

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 8, 2026**

**NEW ISSUE**

**RATING: Moody's: "MIG 1"**

*In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with its Tax Certificate described herein, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.*

**\$18,500,000 BOND ANTICIPATION NOTES  
OF THE  
TOWNSHIP OF MILLBURN  
COUNTY OF ESSEX, NEW JERSEY  
(Non-Callable)(Not Bank-Qualified)(Book-Entry Only)**

**Dated: January 22, 2026**

**Due: January 22, 2027**

The \$18,500,000 Bond Anticipation Notes (the "Notes") of the Township of Millburn, in the County of Essex, New Jersey (the "Township"), shall be issued as fully registered book-entry notes registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "THE NOTES - Book-Entry Only System" herein.

The Notes are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and the interest thereon. The Township is authorized and required by law to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

Interest on the Notes will be payable at maturity on January 22, 2027. Principal and interest on the Notes will be paid to DTC by the Township. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

<b>INTEREST RATE</b>	<b>YIELD</b>	<b>CUSIP NO.</b>
_____ %	_____ %	600208_____

*The Notes are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor in connection with the issuance of the Notes. It is anticipated that the Notes in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about January 22, 2026.*

**PROPOSALS FOR THE NOTES WILL BE RECEIVED  
UNTIL 11:00 AM ON THURSDAY, JANUARY 15, 2026  
BY THE FINANCIAL ADVISOR ON BEHALF OF THE TOWNSHIP,  
VIA ELECTRONIC MAIL AT ADICIURCIO@ACACIAFIN.COM  
OR VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC  
FOR MORE DETAILS REFER TO THE NOTICE OF SALE**

**TOWNSHIP OF MILLBURN  
ESSEX COUNTY, NEW JERSEY**

**TOWNSHIP COMMITTEE**

Frank Saccomandi IV, Mayor  
David R. Cosgrove, Deputy Mayor  
Michael H. Cohen  
James L. Serruto  
Ben Stoller

**TOWNSHIP ADMINISTRATOR**

Alexander McDonald

**TOWNSHIP CLERK**

Christine A. Gatti, RMC, CMR

**CHIEF FINANCIAL OFFICER**

Matthew Laracy, CFO

**TOWNSHIP ATTORNEY**

Antonelli Kantor Rivera PC  
Livingston, New Jersey

**MUNICIPAL ADVISOR**

Acacia Financial Group, Inc.  
Mt. Laurel, New Jersey

**TOWNSHIP AUDITOR**

PKF O'Connor Davies, LLP  
Cranford, New Jersey

**BOND COUNSEL**

Rogut McCarthy LLC  
Cranford, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by 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.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter.

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**OFFICIAL STATEMENT  
OF THE TOWNSHIP OF MILLBURN  
IN THE COUNTY OF ESSEX, NEW JERSEY  
relating to**

**\$18,500,000 BOND ANTICIPATION NOTES**

**INTRODUCTION**

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Township of Millburn (the "Township"), in the County of Essex (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$18,500,000 Bond Anticipation Notes (the "Notes"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the Notes.

This Preliminary Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), but is subject to (a) completion with certain pricing and other information to be made available by the Underwriters and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

**THE NOTES**

**General Description**

The Notes shall be dated and shall bear interest from January 22, 2026 and shall mature on January 22, 2027. The Notes shall bear interest at the interest rate set forth on the cover hereof, which interest is payable on January 22, 2027. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, 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 Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial Owners of the Notes.

## **Book-Entry Only System**

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

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

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

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

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

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

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

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

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

**NEITHER THE TOWNSHIP NOR THE PAYING AGENT WILL 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 NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.**

### **Prior Redemption**

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

### **SECURITY AND SOURCE OF PAYMENT**

The Notes are 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 Notes. The Notes are direct obligations of the Township and, unless paid from other sources, the Township is required by law to levy *ad valorem* taxes upon all the real property taxable within the Township for the payment of the principal of and the interest on the Notes, without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board in the Division of Local Government Services (the "Division") in the State of New Jersey Department of Community Affairs (the "Local Finance Board").

### **AUTHORIZATION AND PURPOSE OF THE NOTES**

The Notes are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.*, as amended (the "Local Bond Law") and adopted bond ordinances of the Township.

The bond ordinances included in the sale of the Notes were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Notes by the Township.

The proceeds of the Notes will be used to (i) currently refund \$5,300,000 of the Township's \$7,000,000 outstanding bond anticipation notes maturing on January 23, 2026, and (ii) provide \$13,200,000 to finance unfunded projects of the Township.

<u>Ord. No.</u>	<u>Description</u>	<u>Amount</u>
2648-23	Acquisition of Real Property	\$2,375,000
2649-23	Various Improvements to Millburn Avenue Entrance to Taylor Park	110,000
2650-23	Relocation of Certain Department of Public Works Facilities/Operations	520,000
2660-24	Various Public Improvements	2,295,000
2663-24	Various Paper Mill Playhouse Building and Grounds Improvements	4,086,000
2690-24	Town Hall Renovation and Addition Project	7,114,000
2701-25	2025 Road Improvement Project	<u>2,000,000</u>
		<u>\$18,500,000</u>

### **NO DEFAULT**

No principal or interest payments on Township indebtedness are past due. The Township has never defaulted in the payment of any bonds or notes.

### **MARKET PROTECTION – BOND AND NOTE FINANCING**

The Township does not contemplate issuing any bonds or tax anticipation notes during the balance of 2026. The Township may issue additional new money bond anticipation notes during the balance of 2026.

## **CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

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

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

### **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 of the Division (the "Director"), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Township's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

### **Debt Limits**

The net authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last 3 years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Township has not exceeded its statutory debt limit. On November 12, 2025(Unaudited), the statutory net debt as a percentage of average equalized valuation was 0.359%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$42,649,939.54	\$0.00	\$42,649,939.54
School Purposes	50,513,000.00	50,513,000.00	0.00
	<u>\$93,162,939.54</u>	<u>\$50,513,000.00</u>	<u>\$42,649,939.54</u>

## **Exceptions to Debt Limits - Extensions of Credit**

The Township may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the 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 make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued 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).

## **Short-Term Financing**

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 subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

## **School Debt (N.J.S.A. 18A:24-1 et seq.)**

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Township's school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

## **The Municipal Finance Commission (N.J.S. 52:27-1 et seq.)**

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

## **Investment of Municipal Funds**

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("U.S. Government Securities"); (2) government money market mutual funds invested in U.S. Government Securities or obligations of New Jersey school districts, municipalities, counties and entities subject to State regulation ("local obligations"); (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less (a) constituting local obligations or (b) approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities, local obligations and repurchase agreements fully collateralized by securities set forth in (1), (3) and (5) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above or local obligations. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 *et seq.*, or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in U.S. Government Securities, Federal Government Agency obligations, certain short-term investment-grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving U.S. Government Securities and Federal Government Agency obligations

and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Township has no investments in derivatives.

## **MUNICIPAL BUDGET**

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.), the Township is required to have a balanced budget in which debt service is included in full for each fiscal year.

### **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. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division prior to final adoption of the budget. 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, among others, for certification.

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. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

### **Limitations on Municipal Appropriations and Tax Levy**

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, 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 Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase 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 items 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. The Cap Law does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase

in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the Township) reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. Chapter 44 eliminated the process for obtaining waivers for additional spending under the tax levy limitation.

The Township's appropriation and tax levy increase for 2011 through 2025, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the cap limits. The Township's 2025 budget has not been introduced as of the date of this Official Statement.

### **Miscellaneous Revenues**

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

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

### **Real Estate Taxes**

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

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

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

The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Current Tax Collection (or lesser %)}} = \text{Total Taxes to be Levied}$$

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected tax by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See "ASSESSMENT AND COLLECTION OF TAXES - Tax Collection Procedure" herein for a brief discussion of Chapter 99.

### **Deferral of Current Expenses**

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the municipality. 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, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three (3) months of the year to the previous years' 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 approval by the governing body.

### **Operation of Utilities**

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

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

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

## **Fiscal Year**

The Township's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A. 40A:4-3.1) required municipalities with populations in excess of 35,000 or that received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-3.1 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. In addition, P.L. 2008, c. 92, further amended N.J.S.A. 40A:4-3.1 to allow municipalities operating on a fiscal year basis to revert to a calendar year. The Township did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

## **Budget Process**

Primary responsibility for the Township's budget process lies with the Township Committee. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Township operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

## **Capital Budget**

In accordance with the Local Budget Law, the Township 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 of 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 next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

## **ASSESSMENT AND COLLECTION OF TAXES**

### **Tax Collection Procedure**

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Township, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. 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, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is transferred as of June 30 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. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser

is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

## **Tax Appeals**

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Essex County Tax Board on or before the first day of April of the current tax year for review. The Essex County Tax Board 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 Essex County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period. In addition, pursuant to Assembly Bill No. 2004, signed into law by Governor Phil Murphy on August 9, 2019, commercial tax appeal refunds exceeding \$100,000 may be paid to the property owner, with interest, in substantially equal payments within a three year period - rather than within sixty days of the final judgment (the standard period for refunds).

Further, pursuant to Assembly Bill No. 862, signed into law by Governor Murphy on January 18, 2022, residential tax appeal refunds, or commercial tax appeal refunds exceeding \$100,000, may be paid to the property owner, with interest, as a credit against the balance of property taxes that become due within a three-year period, with any excess after three years being paid immediately.

## **TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Notes and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Notes to be included in gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

The Township has covenanted, to the extent permitted by the Constitution and the laws of the State, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Notes, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

## **Tax Opinions**

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with the Tax Certificate, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. For other Federal tax information, see "Tax Matters - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof.

## **Additional Federal Income Tax Consequences**

Prospective purchasers of the Notes should be aware that ownership of governmental obligations, such as the Notes, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Notes. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

## **Proposals for Tax Changes**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

**ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.**

## **STATEMENT OF LITIGATION**

To the knowledge of the Township Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or 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 of the Township to their respective offices.

Additionally, there is at present no single action pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Township Attorney, would adversely impair the Township's ability to pay its noteholders. All of the Township's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number and based upon the Township's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Township, such resolution would not in any way endanger the Township's ability to pay its noteholders.

## **LEGALITY FOR INVESTMENT**

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

## **MUNICIPAL ADVISOR**

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Township with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

## **RATING**

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "MIG 1" to the Notes.

The rating reflects only the view of the Rating Agency and an explanation of the significance of the rating may only be obtained from the Rating Agency at the following address: 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. The Township forwarded to the Rating Agency certain information and materials concerning the Notes and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of the rating, may have an adverse effect of the marketability or market price of the Notes.

## UNDERWRITING

The Notes have been purchased at a public sale from the Township for resale by \_\_\_\_\_ (the "Underwriter").

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Notes. If all the Notes are sold at the public offering price or at the yield set forth on the cover page of this Official Statement, the Underwriter anticipates total selling compensation of \$ \_\_\_\_ \*. The public offering price or yield on the Notes may be changed from time to time by the Underwriter without notice. The Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Notes for their own account or any account managed by them, at prices lower than the public offering price.

\* Information obtained from the Underwriter

## DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

### Absence of Litigation

Upon delivery of the Notes, the Township shall furnish a certificate of the Township Attorney, dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township, or adversely affect the power of the Township to enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

### Legal Matters

The legality of the Notes will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Notes have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township, enforceable in accordance with their terms, except as enforcement of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.
2. The Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes, and unless paid from other sources, the Township is authorized and required by law to levy on all real property taxable by the Township such *ad valorem* taxes as may be necessary to pay the Notes and the interest thereon, without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix C – Proposed Form of Bond Counsel Opinion" herein.

