	1.09%
2023	944,661	3,170,607	4,115,268	1.36%
2022	772,407	2,821,215	3,593,622	1.20%

Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>At Close of Year</u>
2024	\$1,857,900
2023	\$1,857,900
2022	\$1,857,900

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 17 CONSUMER ACCOUNTS RECEIVABLE

The Township maintains a utility fund for the billing and collection of water/sewer rents. A comparison of water/sewer billings and collections for the past three years are as follows:

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (*)</u>	<u>Percentage of Collection</u>
2024	\$20,201,153	\$ 19,917,993	98.59%
2023	19,043,812	19,968,863	104.85%
2022	19,751,588	20,221,965	102.38%

* Collections of prior year balances are included in the above sum amounts.

NOTE 18 RECREATION UTILITY FEES

A comparison of recreation utility fees for the past three years are as follows:

<u>Year</u>	<u>Collections</u>
2024	\$1,239,128
2023	952,603
2022	953,486

NOTE 19 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Township of Wayne Length of Service Award Program (the Plan) was created by a Township ordinance adopted on July 7, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Wayne approved the adoption of the Plan at the general election held on November 2, 1999.

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

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

The Township of Wayne has contributed up to \$2,091 and \$2,053 for 2024 and 2023, respectively, for each eligible volunteer fire department member into the Plan. The Township also contributed up to \$2,091 and \$2,053 for 2024 and 2023, respectively for each eligible volunteer first aid squad member into the Plan. The total Township contributions were \$342,924 and \$288,445 for 2024 and 2023, respectively.

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

NOTE 19 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) – UNAUDITED (continued)

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

Corebridge, formerly AIG Retirement Services, is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

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

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

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Review Services.

NOTE 20 LEASE OBLIGATIONS

During 2009, the Township entered into a 30-year lease agreement with Willowbrook Center, LLC for the lease of space. The master lease agreement calls for quarterly payments of \$9,000 commencing October 7, 2009. Interest was calculated using the imputed interest method as interest was not explicitly stated in the master lease agreement.

During 2020, the Township entered into a 4-year lease agreement with North Jersey Police Radio Association, Inc. for the use of its radio communications tower and space. The master lease agreement calls for annual payments of \$70,000. The master lease agreement allows for six subsequent one-year renewals at an annual increase of 2%. Interest was calculated using the imputed interest method as interest was not explicitly stated in the master lease agreement.

The total amount of lease payments remaining as of December 31, 2024 are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 93,991	\$ 12,009	\$ 106,000
2026	96,597	10,803	107,400
2027	99,262	9,566	108,828
2028	101,989	8,295	110,284
2029	104,779	6,991	111,770
2030-2034	237,443	19,843	257,286
2035-2039	164,696	6,304	171,000
	<u>\$ 898,757</u>	<u>\$ 73,811</u>	<u>\$ 972,568</u>

**TOWNSHIP OF WAYNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 21 LESSOR REVENUE

During 2010, the Township entered into a 5-year lease agreement with AT&T where AT&T leases a wireless tower owned by the Township. The lease contains terms for two additional 5-year renewal periods. The lease payments are due to the Township in annual installments of \$63,480. Interest was calculated using the imputed interest method as interest was not explicitly stated in the master lease agreement. At December 31, 2024, the lessee's total obligation to the Township is \$63,021. The Township recognizes revenue on an annual basis from this lease of which \$126,960 was realized as revenue on the Exhibit A-2 for the year ended December 31, 2024.

During 2005, the Township entered into a 5-year lease agreement with AT&T where AT&T leases a wireless tower owned by the Township. The lease contains terms for three additional 5-year renewal periods. The lease payments are due to the Township in annual installments of \$30,418. Interest was calculated using the imputed interest method as interest was not explicitly stated in the master lease agreement. At December 31, 2024, the lessee's total obligation to the Township is \$30,198. The Township recognizes revenue on an annual basis from this lease of which \$30,418 was realized as revenue on the Exhibit A-2 for the year ended December 31, 2024.