## **Certificates of Township Officials**

The original purchasers of the Notes shall also receive a certificate, dated as of the date of delivery of the Notes and signed by the Chief Financial Officer that (a) as of the date of the Official Statement furnished by the Township in relation to the Notes, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Township is not guaranteed as to accuracy, completeness or fairness, such officer has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officer, since the date of said Official Statement and since the date of the sale of the Notes, there have been no material transactions not in the ordinary course of affairs entered into by the Township and no material adverse change in the general affairs of the Township or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidders for the Notes. In addition, the original purchasers of the Notes shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Notes and receipt of payment therefor and a certificate, dated as of the date of delivery of the Notes and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the Township, nor the title of the said officers to their respective offices, is being contested.

## **INFECTIOUS DISEASE OUTBREAK – COVID-19**

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

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. For municipalities with populations less than 50,000, such as the Township, the relief funds were distributed by the State. The relief funds were received from the State in two equal payments, one within 30 days of receipt of the funding by the State and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds was December 31, 2024, and to spend them is December 31, 2026. The Township received the full amount of its relief funds in the amount of \$2,101,744.58. The Township utilized \$1,477,280.00 of those funds in 2022 and the balance in 2023.

## SECONDARY MARKET DISCLOSURE

The Township has a limited secondary market disclosure obligation pursuant to Rule 15c2-12(d)(3) because the Notes have a stated maturity of 18 months or less. In accordance with such exemption from full secondary market disclosure, the Township will agree, pursuant to a continuing disclosure certificate to be executed on the date of issuance of the Notes, to undertake for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, as prescribed by the MSRB. Specifically, the Township will do the following for the benefit of the holders of the Notes and the beneficial owners thereof:

Provide or cause to be provided in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Notes or financial obligations of the Township:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of Noteholders, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township);
- (13) The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Township, any of which affect Noteholders, if material; and Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

The Township intends the words used in paragraphs (15) and (16) and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Township fails to comply with the above-described undertaking, any Noteholder or beneficial owner of the Notes may pursue an action for specific performance to enforce the rights of all Noteholders and beneficial owners with respect to such undertaking; *provided, however*, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Notes or any liability by the Township for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Noteholders and beneficial owners of the Notes.

The Township reserves the right to terminate its obligation to provide notice of material events, as set forth above, if and when the Township no longer remains an "obligated person" with respect to the Notes within the meaning of Rule 15c2-12.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements, a change in law or a change in identity, nature, type of operation or status of the Township, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interests of the Noteholders and the beneficial owners of the Notes.

The Township does not currently have any obligations to file in accordance with Rule 15c2-12. Acacia Financial Group, Inc., Mt. Laurel, New Jersey, serves as continuing disclosure agent to assist the Township in complying with future requirements of Rule 15c2-12.

## **FINANCIAL STATEMENTS**

Appendix "B" to this Official Statement contains the audited financial statements for the year ended December 31, 2024 and 2023. The audited financial data was provided by PKF O'Connor Davies (the "Auditor"), and is included herein in reliance upon the authority of such firm. The Auditor has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

## **PREPARATION OF OFFICIAL STATEMENT**

The Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report.

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

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Township of Millburn, 22 East Willow Street 2<sup>nd</sup> Floor, Millburn, New Jersey, 07041, Matthew Laracy, Chief Financial Officer, (976) 564-7079.

## **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 Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes 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.

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

### **TOWNSHIP OF MILLBURN, IN THE COUNTY OF ESSEX, NEW JERSEY**

By: /s/\_\_\_\_\_

Matthew Laracy  
Chief Financial Officer

Dated: January \_\_, 2026

## **APPENDIX A**

### **ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE TOWNSHIP OF MILLBURN**

**TOWNSHIP OF MILLBURN  
COUNTY OF ESSEX, NEW JERSEY**

**GENERAL INFORMATION**

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

**Size and Geographical Location**

The Township is located 21 miles west of New York City and seven miles west of Newark. The Township is approximately 9.9 square miles and located in the southwest corner of the County. Neighboring communities include the Township of Maplewood, Township of Livingston, Township of Springfield, Township of Union, Borough of Chatham and the City of Summit.

The Township’s highway system provides access to Route 24 and Interstate 78 and is near the Garden State Parkway and Interstate 280. Interstate 78 allows for an approximately 20-mile commute into New York City.

**Form of Government**

The Township is governed by a Township Committee which has executive and legislative powers and is comprised of five committee persons, elected at large for staggered three year terms. The Township Committee annually selects one of its members as Chairman, and that person is accorded the courtesy title of Mayor.

The Township Committee formulates policy, exercise budgetary controls within the requirements of State statutes, enacts legislation by means of ordinances and resolutions, and is generally in charge of the conduct of municipal business.

The executive powers are implemented through a professional staff comprised of a Township Administrator, Chief Financial Officer, Township Clerk, Tax Collector, Tax Assessor, Superintendent of Public Works, Police Chief, and Fire Chief

As provided by local ordinance, the Township Administrator serves as the chief administrative officer, responsible for the proper and efficient administration of Township affairs. The duties include coordinating the operations of the Township, implementing the decisions of the Township Committee and preparation of the budget.

**Transportation**

Train service to Newark, other locations in New Jersey and New York City via New Jersey Transit is available from the Township’s two train stations. Bus service is available in the Township to New York City and other areas of Essex County.

**Public Safety**

The Township is served by a police department which has several divisions including the Patrol Division, Detective Bureau, Traffic Bureau, Honor Guard, Emergency Service Unit, Records Bureau, and Internal Affairs. The Millburn Fire Department is comprised of 47 career firefighters that operate out of two fire stations. A minimum on-duty staff of seven personnel is supported by on-call career firefighters.

**Utilities**

Gas and electricity is supplied by Jersey Central Power & Light. Water is provided by New Jersey American Water. Solid waste pickup is provided by Giordano Company Inc. Sewer charges and the annual charge for collection of solid waste are included in the Township’s property tax levy tax rate.

## **Education**

The Township's local 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 authorized by law to issue debt for school purposes upon vote of the electorate; the local school district provides a full range of educational services appropriate to Pre-Kindergarten (Pre-K) through the twelfth (12) grades.

## **ECONOMIC AND DEMOGRAPHIC INFORMATION**

### **Labor Force, Employment and Unemployment**

The New Jersey Department of Labor reported the following annual average employment information for the Township, the County and the State.

	<b>Total Labor Force</b>	<b>Employed Labor Force</b>	<b>Total Unemployed</b>	<b>Unemployment Rate</b>
<b><u>Township of Millburn</u></b>				
2024	10,512	10,182	330	3.1%
2023	10,441	10,142	299	2.9%
2022	10,246	10,006	240	2.3%
2021	9,933	9,566	367	3.7%
2020	9,634	9,171	463	4.8%
<b><u>County of Essex</u></b>				
2024	425,042	401,693	23,349	5.5%
2023	421,561	400,097	21,464	5.1%
2022	411,706	393,305	18,401	4.5%
2021	408,248	375,634	32,614	8.0%
2020	413,130	369,222	43,908	10.6%
<b><u>State of New Jersey</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: State of New Jersey Department of Labor and Workforce Development

## **Population**

Population trends for the Township, the County and the State are shown below:

<b><u>Area</u></b>	<b><u>1990</u></b>	<b><u>2000</u></b>	<b><u>2010</u></b>	<b><u>2020</u></b>	<b><u>2024 Est.</u></b>
Township of Millburn	18,617	19,765	20,149	21,701	22,756
County of Essex	777,964	793,633	783,969	862,769	881,527
State of New Jersey	7,730,188	8,414,350	8,791,894	9,289,014	9,500,851

Source: U.S. Census Bureau

## Income as of 2024

	<u>Median Household Income</u>	<u>Median Family Income</u>	<u>Per Capita Income</u>
Township of Millburn	\$250,000+	\$250,000+	\$136,676
County of Essex	86,708	110,701	48,021
State of New Jersey	104,294	127,593	53,118

Source: U.S. Census Bureau, 2020-2024 American Community Survey

## 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 prepared as of the date of introduction of each bond ordinance and submitted to the Division. 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)

Municipal			
Equalized Valuation Basis (last 3 years average)			\$11,881,897,567
3 1/2% Borrowing Margin			415,866,414
Net Debt Issued, Outstanding and Authorized			<u>38,591,712</u>
Remaining Municipal Borrowing Capacity			377,274,702
Local School			
4% Borrowing Margin			475,275,902
Net Debt Issued, Outstanding and Authorized			<u>52,113,000</u>
Remaining School Borrowing Capacity			423,162,902

Source: Township of Millburn’s 2024 Annual Debt Statement

### Gross and Statutory Net Debt As of December 31,

Year	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	
<b>2024</b>	\$91,037,940	\$38,591,712	0.325%
<b>2023</b>	74,963,439	17,499,265	0.158%
<b>2022</b>	65,514,345	14,650,653	0.142%
<b>2021</b>	67,896,724	10,560,208	0.105%
<b>2020</b>	76,206,812	11,506,165	0.113%

Source: Township of Millburn’s Audited Financial Statements and Annual Debt Statement

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

**GENERAL PURPOSES**

Bonds and Notes Issued and Outstanding	
Bonds	
Notes	4,030,000
Bonds and Notes Authorized But Not Issued	34,894,940
	<b>\$38,924,940</b>

**LOCAL SCHOOL**

Bonds Issued and Outstanding	52,113,000	<b><u>52,113,000</u></b>
		<b>\$91,037,940</b>

**STATUTORY DEDUCTIONS**

Municipal Purpose	333,228
Local School	52,113,000
	<b>\$38,591,712</b>

**TOTAL NET DEBT**

**OVERLAPPING DEBT**

County of Essex (Note 1)	5,100,549
Essex County Utilities Authority	--
	<b>5,100,549</b>

**TOTAL OVERLAPPING DEBT**

**Gross Debt**

Per Capita (2020 Census – 21,701)	4,195
Percent of Net Valuation Taxable	
(2024 - \$9,910,365,900)	0.92%
Percent of Estimated True Value of Real Property	
(2024 - \$11,892,859,962)	0.77%

**Net Municipal Debt**

Per Capita (2020 Census – 21,701)	1,778
Percent of Net Valuation Taxable	
(2024 - \$9,910,365,900)	0.39%
Percent of Estimated True Value of Real Property	
(2024 - \$11,892,859,962)	0.32%

**Overall Debt (Gross and Overlapping Debt)**

Per Capita (2020 Census – 21,701)	4,430
Percent of Net Valuation Taxable (2024 - \$9,910,365,900)	0.97%
Percent of Estimated True Value of Real Property	
(2024 - \$11,892,859,962)	0.81%

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 Essex County Abstract Ratables published by the Essex County Board of Taxation.