During 2008, the Township entered into a 5-year lease agreement with T-Mobile where T-Mobile leases a wireless tower owned by the Township. The lease contains terms for two additional 5-year renewal periods. The lease payments are due to the Township in annual installments of \$37,030. Interest was calculated using the imputed interest method as interest was not explicitly stated in the master lease agreement. At December 31, 2024, the lessee's total obligation to the Township is \$400,037. The Township recognized revenue on an annual basis from this lease of which \$42,585 was realized as revenue on the Exhibit A-2 for the year ended December 31, 2024.

During 2005, the Township entered into a 5-year lease agreement with Verizon where Verizon leases a wireless tower owned by the Township. The lease contains terms for three additional 5-year renewal periods. The lease payments are due to the Township in annual installments of \$30,418. Interest was calculated using the imputed interest method as interest was not explicitly stated in the master lease agreement. At December 31, 2024, the lessee's total obligation to the Township is \$60,177. The Township recognizes revenue on an annual basis from this lease of which \$30,418 was realized as revenue on the Exhibit A-2 for the year ended December 31, 2024.

During 2005, the Township entered into a 5-year lease agreement with T-Mobile where T-Mobile leases a wireless tower owned by the Township. The lease contains terms for three additional 5-year renewal periods. The lease payments are due to the Township in annual installments of \$41,083. Interest was calculated using the imputed interest method as interest was not explicitly stated in the master lease agreement. At December 31, 2024, the lessee's total obligation to the Township is \$40,492. The Township recognizes revenue on an annual basis from this lease of which \$41,083 was realized as revenue on the Exhibit A-2 for the year ended December 31, 2024.

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

NOTE 21 LESSOR REVENUE (continued)

The following table represents the estimated principal and interest anticipated throughout the remaining lease terms:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 203,876	\$ 4,107	\$ 207,983
2026	39,962	2,623	42,585
2027	40,253	2,332	42,585
2028	40,545	2,039	42,584
2029	47,228	1,744	48,972
2030-2033	192,376	3,512	195,888
	<u>\$ 564,240</u>	<u>\$ 16,357</u>	<u>\$ 580,597</u>

NOTE 22 SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2024 through June 17, 2025, which is the date the financial statements were available to be issued. Based on the evaluation, the Township has determined the following events require disclosure:

Debt Authorized

The Township adopted several bond ordinances authorizing the issuance of \$15,574,476 in bonds or bond anticipation notes to fund certain capital projects.

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APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of October 1, 2025 by the Township of Wayne, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Improvement Bonds, Series 2025, dated their date of delivery in the aggregate principal amount of \$10,178,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances and a resolution adopted by the Issuer and a certificate signed by the Issuer on October 15, 2025; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

WHEREAS, the Issuer represented in its Notice of Sale dated October 2, 2025 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on October 15, 2025, the Issuer accepted the bid of _____, on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Rule 15c2-12
Issuer	SEC
Notice of Sale	Securities Exchange Act
Participating Underwriter	

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Newark, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated October 15, 2025 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements

of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Operating Data” means the financial and statistical information of the Issuer, which for purposes of this Certificate shall include the financial and statistical information consisting of (i) the Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the Issuer, (ii) property valuation information, and (iii) tax rate, levy and collection data.

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than October 1 of each Fiscal Year, commencing October 1, 2026 for the Fiscal Year ending December 31, 2025, an Annual Report to the MSRB; Notwithstanding the

foregoing, if the Fiscal Year is not a calendar year then the Issuer shall provide the Annual Report by not later than the first day of the tenth month of each fiscal year;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a “Disclosure Event”);

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive

agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey Pursuant to Chapter 5 of Title 40 of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate and stating the date it was provided.

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

**ARTICLE III
DISCLOSURE DEFAULT AND REMEDIES**

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer

under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, Municipal Building, 475 Valley Road, Wayne, New Jersey 07470, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

(i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any

Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an “obligated person” (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE TOWNSHIP OF WAYNE, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed, all as of the date first above written.