Source: Township of Millburn

**BUDGET INFORMATION**  
(Current Fund)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Anticipated Revenues</b>					
Fund Balance	\$7,725,000	\$7,600,000	\$7,985,000	\$6,885,000	\$5,350,000
Miscellaneous Revenues	10,747,438	11,251,005	9,028,378	10,332,260	6,849,621
Receipts from Delinquent Taxes	825,000	475,000	680,000	640,000	640,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>52,266,992</u>	<u>50,031,385</u>	<u>48,091,854</u>	<u>47,274,716</u>	<u>46,789,178</u>
	<u>\$71,564,430</u>	<u>\$69,357,390</u>	<u>\$65,785,232</u>	<u>\$65,131,976</u>	<u>\$59,628,799</u>
<b>Appropriations</b>					
Salaries and Wages	\$27,458,601	\$26,578,808	\$24,938,848	\$24,005,734	22,865,000
Other Expenses	29,843,808	29,003,557	26,418,539	25,602,666	24,647,994
Deferred Charges and Statutory Expenditures	7,277,021	6,970,650	6,897,845	6,842,307	6,223,973
Capital Improvement Fund	2,000,000	2,205,000	3,050,000	2,850,000	1,600,000
Municipal Debt Service	2,135,000	1,960,000	1,905,000	3,310,000	1,820,000
Reserve for Uncollected Taxes	<u>2,850,000</u>	<u>2,639,375</u>	<u>2,575,000</u>	<u>2,521,269</u>	<u>2,471,832</u>
	<u>\$71,564,430</u>	<u>\$69,357,390</u>	<u>\$65,785,232</u>	<u>\$65,131,976</u>	<u>\$59,628,799</u>

Source: Township of Millburn Adopted 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	\$16,579,550	\$7,725,000
2023	18,753,710	7,600,000
2022	18,678,062	7,985,000
2021	17,386,528	6,885,000
2020	13,260,375	5,350,000

Source: Township Annual Audit Reports and 2024 Annual Financial Statement

**Current Tax Collection**

<u>Year</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>Percentage</u>
2024	\$197,655,527	\$194,682,789	98.50%
2023	193,832,294	192,976,954	99.56%
2022	191,597,017	190,923,045	99.65%
2021	190,031,965	188,836,217	99.37%
2020	188,101,756	186,227,586	99.00%

Source: Township of Millburn Audited Reports

## Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2024	\$2,862	\$2,829,099	\$2,831,962	1.43%
2023	2,813	606,648	609,460	0.32%
2022	2,764	473,394	476,158	0.25%
2021	2,715	759,900	762,615	0.40%
2020	2,331	1,294,940	1,297,272	0.69%

Source: Township of Millburn Audited Reports

## Assessed Valuation of Property Owned by the Township Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2024	\$14,000
2023	14,000
2022	14,000
2021	14,000
2020	14,000

Source: Township Annual Audit Reports and 2024 Annual Financial Statement

## Ten Largest Taxpayers

The ten largest taxpayers in the Township and their 2024 assessed valuations are listed below:

<u>Taxpayer</u>	<u>2024 Assessed Valuations</u>
Short Hills Mall C/O Taubman/R E Tax	\$930,819,000
SH Residential Unit LLC C/O Veris	74,737,500
51 JFK Real Estate LLC	66,392,800
101 103 JFK RE LLC C/O JLL Prop. Mgmt.	58,072,400
Short Hills Hilton LLC C/O Tax Dept.	57,887,900
150 JFK Real Estate LLC	49,273,300
Stone Mountain Properties 806	27,720,100
Canoe Brook Country Club	26,330,300
UE Millburn LLC C/O Urban Edge Prop.	20,074,300
New Creek C/O Kimco Prop. Tax Dept.	<u>20,000,000</u>
	<u>\$1,331,307,600</u>

Source: Millburn Township School District 2024 Audit

**Assessed Valuation**  
**Land Improvement by Class**

<b>Year</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Apartments</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Total</b>
<b>2024</b>	\$34,081,200	\$8,028,440,100	\$166,516,300	\$1,616,941,100	\$64,387,200	\$9,910,365,900
<b>2023</b>	35,517,500	7,985,522,000	166,516,300	1,616,249,300	64,609,600	9,868,414,700
<b>2022</b>	35,524,700	7,931,409,700	166,757,300	1,616,256,600	64,609,600	9,814,557,900
<b>2021</b>	49,488,500	7,889,951,100	92,069,800	1,617,176,300	64,645,100	9,713,330,800
<b>2020</b>	49,502,100	7,896,821,300	92,119,800	1,619,621,800	64,645,100	9,722,710,100

Source: State of New Jersey Department of Community Affairs, Property Tax Information

**Assessed Valuations**  
**Net Valuation Taxable**

<b>Year</b>	<b>Net Valuation Taxable</b>	<b>Ratio of Assessed Value to True Value of Real Property</b>	<b>Total True Value of Assessed Property</b>
		<b>Real Property</b>	<b>Assessed Property</b>
2025	N/A		
2024	\$9,910,365,900	83.33%	\$11,892,859,962
2023	9,868,414,700	91.04%	10,870,676,625
2022	9,814,557,900	94.67%	10,397,397,069
2021	9,713,330,800	98.29%	9,913,209,273
2020	9,722,710,100	97.78%	9,975,334,640

Source: Essex County NJ Abstract of Ratables

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

<b>Year</b>	<b>Total</b>	<b>Municipal</b>	<b>Library</b>	<b>Local School</b>	<b>County</b>
<b>2024</b>	\$1.982	\$0.465	\$0.040	\$1.020	\$0.457
<b>2023</b>	1.956	0.451	0.036	0.998	0.471
<b>2022</b>	1.943	0.446	0.035	0.978	0.484
<b>2021</b>	1.938	0.448	0.034	0.969	0.487
<b>2020</b>	1.926	0.447	0.034	0.949	0.496

Source: Essex County Abstract of Ratables 2024 - 2020

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

<b>Year</b>	<b>Total</b>	<b>Municipal</b>	<b>Local School</b>	<b>County</b>
2024	\$197,655,527	\$50,939,211	\$101,100,997	\$45,615,319
2023	193,832,294	48,632,979	98,593,366	46,605,949
2022	191,597,016	47,867,291	96,038,865	47,690,860
2021	190,031,965	48,105,969	94,115,639	47,810,357
2020	188,101,756	47,380,005	92,340,856	48,380,895

Source: Township of Millburn 2024 Annual Audit Reports and Tax Collector.

**APPENDIX B**

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
OF THE TOWNSHIP OF MILLBURN,  
IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY**

## INDEPENDENT AUDITORS' REPORT

**The Honorable Mayor and Members  
of the Township Committee  
Township of Millburn  
Millburn, 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 Millburn, 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 for the years then ended, the statements of changes in fund balance, 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 for the years then ended, the statement of changes in fund balance, the statements of revenue and statements of expenditures for the year ended December 31, 2024 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division") described in Note 2.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the 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 opinions.

**The Honorable Mayor and Members  
of the Township Committee  
Township of Millburn**

*Page 2*

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

As described in Note 2 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, 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.

**The Honorable Mayor and Members  
of the Township Committee  
Township of Millburn**

*Page 3*

- 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*

Cranford, New Jersey  
June 30, 2025

*David J. Gannon*

David J. Gannon, CPA  
Registered Municipal Accountant, No. 520

TOWNSHIP OF MILLBURN  
CURRENT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

A  
Sheet # 1

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<u>Cash and Cash Equivalents:</u>		
Treasurer	\$ 31,241,274.95	\$ 32,147,360.36
Change Fund	125.00	125.00
	<u>31,241,399.95</u>	<u>32,147,485.36</u>
State and Federal Grants Receivable	1,146,983.99	337,227.73
Due from State of NJ:		
Senior Citizens and Veteran Deductions	7,610.77	8,110.77
	<u>1,154,594.76</u>	<u>345,338.50</u>
<u>Receivables with Full Reserves:</u>		
Delinquent Property Taxes Receivable	2,829,099.37	606,647.60
Tax Title Liens Receivable	2,862.19	2,812.64
Property Acquired for Taxes at Assessed Value	14,000.00	14,000.00
Revenue Accounts Receivable	50,339.42	27,046.55
Sewer User Charges Receivables	19,022.52	3,852.21
Special Improvement District Receivable	2,565.74	
Due from Rahway River Joint Project	23,568.12	23,568.12
Interfunds Receivable	40,269.28	26,645.27
	<u>2,981,726.64</u>	<u>704,572.39</u>
<b>TOTAL ASSETS</b>	<b>\$ 35,377,721.35</b>	<b>\$ 33,197,396.25</b>

TOWNSHIP OF MILLBURN  
CURRENT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

A  
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Appropriation Reserves:		
Encumbered	\$ 2,285,342.14	\$ 2,674,288.00
Unencumbered	4,083,288.67	2,828,064.83
Prepaid Taxes	1,101,231.46	1,026,525.89
Prepaid Sewer Maintenance Charges		1,801.97
Prepaid Revenues - SID	180.00	10.00
Sewer Overpayments	2,707.13	961.92
Tax Overpayments		174,477.76
Local School Taxes Payable	1.50	3.50
County Taxes Payable	253,957.16	160,108.47
Special Improvement District Tax Payable	1,719.64	2,510.62
Accounts Payable	88,736.29	107,137.41
Grant Encumbrance Payable	395,724.99	
Due to State of NJ:		
Marriage License Fees	965.00	915.00
DCA Fees	25,988.00	19,279.00
Due to Rahway River Joint Project		
Interfunds Payable	7,842.38	423,750.00
Reserve for:		
Interest on Tax Appeals	16,411.00	16,411.00
Sale of Municipal Assets	24,056.59	24,056.59
Revaluation	25,840.30	25,840.30
Litigation	538,948.86	538,948.86
Tax Appeals	2,454,393.68	1,948,271.18
Joint Trunk Sewer Capital	3,103,787.67	2,952,489.56
Grant Funds - Appropriated	1,304,317.07	620,662.50
Grant Funds - Unappropriated	101,004.80	192,599.22
	<hr/> 15,816,444.33	<hr/> 13,739,113.58
Reserve for Receivables and Other Assets	2,981,726.64	704,572.39
Fund Balance	<hr/> 16,579,550.38	<hr/> 18,753,710.28
<b>TOTAL LIABILITIES, RESERVES, AND FUND BALANCE</b>	<b>\$ 35,377,721.35</b>	<b>\$ 33,197,396.25</b>

TOWNSHIP OF MILLBURN  
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

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	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income</u>		
Fund Balance Utilized	\$ 7,600,000.00	\$ 7,985,000.00
Miscellaneous Revenue Anticipated	12,833,736.52	11,214,884.87
Receipts from Current Taxes	194,682,789.15	192,976,954.17
Receipts from Delinquent Taxes	632,517.04	473,394.10
Nonbudget Revenue	841,996.16	1,000,940.97
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,691,588.31	2,730,663.01
Prior Year Accounts Payable Canceled	5,429.47	
Interfunds Receivable Returned	26,645.27	645,807.48
Total Income	<u>219,309,272.45</u>	<u>217,033,074.07</u>
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	66,824,674.29	63,539,888.39
County Taxes	45,615,318.90	46,605,949.18
Local School District Taxes	101,100,997.00	98,593,366.00
Special District Taxes	205,775.69	206,577.25
Refund of Prior Year Revenue	88,998.89	
Other Debits	7,398.30	
Interfunds Advanced	40,269.28	26,645.27
Total Expenditures	<u>213,883,432.35</u>	<u>208,972,426.09</u>
Excess in Revenue	5,425,840.10	8,060,647.98
<u>Fund Balance</u>		
Balance, Beginning of Year	<u>18,753,710.28</u>	<u>18,678,062.30</u>
	<u>24,179,550.38</u>	<u>26,738,710.28</u>
Decreased by:		
Utilized as Anticipated Revenue	<u>7,600,000.00</u>	<u>7,985,000.00</u>
Balance, End of Year	<u>\$ 16,579,550.38</u>	<u>\$ 18,753,710.28</u>

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2024

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	Budget Revenue	Realized	Excess
<b><u>General Revenue</u></b>			
Fund Balance Anticipated	\$ 7,600,000.00	\$ 7,600,000.00	
Miscellaneous Revenue	11,361,723.64	12,833,736.52	\$ 1,472,012.88
Receipts from Delinquent Taxes	475,000.00	632,517.04	157,517.04
Amount to be Raised by Taxes for Support of Municipal Budget	<u>50,031,385.38</u>	<u>50,400,072.56</u>	<u>368,687.18</u>
Budget Totals	69,468,109.02	71,466,326.12	1,998,217.10
Nonbudget Revenue		841,996.16	841,996.16
Total Revenue	<u>\$ 69,468,109.02</u>	<u>\$ 72,308,322.28</u>	<u>\$ 2,840,213.26</u>
Adopted Budget	\$ 69,357,390.50		
Added by N.J.S.A. 40A:4-87	110,718.52		
	<u>\$ 69,468,109.02</u>		

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF REVENUE  
MISCELLANEOUS REVENUE ANTICIPATED  
YEAR ENDED DECEMBER 31, 2024