[SEAL]

TOWNSHIP OF WAYNE, NEW JERSEY

By: _____
Heather L. McNamara,
Chief Financial Officer

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of October 1, 2025 by the Township of Wayne, in the County of Passaic, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$11,780,000 aggregate principal amount of Open Space Notes, Series 2025 (the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

THE UNDERTAKING

Section 1.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered solely to assist the successful bidder in complying with subsection (b)(5) of the Rule.

Section 1.2. Notice Event Notices. If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days following the occurrence of any Notice Event, a Notice Event Notice to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.4. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Notice Event Notice, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Notice Event Notice in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Notice Event Notice.

ARTICLE II

OPERATING RULES

Section 2.1. Notice Event Notices. Each Notice Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Notices. (a) Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer’s notices.

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Termination. (a) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Undertaking may be amended, in writing, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Undertaking and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived, in writing, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Undertaking shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations

to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default with respect to the Notes.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

DEFINITIONS

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) "Counsel" means Gibbons P.C. or other nationally recognized bond counsel or counsel expert in federal securities laws.

(2) "Notice Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

- (vii) modifications to rights of Noteholders; if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(3) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. MSRB filings to be made at <http://emma.msrb.org/>.

(4) “Notice Event Notice” means notice of a Notice Event.

(5) “Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule.

(6) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Undertaking and as may be amended from time to time, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(7) “SEC” means the United States Securities and Exchange Commission.

(8) “State” means the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its Chief Financial Officer as of the date first above written.

TOWNSHIP OF WAYNE, NEW JERSEY

By: _____
Name: Heather L. McNamara
Title: Chief Financial Officer

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APPENDIX D

FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL

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October __, 2025

Mayor and Township Council
Township of Wayne
Municipal Building
475 Valley Road
Wayne, New Jersey 07470

Dear Mayor and Council Members:

We have examined certified copies of the proceedings of the Council of the Township of Wayne, in the County of Passaic, State of New Jersey (the “Township”), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale by the Township of its \$10,178,000 General Improvement Bonds, Series 2025 (the “Bonds”) dated the date of delivery.

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the “Local Bond Law”), a resolution of the Township adopted September 17, 2025, and bond ordinances of the Township in all respects duly adopted by the Council of the Township.

Each of the Bonds is dated their date of delivery, bears interest at the interest rates set forth on the inside front cover page of the Official Statement relating to the Bonds and matures on the dates and in the principal amounts as set forth below:

Maturity (October 15)	Principal Amount
2026	\$528,000
2027	450,000
2028	500,000
2029	500,000
2030	500,000
2031	500,000
2032	500,000
2033	600,000
2034	700,000
2035	900,000
2036	900,000
2037	900,000
2038	900,000
2039	900,000
2040	900,000

The Bonds are subject to redemption prior to their respective maturity date.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are valid and legally binding obligations of the Township.

2. The Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Bonds.

4. Under existing law, interest on the Bonds and net gains on the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Township other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

Our opinion concerning the enforceability of the Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.

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October __, 2025

Mayor and Township Council
Township of Wayne
475 Valley Road
Wayne, New Jersey 07470

Dear Mayor and Township Council:

We have examined certified copies of the proceedings of the Township Council of the Township of Wayne, in the County of Passaic, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of \$11,780,000 aggregate principal amount of the Township's Open Space Note, Series 2025 (the "Note"). The Note is issued in registered form, is dated October 29, 2025, bears interest at the rate of _____ and _____ Hundredths Percent (_____%) per annum and is payable at maturity on October 28, 2026.

The Note is issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and a bond ordinance of the Township, in all respects duly adopted by the Mayor and Council of the Township. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Note pursuant to the Local Bond Law, and other applicable provisions of law, and that the Note has been duly authorized, executed and delivered and are a valid and legally binding obligation of the Township.

2. The Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Note, without limitation as to rate or amount.

3. Under existing law, interest on the Note is excluded from the gross income of the owners of the Note for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Note is not an item of tax

preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Note.

4. Under existing law, interest on the Note and net gains from the sale of the Note are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Note in order for interest on the Note to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Note, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Note and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Note to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Note to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Note from gross income for Federal income tax purposes and with respect to interest on the Note not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Township other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Note.

Our opinion concerning the enforceability of the Note is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion

letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.

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