A-2a

	Budget	Realized	Excess (Deficit)
<b>Licenses:</b>			
Alcoholic Beverages	\$ 35,000.00	\$ 39,040.00	\$ 4,040.00
Other	75,000.00	77,752.21	2,752.21
Fees and Permits	280,000.00	418,076.00	138,076.00
<b>Fines and Costs:</b>			
Municipal Court	320,000.00	461,330.30	141,330.30
Interest and Costs on Taxes	215,000.00	352,870.66	137,870.66
Interest on Investments and Deposits	666,524.16	1,468,819.99	802,295.83
Par 3 Golf	200,000.00	251,832.75	51,832.75
Recreation	375,000.00	395,483.51	20,483.51
Swimming Pool	400,000.00	413,455.73	13,455.73
Energy Receipt Tax	2,396,766.00	2,396,766.16	0.16
Watershed Moratorium Offset	27,636.00	27,636.00	
Municipal Relief Aid	172,919.72	172,919.72	
Uniform Construction Code Fees	650,000.00	857,416.00	207,416.00
<b>Federal &amp; State Grants:</b>			
Body Armor Replacement Fund	2,725.50	2,725.50	
Opioid Settlement Funds	16,954.00	16,954.00	
Safe Route to School	599,000.00	599,000.00	
Clean Communities - Ch 159	54,718.52	54,718.52	
Cops Technology Grant - Ch 159	56,000.00	56,000.00	
NJDOT Municipal Aid 2023- Slope Drive	588,130.00	588,130.00	
ARP - Local Fiscal Recovery	133,475.74	46,354.02	(87,121.72)
Uniform Fire Safety Act	40,000.00	48,370.79	8,370.79
Receipts from Sale of Property	24,000.00		(24,000.00)
Joint Trunk Sewer Maintenance Charges	1,952,874.00	1,791,029.92	(161,844.08)
Hotel Use & Occupancy Tax	440,000.00	471,546.43	31,546.43
Cable Franchise Fees	230,000.00	229,840.33	(159.67)
Reserve for Electric Inspection Trust Fund	250,000.00	250,000.00	
Self Insurance Deductible Trust Reserve	200,000.00	200,000.00	
Papermill Playhouse Rent	235,000.00	225,499.98	(9,500.02)
Reserve for Note Premiums	75,000.00	75,000.00	
Library Reimbursements	650,000.00	845,168.00	195,168.00
	<u>\$ 11,361,723.64</u>	<u>\$ 12,833,736.52</u>	<u>\$ 1,472,012.88</u>

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF REVENUE  
ANALYSIS OF REALIZED TAX COLLECTIONS  
YEAR ENDED DECEMBER 31, 2024

A-2b

Receipts from Delinquent Taxes

Delinquent Tax Collections	<u>\$ 632,517.04</u>	<u>\$ 632,517.04</u>
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Allocation of Current Taxes

Due from State of New Jersey	24,250.00
2023 Collections	1,026,525.89
2024 Collections	<u>193,632,013.26</u>
	\$ 194,682,789.15
Allocated to:	
County Taxes	45,615,318.90
Local School District Tax	101,100,997.00
Special District Taxes - SID	<u>205,775.69</u>
	<u>146,922,091.59</u>
	47,760,697.56

Plus: Appropriation for "Reserve for  
Uncollected Taxes"

2,639,375.00

Amount for Support of Municipal  
Budget Appropriations

\$ 50,400,072.56

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF REVENUE  
ANALYSIS OF NONBUDGET REVENUE  
YEAR ENDED DECEMBER 31, 2024

A-2c

Clerk's Department:

Xerox Copies	\$ 182.90
Sidewalk Café	7,950.00
Admin Fee Vet & Senior Citizen	495.00
Miscellaneous	110.00

Finance Department:

MRNA	5,719.73
Miscellaneous	316,759.18
Workmen's Compensation Reimbursement	77,098.72
Returned Check Fees	640.00
JT Meeting Surplus	6,352.42
Train Station Concession Rent	20,130.33
Short Term Rentals	750.00
Abandoned Property Registrations	5,500.00

Tax Department:

Miscellaneous	126.50
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Public Works Department:

MRNA	15,716.07
Telephone Commission	37,350.00

Police Department:

MRNA	5,131.55
Receipts	17,890.51
Right of Way Fee	1,000.00
Off Duty Admin Fee	92,832.00

Fire Department:

Fines	129,228.85
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Building Department:

HSP Applications	5,600.00
Property List	1,150.00
Miscellaneous	2,640.00
Board of Adjustment	75,033.25
Planning Board Application fees	5,896.40

Health Department:

Transcripts	4,460.75
Miscellaneous	5,190.00
Cat Licenses	<u>1,062.00</u>

\$ 841,996.16

\$ 841,996.16

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2024

A-3  
Sheet # 1

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	

APPROPRIATIONS WITHIN "CAPS"

GENERAL GOVERNMENT

Administrative and Executive:

Salaries and Wages:

Governing Body	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00			
Business Administrator	565,000.00	565,000.00	530,668.94			\$ 34,331.06
Municipal Clerk's Office	261,410.00	261,410.00	240,235.56			21,174.44

Other Expenses

Business Administrator	206,640.00	216,640.00	168,956.35	\$ 4,734.91		42,948.74
Municipal Clerk's Office	136,300.00	136,300.00	95,470.18	34,444.06		6,385.76

Customer Service

Salaries and Wages	195,166.00	185,166.00	82,236.50			102,929.50
Other Expenses	3,500.00	3,500.00	2,494.14			1,005.86

Data Processing Center

Other Expenses	250,000.00	275,000.00	207,944.75	66,741.12		314.13
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Finance Admin. & Controllers Office

Salaries and Wages	380,986.00	380,986.00	376,539.84			4,446.16
Other Expenses	50,000.00	50,000.00	33,802.71	2,486.26		13,711.03
Annual Audit	60,000.00	60,000.00	55,500.00			4,500.00

Assessment of Taxes

Salaries and Wages	231,970.00	231,970.00	228,651.11			3,318.89
Other Expenses	70,350.00	70,350.00	23,626.48	45,689.26		1,034.26

Collector of Taxes

Salaries and Wages	190,770.00	190,770.00	149,044.60	11,004.72		30,720.68
Other Expenses	58,800.00	58,800.00	45,243.80	850.00		12,706.20

Legal Services

Other Expenses	900,000.00	900,000.00	728,022.19	56,045.87		115,931.94
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Engineering

Salaries and Wages	374,125.00	374,125.00	370,679.24			3,445.76
Other Expenses	120,000.00	120,000.00	35,669.79	50,274.50		34,055.71

Historic Preservation Committee

Salaries and Wages	5,000.00	5,000.00				5,000.00
Other Expenses	2,000.00	2,000.00	637.03			1,362.97

TOWNSHIP OF MILLBURN  
CURRENT FUND

**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2024**

A-3  
Sheet # 2

	Appropriations		Expended			Unexpended Balance Canceled	
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved		
<b><u>APPROPRIATIONS WITHIN "CAPS"</u></b>							
<b><u>LAND USE ADMINISTRATION</u></b>							
Planning Board							
Salaries and Wages	\$ 63,450.00	\$ 63,450.00	\$ 58,482.50			\$ 4,967.50	
Other Expenses	41,900.00	41,900.00	19,383.81			6,516.19	
Board of Adjustment							
Salaries and Wages	83,500.00	83,500.00	83,298.17			201.83	
Other Expenses	47,900.00	47,900.00	11,095.05			34,945.71	
<b><u>INSURANCE</u></b>							
Group Insurance for Employees	7,085,000.00	7,075,000.00	6,728,878.51			163,677.59	
Liability Insurance	961,816.00	911,816.00	826,610.00			85,206.00	
Workmen's Compensation	607,457.00	607,457.00	607,457.00				
<b><u>PUBLIC SAFETY</u></b>							
Police							
Salaries and Wages	9,312,500.00	9,312,500.00	9,046,980.31			265,519.69	
Other Expenses	759,300.00	759,300.00	120,099.86			215,151.36	
Crossing Guards - Salaries and Wages	915,000.00	915,000.00	780,146.08			256.04	
Fire							
Salaries and Wages	7,312,000.00	7,312,000.00	6,854,325.35			457,674.65	
Other Expenses	355,245.00	355,245.00	254,645.92			46,225.58	
Aid to Volunteer Fire Companies	5,000.00	5,000.00				5,000.00	
Emergency Management							
Other Expenses	25,000.00	25,000.00	22,828.12			2,171.88	
<b><u>PUBLIC WORKS</u></b>							
Road, Repair, and Maintenance							
Salaries and Wages	3,472,880.00	3,472,880.00	3,077,555.55			395,324.45	
Other Expenses	279,500.00	279,500.00	197,345.20			31,012.57	
Shade Tree/Park Improvements							
Salaries and Wages	865,500.00	865,500.00	728,694.97			136,805.03	
Other Expenses	627,500.00	627,500.00	468,135.13			15,830.57	
Snow Removal							
Salaries and Wages	65,000.00	65,000.00	109,593.95			65,000.00	
Other Expenses	221,000.00	221,000.00				70,844.79	

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

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Sheet # 3

	Appropriations		Expended			Unexpended Balance Canceled	
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved		
<b><u>APPROPRIATIONS WITHIN "CAPS"</u></b>							
<b>PUBLIC WORKS CONT.</b>							
Garage and Car Maintenance							
Salaries and Wages	\$ 340,866.00	\$ 340,866.00	\$ 229,603.54		\$ 111,262.46		
Other Expenses	275,000.00	275,000.00	208,792.77	\$ 59,206.77	7,000.46		
Solid Waste Collections							
Other Expenses	200,000.00	200,000.00	124,161.71	26,243.13	49,595.16		
Community Services Act							
Other Expenses	100,000.00	100,000.00			100,000.00		
Public Buildings and Grounds							
Other Expenses	473,000.00	473,000.00	357,787.27	96,299.99	18,912.74		
<b><u>COURT and PUBLIC DEFENDER</u></b>							
Municipal Court							
Salaries and Wages	352,384.00	352,384.00	338,457.38		13,926.62		
Other Expenses	126,162.00	126,162.00	91,388.06	2,950.00	31,823.94		
Public Defender							
Salaries and Wages	13,500.00	13,500.00	12,561.68		938.32		
<b><u>HEALTH AND HUMAN SERVICES</u></b>							
Board of Health - Local Health Agency							
Salaries and Wages	20,000.00	20,000.00	20,000.00				
Other Expenses	20,000.00	20,000.00	14,511.34		5,488.66		
Administration of Public Assistance							
Other Expenses	5,500.00	5,500.00	5,000.00		500.00		
Environmental Commission							
Other Expenses	2,500.00	2,500.00	1,166.16	1,072.60	261.24		
Animal Control							
Salaries and Wages	40,000.00	40,000.00	40,000.00		0.00		
Other Expenses	11,500.00	11,500.00	4,123.01	4,966.13	2,410.86		
<b><u>RECREATION</u></b>							
Parks and Playgrounds							
Salaries and Wages	677,296.00	657,296.00	528,206.66		129,089.34		
Other Expenses	210,480.00	207,180.00	181,959.13	17,049.18	8,171.69		
Swimming Pool							
Salaries and Wages	140,000.00	195,000.00	194,091.08		908.92		
Other Expenses	92,400.00	98,600.00	93,945.50	3,522.07	1,132.43		
Par 3 - Other Expenses							
Salaries and Wages	14,750.00	11,850.00	8,818.72	2,299.21	732.07		
Senior Citizens							
Salaries and Wages	151,795.00	151,795.00	144,821.42		6,973.58		
Other Expenses	17,500.00	17,500.00	11,629.56	4,170.66	1,699.78		

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

A-3  
Sheet # 4

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>RECYCLING AND LANDFILL</u>						
Other Expenses	\$ 2,935,700.00	\$ 2,935,700.00	\$ 2,612,348.21	\$ 287,126.70	\$ 36,225.09	
<u>UTILITIES AND BULK PURCHASES</u>						
Electricity	304,500.00	304,500.00	290,505.09	358.73	13,636.18	
Natural Gas	120,000.00	120,000.00	52,502.54	4,884.69	62,612.77	
Street Lighting	240,875.00	240,875.00	144,905.68		95,969.32	
Fire Hydrant Service (Fire)	470,625.00	470,625.00	384,955.02	85,669.98		
Telephone	178,800.00	178,800.00	81,395.12	9,744.67	87,660.21	
Gasoline	461,250.00	461,250.00	304,682.42	56,057.97	100,509.61	
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
State Uniform Construction Code/						
Construction Official						
Salaries and Wages	509,686.00	509,686.00	447,785.50	44,881.88	17,018.62	
Other Expenses	390,000.00	390,000.00	292,450.26	3,304.49	94,245.25	
<u>UNCLASSIFIED</u>						
Celebration of Public Events	35,000.00	35,000.00	26,985.12	1,885.00	6,129.88	
Reserve for:						
Snow Trust	500.00	500.00	500.00			
Litigation	500.00	500.00			500.00	
EPL/POL Trust	500.00	500.00	500.00			
MSHBO - SID	55,158.00	55,158.00	55,158.00			
CONTINGENT	60,000.00	60,000.00			60,000.00	
Total Operations Within "CAPS"	46,253,692.00	46,253,692.00	40,714,176.64	2,034,697.52	3,504,817.84	-
Detail:						
Salaries and Wages	26,578,808.16	26,321,400.00	24,262,049.46	195,369.17	1,863,981.37	
Other Expenses	19,674,883.84	19,932,292.00	16,452,127.18	1,839,328.35	1,640,836.47	-

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
CURRENT FUND

STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

A-3  
Sheet # 5

**DEFERRED CHARGES & STATUTORY EXPENDITURES**

Statutory Expenditures

Contributions to:

Public Employees' Retirement System  
Social Security System (OASI)  
Police and Firemen's Retirement System of N.J.  
Defined Contribution Retirement Plan

Total Deferred Charges and Statutory Expenditures

Total Appropriations Within "CAPS"

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	
Contributions to:					
Public Employees' Retirement System	\$ 1,486,773.00	\$ 1,486,773.00	\$ 1,486,773.00		
Social Security System (OASI)	1,080,000.00	1,080,000.00	913,491.09		\$ 166,508.91
Police and Firemen's Retirement System of N.J.	4,288,877.00	4,288,877.00	4,288,877.00		
Defined Contribution Retirement Plan	15,000.00	15,000.00	11,156.83		3,843.17
Total Deferred Charges and Statutory Expenditures	<u>6,870,650.00</u>	<u>6,870,650.00</u>	<u>6,700,297.92</u>	<u>-</u>	<u>170,352.08</u>
Total Appropriations Within "CAPS"	<u>53,124,342.00</u>	<u>53,124,342.00</u>	<u>47,414,474.56</u>	<u>\$ 2,034,697.52</u>	<u>3,675,169.92</u>

**APPROPRIATIONS EXCLUDED FROM "CAPS"**

**OTHER OPERATIONS**

Maintenance of Free Public Library  
Reserve for Accumulated Leave  
Reserve for Tax Appeals  
Joint Trunk Sewer Maintenance

**INTERLOCAL MUNICIPAL SERVICE AGREEMENTS**

Township of Maplewood  
    Plumbing Inspector  
    Electrical Inspector  
Dispatch - Joint meeting (Summit, New Providence)  
Livingston Township Health Agreement

**STATE/FEDERAL PROGRAMS OFFSET BY REVENUES**

Body Armor Fund  
Opioid Settlement Funds  
NJ DOT Grants  
Cops Technology Grant 2024 (LPRS)  
Safe Routes to School  
Clean Communities

Total Operations Excluded from "CAPS"

Maintenance of Free Public Library	3,939,538.00	3,939,538.00	3,939,537.96	0.04
Reserve for Accumulated Leave	150,000.00	150,000.00	150,000.00	
Reserve for Tax Appeals	600,000.00	600,000.00	600,000.00	
Joint Trunk Sewer Maintenance	1,952,874.00	1,952,874.00	1,779,900.00	172,974.00
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b>				
Township of Maplewood				
Plumbing Inspector	75,950.00	75,950.00	17,624.59	58,325.41
Electrical Inspector	94,050.00	94,050.00	22,231.79	71,818.21
Dispatch - Joint meeting (Summit, New Providence)	1,154,452.00	1,154,452.00	1,154,452.00	
Livingston Township Health Agreement	155,000.00	155,000.00	153,506.00	1,494.00
<b>STATE/FEDERAL PROGRAMS OFFSET BY REVENUES</b>				
Body Armor Fund	2,725.50	2,725.50	2,725.50	
Opioid Settlement Funds	16,954.00	16,954.00	16,954.00	
NJ DOT Grants	588,130.00	588,130.00	588,130.00	
Cops Technology Grant 2024 (LPRS)		56,000.00	56,000.00	
Safe Routes to School	599,000.00	599,000.00	599,000.00	
Clean Communities		54,718.52	54,718.52	
Total Operations Excluded from "CAPS"	<u>9,328,673.50</u>	<u>9,439,392.02</u>	<u>9,134,780.36</u>	<u>130,143.62</u>
				<u>174,468.04</u>

TOWNSHIP OF MILLBURN  
CURRENT FUND

**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2024**

A-3  
Sheet #6

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
<b><u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u></b>						
Detail:						
Other Expenses	\$ 9,328,673.50	\$ 9,439,392.02	\$ 9,134,780.36	\$ 130,143.62	\$ 174,468.04	
<b><u>CAPITAL IMPROVEMENTS</u></b>						
Capital Improvement Fund	1,780,000.00	1,780,000.00	1,780,000.00			
Capital Outlay						
Preliminary Planning Expenses	200,000.00	240,000.00	39,149.00	88,151.00	112,700.00	
Fire Equipment	50,000.00	50,000.00			50,000.00	
Police Equipment	50,000.00	50,000.00			50,000.00	
Vehicle Lease Program	75,000.00	35,000.00	14,049.29		20,950.71	
Public Works Equipment	50,000.00	50,000.00	17,650.00	32,350.00		
<b><u>DEBT SERVICE</u></b>						
Payment of Bond Anticipation Notes and Capital Notes	1,755,000.00	1,755,000.00	1,755,000.00			
Interest on Notes	205,000.00	205,000.00	200,940.27			\$ 4,059.73
<b><u>DEFERRED CHARGES</u></b>						
Deferred Charges Unfunded	100,000.00	100,000.00	100,000.00			
Total Appropriations Excluded from "CAPS"	13,593,673.50	13,704,392.02	13,041,568.92	250,644.62	408,118.75	4,059.73
Sub-Total	66,718,015.50	66,828,734.02	60,456,043.48	2,285,342.14	4,083,288.67	4,059.73
Reserve for Uncollected Taxes	2,639,375.00	2,639,375.00	2,639,375.00			
Total General Appropriations	\$ 69,357,390.50	\$ 69,468,109.02	\$ 63,095,418.48	\$ 2,285,342.14	\$ 4,083,288.67	\$ 4,059.73
Original Budget	\$ 69,357,390.50					
Chapter 159 Budget Amendments	110,718.52					
Reserve for Uncollected Taxes	(2,639,375.00)	\$ 2,639,375.00				
Cash Expenditures		58,538,515.46				
State & Federal Grants Appropriated		1,317,528.02				
Canceled	(4,059.73)					
Reserve for Tax Appeals		600,000.00				
	\$ 66,824,674.29	\$ 63,095,418.48				

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
TRUST FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

B

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<u>Animal Control Trust Fund</u>		
Cash and Cash Equivalents	\$ 9,346.50	\$ 763.74
Interfunds Receivable	<u>26,178.33</u>	<u>30,442.20</u>
	<u>35,524.83</u>	<u>31,205.94</u>
<u>Other Trust Funds:</u>		
Cash and Cash Equivalents	7,369,732.92	7,064,456.02
Interfunds Receivable	<u>7,842.38</u>	<u>7,064,456.02</u>
	<u>7,377,575.30</u>	<u>7,064,456.02</u>
<u>TOTAL ASSETS</u>	<u>\$ 7,413,100.13</u>	<u>\$ 7,095,661.96</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Animal Control Trust Fund</u>		
Interfunds Payable	\$ 8,169.93	\$ 8,347.16
Due to State of New Jersey	6.10	3.60
Reserve for Animal Control Expenditures	<u>27,348.80</u>	<u>22,855.18</u>
	<u>35,524.83</u>	<u>31,205.94</u>
<u>Other Trust Funds:</u>		
Interfunds Payable	30,737.68	48,740.31
Various Reserves	7,137,149.23	6,433,476.52
Reserve for Payroll	<u>209,688.39</u>	<u>582,239.19</u>
	<u>7,377,575.30</u>	<u>7,064,456.02</u>
<u>TOTAL LIABILITIES, RESERVES, AND FUND BALANCE</u>	<u>\$ 7,413,100.13</u>	<u>\$ 7,095,661.96</u>

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

C

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 4,926,630.55	\$ 10,517,890.55
Grants and Aid Receivable	141,250.00	210,183.85
Due from Current Fund		423,750.00
Deferred Charges to Future Taxation:		
Unfunded	<u>38,924,939.54</u>	<u>17,845,439.54</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 43,992,820.09</u></b>	<b><u>\$ 28,997,263.94</u></b>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bond Anticipation Notes	\$ 4,030,000.00	\$ 4,030,000.00
Improvement Authorizations:		
Funded	3,426,752.95	3,935,215.87
Unfunded	30,707,993.06	12,399,637.36
Capital Improvement Fund	220,551.00	566,327.07
Reserve for:		
Debt Service	333,227.51	346,174.52
Encumbrances	4,742,893.12	5,758,506.67
Capital Projects	248,804.00	443,804.00
Preliminary Planning Expenses	2,172.76	2,172.76
Papermill Property	90,814.42	1,290,814.42
Grants and Aid Receivable	141,250.00	176,250.00
Fund Balance	<u>48,361.27</u>	<u>48,361.27</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>	<b><u>\$ 43,992,820.09</u></b>	<b><u>\$ 28,997,263.94</u></b>
Bonds and Notes Authorized but Not Issued	<u>\$ 34,894,939.54</u>	<u>\$ 13,815,439.54</u>

See accompanying notes to financial statements.

TOWNSHIP OF MILLBURN  
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

C-1

Balance, December 31, 2024 and 2023

\$ 48,361.27

TOWNSHIP OF MILLBURN  
PARKING UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

D

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<u>Operating Fund</u>		
Cash and Cash Equivalents	\$ 893,577.82	\$ 279,491.96
Total Operating Fund	<u>893,577.82</u>	<u>279,491.96</u>
<u>Capital Fund</u>		
Cash and Cash Equivalents	1,088,249.89	975,494.89
Fixed Capital	10,405,225.00	10,025,225.00
Fixed Capital Authorized and Uncompleted	<u>600,000.00</u>	<u>780,000.00</u>
	<u>12,093,474.89</u>	<u>11,780,719.89</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,987,052.71</u></b>	<b><u>\$ 12,060,211.85</u></b>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Operating Fund</u>		
Liabilities:		
Appropriation Reserves:		
Encumbered	\$ 32,934.74	\$ 57,999.03
Unencumbered	<u>80,814.29</u>	<u>107,002.84</u>
	<u>113,749.03</u>	<u>165,001.87</u>
Prepaid Parking Permits	379,482.50	38,870.00
Reserve for Parking Meter Replacement	2,881.00	2,881.00
Interfunds Payable	<u>27,540.00</u>	<u>206,752.87</u>
Fund Balance	<u>369,925.29</u>	<u>72,739.09</u>
Total Operating Fund	<u>893,577.82</u>	<u>279,491.96</u>
<u>Capital Fund</u>		
Capital Improvement Fund	17,250.00	17,250.00
Reserve for Amortization	10,405,225.00	10,025,225.00
Reserve for Parking Deck Repair	250,000.00	165,000.00
Reserve for Parking Meter Replacement	131,479.00	131,479.00
Reserve for Preliminary Planning Expenses	250.00	250.00
Deferred Reserve for Amortization	600,000.00	780,000.00
Improvement Authorizations:		
Funded	575,352.52	653,130.31
Encumbrances Payable	105,532.79	8,385.58
Fund Balance	<u>8,385.58</u>	<u>8,385.58</u>
Total Capital Fund	<u>12,093,474.89</u>	<u>11,780,719.89</u>
<b>TOTAL LIABILITIES, RESERVES, AND FUND BALANCE</b>	<b><u>\$ 12,987,052.71</u></b>	<b><u>\$ 12,060,211.85</u></b>

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

TOWNSHIP OF MILLBURN  
PARKING UTILITY OPERATING FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

D-1

	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income</u>		
Fund Balance Utilized	\$ 30,000.00	\$ 450,000.00
Parking Meters and Permits	1,083,572.38	1,083,083.54
American Rescue Plan of 2021		585,000.00
Miscellaneous Revenue Not Anticipated	125,137.86	31,874.89
Other Credit to Income		
Accrued Interest on Notes Cancelled		30,924.95
Unexpended Balance of Appropriation Reserves	<u>133,475.96</u>	<u>38,390.40</u>
	<u>1,372,186.20</u>	<u>2,219,273.78</u>
<u>Expenditures</u>		
Operating	631,000.00	535,000.00
Debt Service		1,603,030.00
Capital Improvements	200,000.00	
Statutory Expenditures and Deferred Charges	<u>214,000.00</u>	<u>20,000.00</u>
	<u>1,045,000.00</u>	<u>2,158,030.00</u>
Excess in Revenue	327,186.20	61,243.78
<u>Fund Balance</u>		
Balance, Beginning of Year	<u>72,739.09</u>	<u>461,495.31</u>
Decreased by:		
Amount Utilized in Operating Budget	<u>399,925.29</u>	<u>522,739.09</u>
Balance, End of Year	<u>\$ 369,925.29</u>	<u>\$ 72,739.09</u>

TOWNSHIP OF MILLBURN  
PARKING UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

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Balance, December 31, 2024 and 2023	<u>\$ 8,385.58</u>
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TOWNSHIP OF MILLBURN  
PARKING UTILITY OPERATING FUND

STATEMENT OF REVENUE  
REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

D-3

	Budget Revenue	Realized	Excess
Fund Balance Anticipated	\$ 30,000.00	\$ 30,000.00	
Parking Meters and Permits	1,015,000.00	1,083,572.38	\$ 68,572.38
Miscellaneous Revenues		125,137.86	125,137.86
	<hr/> <u>\$ 1,045,000.00</u>	<hr/> <u>\$ 1,238,710.24</u>	<hr/> <u>\$ 193,710.24</u>

Analysis of Realized Revenue

Parking Meters and Permits:

Cash Receipts	\$ 1,044,702.38
Prepaid Parking Permits Realized as Revenue 2024	38,870.00
	<hr/> <u>\$ 1,083,572.38</u>

TOWNSHIP OF MILLBURN  
PARKING UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES  
 REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2024

D-4

<u>Appropriations</u>	<u>Expended</u>				
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>Operating</u>					
Salaries and Wages	\$ 360,000.00	\$ 360,000.00	\$ 360,000.00		
Other Expenses	271,000.00	271,000.00	158,710.97	\$ 32,934.74	\$ 79,354.29
<u>Capital Improvements</u>					
Capital Improvement Fund	200,000.00	200,000.00	200,000.00		
Parking Deck Repair	85,000.00	85,000.00	85,000.00		
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employees' Retirement System	50,000.00	50,000.00	50,000.00		
Police and Firemen's Retirement System of N.J.	50,000.00	50,000.00	50,000.00		
Social Security System (OASI)	29,000.00	29,000.00	27,540.00		1,460.00
Total Appropriations	<u>\$ 1,045,000.00</u>	<u>\$ 1,045,000.00</u>	<u>\$ 931,250.97</u>	<u>\$ 32,934.74</u>	<u>\$ 80,814.29</u>

Budget Appropriation	\$ 1,045,000.00
Cash Disbursed	\$ 903,710.97
Interfunds	27,540.00
	<u><u>\$ 1,045,000.00</u></u>
	<u><u>\$ 931,250.97</u></u>

See Accompanying Notes to Financial Statements.

TOWNSHIP OF MILLBURN  
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

E

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Cash - Checking	<u>\$ 31,204.01</u>	<u>\$ 28,461.66</u>
 <u>LIABILITIES AND RESERVES</u>		
Reserve for Expenditures	<u>\$ 31,204.01</u>	<u>\$ 28,461.66</u>

TOWNSHIP OF MILLBURN  
GOVERNMENTAL FIXED ASSETS

E

COMPARATIVE BALANCE SHEET  
REGULATORY BASIS  
DECEMBER 31, 2024 AND 2023

<u>GOVERNMENTAL FIXED ASSETS</u>	<u>2024</u>	<u>2023</u>
Land	\$ 15,408,472.00	\$ 15,408,472.00
Buildings and Site Improvements	26,740,400.00	26,740,400.00
Equipment	16,558,070.92	15,971,151.12
Vehicles	<u>10,030,104.62</u>	<u>9,832,212.51</u>
	<u>\$ 68,737,047.54</u>	<u>\$ 67,952,235.63</u>
<u>RESERVE</u>		
Investment in Governmental Fixed Assets	<u>\$ 68,737,047.54</u>	<u>\$ 67,952,235.63</u>

See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **1. REPORTING ENTITY**

The Township of Millburn, Essex County, New Jersey (the "Township") is organized as a Township Committee form of government, under the provisions created by an act of the New Jersey State Legislature on March 20, 1857. The Township is governed by an elected Mayor and Township Committee, and by such other officers and employees as may be duly appointed. The Committee shall consist of five members elected to staggered three-year terms beginning on the first day of January next following their election. Each member of the Committee carries a legislative vote.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

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

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is an other reporting framework 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 the separate funds, which differ from the fund structure in accordance with GAAP.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with GAAP.

GASB has issued Statement No. 14, as amended, which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5.

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Township has the following funds and account groups:

Current Fund - Encompasses resources and expenditures for basic governmental operations, including federal and state grant funds.

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

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

Parking Utility Fund – Account for operations and acquisition of capital facilities of the municipally owned parking utility.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Township which are not covered under the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

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

#### **Basis of Accounting**

The Township follows the regulatory-basis of accounting. Under this method of accounting, revenues, except for Federal and State 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 US GAAP applicable to local government units.

The more significant differences are as follows:

#### **Property Taxes and Other Revenue**

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. In addition, any delinquency in excess of \$10,000 at the end of the calendar year is subject to a 6% penalty of the unpaid balance.

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 June 30 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 1 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.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 11th 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.

US 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.

#### **Grant Revenue**

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

#### **Expenditures**

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

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

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

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

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

#### **Encumbrances**

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

#### **Appropriation Reserves**

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

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Cash, Cash Equivalents 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.

##### **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 N.J.S.A 40A:4-39 for the future payment of compensated absences. GAAP requires that liabilities for compensated absences be recorded for leave that has not been used when the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash. Compensated absences liabilities are not recorded on the balance sheet.

##### **Tax Appeals and Other Contingent Losses**

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

##### **Property Acquired for Taxes**

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

##### **Interfunds Receivable/Payable**

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

##### **Inventories of Supplies**

The cost of inventories for all funds are recorded as expenditures at the time individual items are purchased.

##### **Governmental Fixed Assets**

General:

In accordance with the Administrative Code, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Township has developed a fixed asset accounting and reporting system.

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

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record. Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost. Depreciation of assets is not recorded as an operating expense of the Township.

##### **Utilities:**

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

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

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

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

##### **Prepaid Items**

Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

##### **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.

##### **Municipal Debt**

The Township's short-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 short-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 the Division only requires the most recent one year to be presented. Refer to Note 6 for these disclosures.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **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, GASB Statement No. 75 did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB Statement. See Note 7 for these disclosures.

The Township is a member of the State's multiple employer OPEB plan. As it relates to the State of New Jersey multiple-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6.1(c)2 the Division requires that the most recent available audited GASB 75 financial information related to the State Plan to be incorporated into the audited financial statements and only requires one year to be disclosed.

##### **Basic Financial Statements**

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

##### **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.

##### **Leases**

###### ***Township as a Lessor***

The Township is a lessor for the rental of land and real property with various organizations. The most significant lease agreement is with the Paper Mill Playhouse dated July 18, 2008. The terms of the lease is for 35 years through July 31, 2043 with an option to extend for four additional successive ten year terms. The annual rent includes a base rent that ranges from \$216,000 to \$300,000 and one percent of annual operating income from the preceding year.

##### **Recently Issued and Adopted Accounting Principles**

The GASB issued Statement No. 100, "Accounting Changes and Error Corrections" in June 2022. This Statement will improve the clarity of accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter, with earlier application encouraged. The requirements of this Statement have been evaluated by the Township and have been applied to the financial statements for the year ended December 31, 2024.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Recently Issued and Adopted Accounting Principles (continued)**

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, with earlier application encouraged. The requirements of this Statement have been evaluated by the Township and have been determined not to be applicable for the year ended December 31, 2024. The Township will continue to follow the policies and procedures promulgated by New Jersey Administrative Code 5:30-15.

The GASB issued Statement No. 102 *Certain Risk Disclosures* in December 2023. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* in September 2024. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

#### **3. DEPOSITS AND INVESTMENTS**

##### **Deposits**

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

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the Township considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **3. DEPOSITS AND INVESTMENTS (continued)**

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

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

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

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

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

Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

At December 31, 2024 and 2023, the book values of the deposits of the Township consisted of the following:

	Book Balance	
	December 31, 2024	December 31, 2023
Cash (Demand Accounts)	\$ 45,658,463.34	\$ 51,061,311.31
Change Funds (On-Hand)	<u>125.00</u>	<u>125.00</u>
	<u><u>\$ 45,658,588.34</u></u>	<u><u>\$ 51,061,436.31</u></u>

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute and to deposit all of its funds in banks covered by FDIC and GUDPA. At least five percent of the Township's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Township. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **3. DEPOSITS AND INVESTMENTS (continued)**

At December 31, 2024 and 2023 the Township had the following depository accounts. All deposits are carried at cost.

<u>Depository Account</u>	Bank Balance	
	December 31, 2024	December 31, 2023
FDIC Insured	\$ 750,000.00	\$ 998,908.68
GUDPA Insured	37,044,107.72	38,583,665.58
Uninsured	7,153,609.05	12,965,163.21
	<u>\$ 44,947,716.77</u>	<u>\$ 52,547,737.47</u>

#### Investments

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

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

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

#### New Jersey Cash Management Fund

In order to maximize liquidity, the Township utilizes the New Jersey Cash Management Fund ("NJCMF"). The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the Township's shares. These investments include U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **3. DEPOSITS AND INVESTMENTS (continued)**

Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF daily without penalty. At December 31, 2024 and 2023, the Township's on deposit balances were \$6,874,150.27 and \$12,363,736.17, respectively. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason, a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

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

#### **Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is based on the lowest priority level that is significant to the entire measurement. Investments consisted of one-year certificates of deposit, which are considered Level 2 Investments.

#### **4. TAXES AND TAX TITLE LIENS RECEIVABLE**

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

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

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

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 4. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)

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

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections:

#### **Comparative Schedule of Tax Rates**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax Rate	<u>\$ 1.982</u>	<u>\$ 1.956</u>	<u>\$ 1.943</u>
Apportionment of			
Tax Rate:			
Municipal*	\$ 0.505	\$ 0.487	\$ 0.481
County	0.457	0.471	0.484
School	<u>1.020</u>	<u>0.998</u>	<u>0.978</u>

\* Including Municipal Library Tax.

#### **Assessed Valuations**

<u>Year</u>	<u>Amount</u>
2024	\$ 9,917,051,500.00
2023	9,875,653,000.00
2022	9,821,855,128.00

#### **Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2024	\$ 197,655,527.23	\$ 194,682,789.15	98.50%
2023	193,832,294.12	192,976,954.17	99.56%
2022	191,597,016.63	190,923,045.16	99.65%

#### **Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$ 2,862.19	\$ 2,829,099.37	\$ 2,831,961.56	1.43%
2023	2,812.64	606,647.60	609,460.24	0.32%
2022	2,763.74	473,394.10	476,157.84	0.25%

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 5. FUND BALANCES APPROPRIATED

Year	Current Fund		Parking Utility Operating Fund	
	Balance Dec. 31st	Utilized in Budget of Succeeding Year	Balance Dec. 31st	Utilized in Budget of Succeeding Year
2024	\$ 16,579,550.38	\$ 7,725,000.00	\$ 369,925.29	\$ 100,000.00
2023	18,753,710.28	7,600,000.00	72,739.09	30,000.00
2022	18,678,062.30	7,985,000.00	461,495.31	450,000.00

#### 6. PENSION PLANS

##### Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension 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 PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

	2023
Inactive plan members or beneficiaries currently receiving benefits	191,119
Inactive plan members entitled to but not yet receiving benefits	580
Active plan members	<u>241,151</u>
Total	<u><u>432,850</u></u>

Contributing Employers – 1,672 (as of June 30, 2023)

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **6. PENSION PLANS (continued)**

For the year ended December 31, 2023, the Township's total payroll for all employees was \$21,288,437.00. Total PERS covered payroll was \$8,884,769.00. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

*Specific Contribution Requirements and Benefit Provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions is based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Township payments to PERS for the year ending December 31, 2023 consisted of the following:

<u>2023</u>	
Total Regular Billing	\$ <u>1,536,773.00</u>

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible 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

A service retirement benefit of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, tiers 3 and 4 with 25 years or more 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 retirement age of his/her respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 6. PENSION PLANS (continued)

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2023, the PERS reported a net pension liability of \$14,484,374,047.00 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$16,654,490.00 or 0.1149824659%, which was an increase of 0.0001465536% from its proportion measured as of June 30, 2022. The pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,238.00	\$ 68,078.00
Changes in assumptions	36,587.00	1,009,334.00
Net difference between projected and actual earnings on pension plan investments	76,696.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	138,887.00	495,829.00
Township contributions subsequent to the measurement date	1,536,773.00	
	<u>\$ 1,948,181.00</u>	<u>\$ 1,573,241.00</u>

\$1,536,773.00 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

	<u>December 31,</u>	<u>Amount</u>
2024	\$ (1,009,026.00)	
2025	(653,063.00)	
2026	622,539.00	
2027	(124,196.00)	
2028	<u>1,913.00</u>	
Total	<u>\$ (1,161,833.00)</u>	

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **6. PENSION PLANS (continued)**

*Assumptions-* The total collective pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023	
Inflation Rate: Price	2.75%
Inflation Rate: Wage	3.25%
Salary Increases:	
	2.75 - 6.55%
Through 2026	based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.20% adjustment for males and 101.40% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.40% adjustment for males and 99.70% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.70% adjustment for males and 117.20% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 6. PENSION PLANS (*continued*)

Best estimates of arithmetic rates of return for each major asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-US Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Assets	8.00%	8.58%
Real Estate	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%
US 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 and the nonemployer contributing entity will be based on 100.00% of the actuarially determined contributions for the State employer and 100.00% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	\$ 21,680,602.00	\$ 16,654,490.00	\$ 12,376,604.00

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2023 was \$34,831,652,936.00. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2023 was \$27,400,438,440.00.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **6. PENSION PLANS (continued)**

##### *Additional Information*

Collective balances at June 30, 2023 are as follows:

Collective deferred outflows of resources	\$ 1,080,204,730.00
Collective deferred inflows of resources	1,780,216,457.00
Collective net pension liability - Local group	14,606,489,066.00
Township's Proportion	0.1149824659%

Collective Local Group pension benefit for the Local Group for the measurement periods ended June 30, 20243 was (\$79,181,803.00). The average of the expected remaining service lives of all plan members is 5.08, 5.04, 5.13, 5,16, 5.21, and 5.63, 5.63, and 5.48 years for 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

##### *State Contribution Payable Dates*

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25.00% by September 30, at least 50.00% by December 31, at least 75.00% by March 31, and at least 100.00% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date. Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

##### *Receivable Contributions*

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2023 was \$1,354,892,653.00.

##### *Special Funding Situation*

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

Unaudited data provided by the PERS indicates that the total nonemployer contributions made to the PERS by the State for the year ended June 30, 2023 was \$61,366,036.00. The portion of that contribution allocated to the Township was \$51,939.00 or 0.1154190201% The State special funding situation pension expense of \$45,000,471.00 was actuarially determined at June 30, 2023 and represents the required contribution due from the State for the year. The Township's allocated shares of the special funding situation pension expense and related revenue for the year ended June 30, 2023 was \$51,939.00

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 6. **PENSION PLANS (continued)**

##### **Police and Firemen's Retirement System**

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension 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 PFRS Plan are as follows:

*Plan Membership and Contributing Employers* - Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

	2023
Inactive plan members or beneficiaries currently receiving benefits	48,753
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	39,891
Non-contributing active members	1,925
Total	<u>90,629</u>

Contributing Employers – 574 (as of June 30, 2023)

*Significant Legislation* – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

In accordance with Chapter 98, P.L. 2017, PERS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System monthly.

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers' contributions are expected to be received on April 1st, 21 months after the associated valuation date.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2023, the Township's total payroll for all employees was \$21,288,437.00. Total PFRS covered payroll was \$12,403,668.00. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

Township payments to PFRS for the year ending December 31, 2023 consisted of the following:

	<u>2023</u>
Total Regular Billing	<u>\$ 4,338,877.00</u>

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **6. PENSION PLANS (continued)**

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible 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% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory-basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2023, the PFRS reported a net pension liability of \$11,048,782,843.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$36,012,072.00, or 0.3259370100% which was an increase of 0.0082507700% from its proportion measured as of June 30, 2024. The pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB 68 were recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,541,965.00	\$ 1,717,456.00
Changes in assumptions	77,727.00	2,431,678.00
Net difference between projected and actual earnings on pension plan investments	1,834,027.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	2,005,222.00	1,443,640.00
Township contributions subsequent to the measurement date	4,338,877.00	
	<u>\$ 9,797,818.00</u>	<u>\$ 5,592,774.00</u>

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 6. **PENSION PLANS (continued)**

\$4,338,877.00 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

	Year ended	
	<u>December 31,</u>	<u>Amount</u>
2024	\$	(1,212,496.00)
2025		(1,430,112.00)
2026		2,146,807.00
2027		88,931.00
2028		243,003.00
2029		<u>30,034.00</u>
<b>Total</b>	<b>\$</b>	<b><u>(133,833.00)</u></b>

*Actuarial Assumptions-* The total collective pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2023</u>
Inflation Rate: Price	2.75%
Inflation Rate: Wage	3.25%
Salary Increases:	
Through All Future Years	3.25% - 16.25%
	based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.50% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.70% adjustment for males and 96.00% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.00% adjustment for males and 109.30% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 6. PENSION PLANS (continued)

inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-US Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Assets	8.00%	8.58%
Real Estate	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%
US Treasuries	4.00%	3.31%

*Discount Rate* – The discount rates used to measure the total pension liability as of June 30, 2023 and 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 and the nonemployer contributing entity will be based on 100.00% of the actuarially determined contributions for the State employer and 100.00% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PFRS	\$ 50,176,516.00	\$ 36,012,072.00	\$ 24,216,474.00

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2023 was \$32,567,234,286.00.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **6. PENSION PLANS (continued)**

*Additional Information* - Collective balances at June 30, 2023 are as follows:

Collective deferred outflows of resources	\$ 1,753,080,638.00
Collective deferred inflows of resources	1,966,439,601.00
Collective net pension liability - Local group	13,084,649,602.00
Township's Proportion	0.3259370100%

Collective pension expense for the Local Group for the measurement periods ended June 30, 2023 and \$844,810,693.00. The average of the expected remaining service lives of all plan members is 6.16, 6.22, 6.17, 5.90, 5.92, and 5.73, years for 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

#### *State Contribution Payable Dates*

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25.00% by September 30, at least 50.00% by December 31, at least 75.00% by March 31, and at least 100.00% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1<sup>st</sup>, 21 months after the associated valuation date.

#### *Receivable Contributions*

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits.

Local contributions expected to be paid the April 1<sup>st</sup>, following the valuation are discounted by the interest rate used at the valuation date.

#### *Special Funding Situation*

The Township is responsible for the actuarially determined annual contributions to PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, a non-employer, is required to pay the additional costs incurred by Local employers based on the provisions of several legislative actions. The provisions of GASB Statement No. 68 define the relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2023 was \$232,824,730.00. The portion of that contribution allocated to the Township in 2023 was \$758,862.00 or 0.32593703%. The June 30, 2023 State special funding situation pension expense of \$231,575,656.00 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,035,866,759.00 at June 30, 2023 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date.

The Township's share of the special funding situation pension expense for the year ended June 30, 2023 and its share of the special funding situation NPL at that date were \$754,791.00 and \$6,635,643.00, respectively.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 6. **PENSION PLANS (continued)**

##### **Defined Contribution Retirement Plan**

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation.

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 \$5,000.00 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 \$5,000.00 annually. Members who earn in excess of the annual maximum wage will be enrolled in the DCRP in addition to the PERS.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3.00% of the employees' base salary. Active members contribute 5.50% 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.

##### *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 based on 7.50% for PERS, 10.00% for PFRS and 5.50% for DCRP of employees' base wages.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **7. OTHER POST-EMPLOYMENT BENEFITS – STATE PLAN**

##### **State Health Benefit Local Government Retired Employees Plan**

###### *Plan Description*

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

###### *Benefits Provided*

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

###### *Contributions*

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

**TOWNSHIP OF MILLBURN**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**7. OTHER POST-EMPLOYMENT BENEFITS – STATE PLAN (continued)**

**Plan Membership and Contributing Employers**

Plan membership consisted of the following at June 30, 2023:

	<u>2023</u>
Inactive plan members	34,771
Active plan members	<u>65,613</u>
Total	<u>100,384</u>

*Nonspecial Funding Situation* - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$14,889,576,786.00 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	\$ 14,889,576,786.00
Plan Fiduciary Net Position (Deficit)	<u>(116,962,691.00)</u>
Net OPEB Liability	<u>\$ 15,006,539,477.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%

**OPEB Liabilities and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2023, the Township's liability for its proportionate share of the net OPEB liability was \$65,308,309.74 (397 employees). The net OPEB liability as of December 31, 2023 was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Township's proportion of the net OPEB liability was based on a projection of the Township's long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating local governments, actuarially determined. As December 31, 2023, the Township's was 0.435199%.

At December 31, 2023, the Township's deferred outflows of resources and deferred inflows of resources related to the OPEB were from the following sources if GASB 75 were recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 8,459,876	\$ 18,460,568
Net difference between projected and actual investment earnings on OPEB plan investments		10,776
Differences between expected and actual experience	3,011,682	17,735,603
Changes in proportion	24,502,155	3,231,201
<b>Total</b>	<b>\$ 35,973,713</b>	<b>\$ 39,438,148</b>

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **7. OTHER POST-EMPLOYMENT BENEFITS – STATE PLAN (continued)**

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 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:

Discount Rate	3.65%
<b>Salary Increases*:</b>	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate for all future years	2.75%-6.55%
Police and Fireman's Retirement System (PFRS)	
Rate of all future years	3.25%-16.25%

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

**Mortality Rates** – Pre-retirements mortality rates were based on the Pub-2021 “General” and “Safety” Employee mortality table with fully generational mortality improvement projections for the central year using Scale MP-2021. Post-retirement mortality improvement projections from the central year using Scale MP-2010 “General and “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” and “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**Health Care Trend Assumptions** – For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2025 and decreases to 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**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	At Discount Rate	1% Increase
	(2.65%)	(3.65%)	(4.65%)
Total Net OPEB Liability - 2023	\$ 56,381,985	\$ 65,308,310	\$ 56,991,753

**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 Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2023	\$ 76,843,943	\$ 65,308,310	\$ 77,860,338

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **7. OTHER POST-EMPLOYMENT BENEFITS – STATE PLAN (continued)**

*Special Funding Situation* - The State of New Jersey's Total OPEB Liability for special funding situation was \$3,489,093,208.00 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 non-employer 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 Millburn was \$65,308,310.00 at June 30, 2023. These allocated liabilities represent 0.435199% of the State's Total Non-employer OPEB Liability for June 30, 2023. The OPEB expense attributed to the Township was \$1,515,394.00 at June 30, 2023.

#### **8. MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within 10 years and 5 months or retired by the issuance of bonds.

The Township's debt as of December 31, 2024 and 2023 is summarized as follows:

#### **Summary of Municipal Debt (Excluding Current and Operating Debt)**

	<u>2024</u>	<u>2023</u>
<b><u>Issued</u></b>		
General Capital:		
Notes	\$ 4,030,000.00	\$ 4,030,000.00
	<u>4,030,000.00</u>	<u>4,030,000.00</u>
Less:		
Reserve to Pay Debt Service:		
General	333,227.51	346,174.52
	<u>333,227.51</u>	<u>346,174.52</u>
Net Debt Issued	3,696,772.49	3,683,825.48
<b><u>Authorized but Not Issued</u></b>		
General Capital:		
Bonds and Notes	34,894,939.54	13,815,439.54
Total Authorized but Not Issued	<u>34,894,939.54</u>	<u>13,815,439.54</u>
Net Bonds and Notes Issued and Authorized but Not Issued	\$ 38,591,712.03	\$ 17,499,265.02

**TOWNSHIP OF MILLBURN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**8. MUNICIPAL DEBT (continued)**

The summarized statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 3.32% at December 31, 2024:

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Local School District	\$ 52,113,000.00	\$ 52,113,000.00	
General Debt	38,924,939.54	333,227.51	\$ 38,591,712.03
	<u>\$ 91,037,939.54</u>	<u>\$ 52,446,227.51</u>	<u>\$ 38,591,712.03</u>

Net debt, \$38,591,712.03 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$11,881,897,567.00 equals 3.32%.

**Summary of Statutory Debt Condition - Annual Debt Statement Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis	\$ 415,866,414.85
Net Debt	<u>38,591,712.03</u>
Remaining Borrowing Power	<u>\$ 377,274,702.82</u>

**School Debt Deductions**

School debt is deductible up to the extent of 4.00% of the Average Equalized Assessed Valuations of real property for the Local District.

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

**Bond Anticipation Notes**

As of December 31, 2024 and 2023 Township's bond anticipation notes payable were as follows:

	Balance, December 31, 2023	Additions	Reductions	Balance December 31, 2024
Bond Anticipation Notes				
General Capital Fund	\$ 4,030,000.00	\$ 4,030,000.00	\$ 4,030,000.00	\$ 4,030,000.00
Total	<u>\$ 4,030,000.00</u>	<u>\$ 4,030,000.00</u>	<u>\$ 4,030,000.00</u>	<u>\$ 4,030,000.00</u>
	Balance, December 31, 2022	Additions	Reductions	Balance December 31, 2023
Bond Anticipation Notes				
General Capital Fund	\$ 4,835,522.00	\$ 4,030,522.00	\$ 4,836,044.00	\$ 4,030,000.00
Parking Utility Capital Fund	<u>1,569,000.00</u>		<u>1,569,000.00</u>	
Total	<u>\$ 6,404,522.00</u>	<u>\$ 4,030,522.00</u>	<u>\$ 6,405,044.00</u>	<u>\$ 4,030,000.00</u>

The notes in the General Capital Fund mature on January 24, 2025 with an interest rate of 5.00%.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **8. MUNICIPAL DEBT (continued)**

##### **Bonds and Notes Authorized but Not Issued**

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

	Balance December 31, 2024	Balance December 31, 2023
General Capital Fund		
General Improvements	<u>\$ 34,894,939.54</u>	<u>\$ 13,815,439.54</u>

#### **9. INTERFUND RECEIVABLES AND PAYABLES**

As of December 31, 2024 and 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

Fund	2024		2023	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	\$ 40,269.28	\$ 7,842.38	\$ 26,645.27	\$ 423,750.00
Trust Fund:				
Other Trust Fund	7,842.38	30,737.68		48,740.31
Animal Trust Fund	26,178.33	8,169.93	30,442.20	8,347.16
General Capital Fund			423,750.00	
Parking Utility Operating Fund	<u>27,540.00</u>	<u>\$ 74,289.99</u>	<u>\$ 480,837.47</u>	<u>\$ 480,837.47</u>

All interfunds are expected to be liquidated within one year.

#### **10. RISK MANAGEMENT**

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

The Township is a member of the Morris County Municipal Joint Insurance Fund for various insurance coverages. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

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

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

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **10. RISK MANAGEMENT (continued)**

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

Financial Statements for the Fund are available at the offices of the Fund's Executive Director:

PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, NJ 07085  
(201-881-7632)

#### New Jersey Unemployment Compensation Insurance

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

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

<u>Year Ended December 31</u>		<u>Opening Balance</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$	102,124.35	\$ 30,572.04	\$ 35,106.98	\$ 97,589.41
2023		119,416.61	1,658.20	18,950.46	102,124.35
2022		157,009.30	761.55	38,354.24	119,416.61

#### Self-Insurance Deductible

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

At December 31, 2024 and 2023, Reserve for Self-Insurance amounts were \$1,806,113.28 and \$1,939,846.18, respectively.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **11. CONTINGENT LIABILITIES**

##### **a. Compensated Absences**

The Township permits its employees to accrue unused vacation and sick pay, which may be taken as compensatory time off or paid at a later date, at an agreed upon rate. It is estimated that the sum of \$4,570,684.11 and \$4,687,225.77, is due and payable to employees and officials of the Township as of December 31, 2024 and 2023, respectively upon their retirements or other separations. This amount was not verified by audit.

The Township has set aside a reserve of \$691,008.33 and \$754,091.70 in the General Trust Fund to fund a portion of the liability for the years ended December 31, 2024 and 2023, respectively.

##### **b. Tax Appeals**

At December 31, 2024, the Township Attorney indicated that there were numerous State Tax Appeals pending before the New Jersey Tax Court and Essex County Tax Board matters.

Judgments, adverse to the Township, would apply to the year of appeal plus at least two subsequent years. Refunds or tax credits, including statutory interest thereon, would be chargeable to operations or future budget appropriations. County taxes paid on the reductions in assessed valuations are subject to credits against County Tax Levy of the year subsequent to the year in which appeals were adjudicated.

The Township has set aside a reserve of \$2,454,393.68 and \$1,948,271.18 in the Current Fund to fund future tax appeals for the years ended December 31, 2024 and 2023, respectively.

##### **c. Federal Awards and State Financial Assistance**

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

##### **d. Litigation**

The Township is involved in claims incidental to its operation which has been referred to and are being handled by the Township's liability insurance carrier. No claims are in excess of insurance coverage limits.

## TOWNSHIP OF MILLBURN

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### **12. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2024 and 2023:

##### **General Fixed Assets**

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
Land	\$ 15,408,472.00			\$ 15,408,472.00
Buildings and Improvements	26,740,400.00			26,740,400.00
Equipment	15,971,151.12	\$ 586,919.80		16,558,070.92
Vehicles	9,832,212.51	386,646.11	\$ 188,754.00	10,030,104.62
	<u>\$ 67,952,235.63</u>	<u>\$ 973,565.91</u>	<u>\$ 188,754.00</u>	<u>\$ 68,737,047.54</u>
	Balance December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2023</u>
Land	\$ 15,408,472.00			\$ 15,408,472.00
Buildings and Improvements	26,740,400.00			26,740,400.00
Equipment	15,450,896.56	\$ 520,254.56		15,971,151.12
Vehicles	9,441,924.43	614,416.08	\$ 224,128.00	9,832,212.51
	<u>\$ 67,041,692.99</u>	<u>\$ 1,134,670.64</u>	<u>\$ 224,128.00</u>	<u>\$ 67,952,235.63</u>

The following is a summary of changes in the Parking Utility Fund Fixed Assets as of December 31, 2024 and 2023:

##### **Parking Utility Fund**

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
Parking Utility Improvements	\$ 10,025,225.00	\$ 380,000.00		\$ 10,405,225.00
	<u>\$ 10,025,225.00</u>	<u>\$ 380,000.00</u>	<u>\$ -</u>	<u>\$ 10,405,225.00</u>
Fixed Capital Authorized and Uncompleted	<u>\$ 780,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 380,000.00</u>	<u>\$ 600,000.00</u>
	Balance December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2023</u>
Parking Utility Improvements	\$ 10,025,225.00			\$ 10,025,225.00
	<u>\$ 10,025,225.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,025,225.00</u>
Fixed Capital Authorized and Uncompleted	<u>\$ 780,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780,000.00</u>

#### **13. SUBSEQUENT EVENTS**

The Township has evaluated subsequent events occurring after December 31, 2024 through the date of June 30, 2025, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that no subsequent events have occurred that require disclosure in the financial statements.

**APPENDIX C**  
**PROPOSED FORM OF BOND COUNSEL OPINION**

STEVEN L. ROGUT  
THOMAS J. BACE †  
JOSHUA A. CUCUZZELLA

DANIEL J. McCARTHY, of Counsel  
DIANE U. DABULAS, of Counsel

† ALSO ADMITTED IN FL AND DC

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APPENDIX C

[Proposed Form of Bond Counsel Opinion]

January \_\_\_, 2026

Township Committee  
Township of Millburn  
County of Essex  
State of New Jersey

Dear Committee Members:

We have acted as bond counsel in connection with the issuance of an \$18,500,000 Bond Anticipation Note (the "Note") by the Township of Millburn, a municipal corporation of the State of New Jersey, located in the County of Essex (the "Township"). The Note is dated January 22, 2026, is payable January 22, 2027, bears interest from its date at the rate of \_\_\_\_\_% per annum, payable at maturity, and is numbered 26-1R.

The Note has been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to and in anticipation of the issuance of bonds authorized by seven bond ordinances adopted by the Township Committee of the Township on October 3, 2023 (two ordinances: Ord. Nos. 2649-23 and 2650-23), October 17, 2023 (Ord. No. 2648-23), March 19, 2024 (Ord. No. 2660-24), April 2, 2024 (Ord. No. 2663-24), October 15, 2024 (Ord. No. 2690-24) and April 15, 2025 (Ord. No. 2701-25) (the "Bond Ordinances") to finance various public improvements in, by and for the Township.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Note and other amounts and to the rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Note to be included in gross income of the owners thereof retroactive to the date of issuance of the Note, regardless of when such noncompliance occurs.

The Township will covenant, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Note, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the Bond Ordinances and a copy of the form of Note. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Township of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and any exhibits thereto. 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. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Note, on a certificate of the Township.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Township in connection with the sale and issuance of the Note, or (ii) other documents of the Township delivered to the purchaser of the Note, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion that:

1. The Note has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Township enforceable in accordance with its terms, except as enforcement of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

Township Committee

January \_\_, 2026

Page 3

2. The Township has pledged its full faith and credit to the payment of the principal of and interest on the Note, and unless paid from other sources, the Township is authorized and required by law to levy on all real property taxable by the Township such ad valorem taxes as may be necessary to pay the Note and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Township with its Tax Certificate, under existing law, interest on the Note is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Note is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Note that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Note and any gain from the sale of the Note are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC