

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 9, 2024**

**NEW ISSUE – BOOK-ENTRY-ONLY**

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

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

**BOROUGH OF NEW PROVIDENCE, IN THE  
COUNTY OF UNION, NEW JERSEY**

**\$9,000,000 BOND ANTICIPATION NOTE, SERIES 2024**

**DATED DATE: JULY 25, 2024**

**MATURITY DATE: JULY 25, 2025**

**INTEREST RATE: \_\_\_\_%**

**RE-OFFER YIELD: \_\_\_\_%**

**CUSIP NO. \_\_\_\_\_**

**(BANK-QUALIFIED) (NON-CALLABLE)**

The \$9,000,000 Bond Anticipation Note, Series 2024 (the "Note") of the Borough of New Providence, in the County of Union, New Jersey (the "Borough"), is being issued to: (i) currently refund the Borough's \$9,000,000 Bond Anticipation Note, dated and issued on July 26, 2023 and maturing on July 26, 2024; and (ii) pay the costs associated with the authorization, sale and issuance of the Note. See "AUTHORIZATION AND PURPOSE OF THE NOTE" herein.

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

The Note is not subject to redemption prior to its stated maturity date. See "DESCRIPTION OF THE NOTE – Redemption" herein.

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

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

*The Note is offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Borough in connection with the Note. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about July 25, 2024.*

**ELECTRONIC SUBMISSIONS FOR THE NOTE WILL BE RECEIVED VIA PARITY OR  
E-MAIL UNTIL 11:00 A.M. ON JULY 16, 2024. FOR MORE DETAILS ON HOW TO BID  
ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT [WWW.I-DEALPROSPECTUS.COM](http://WWW.I-DEALPROSPECTUS.COM).**

This is a Preliminary Official Statement complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized the distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Note described herein, the Borough will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations requesting payment for the Note.

**BOROUGH OF NEW PROVIDENCE, IN THE  
COUNTY OF UNION, NEW JERSEY**

**MAYOR**

Allen Morgan

**COUNCIL MEMBERS**

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Matthew Cumiskey  
Peter DeSarno  
Nadine Geoffroy  
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**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC  
Roseland, New Jersey

**MUNICIPAL ADVISOR**

NW Financial Group, LLC  
Bloomfield, New Jersey

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

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

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

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

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

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

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

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**OFFICIAL STATEMENT**  
**RELATING TO**  
**\$9,000,000 BOND ANTICIPATION NOTE, SERIES 2024**  
**OF THE**  
**BOROUGH OF NEW PROVIDENCE, IN THE**  
**COUNTY OF UNION, NEW JERSEY**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of New Providence (the "Borough"), in the County of Union (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of its \$9,000,000 Bond Anticipation Note, Series 2024 (the "Note"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Note described herein.

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

**DESCRIPTION OF THE NOTE**

**General Description**

The Note is dated, will mature on the date and in the amount and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Note will be issued in the form of one certificate for the aggregate principal amount of the Note.

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

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

**Redemption**

The Note is not subject to redemption prior to its stated maturity date.

## **Book-Entry-Only System**

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

DTC will act as securities depository for the Note. The Note 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 aggregate principal amount of the Note and will be deposited with DTC.

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

Purchases of the Note under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note on DTC's records. The ownership interest of each actual purchaser of the Note ("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 Note 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 Note, except in the event that use of the book-entry system for the Note is discontinued.

To facilitate subsequent transfers, the Note deposited by Direct Participants with DTC is registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Note with DTC and its registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Note; DTC's records reflect only the identity of the Direct Participants to whose accounts the Note is credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

The Borough may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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 Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTE, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE NOTE (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET

DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTE.

**Discontinuation of Book-Entry-Only System**

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

**SECURITY AND SOURCE OF PAYMENT**

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

**AUTHORIZATION AND PURPOSE OF NOTE**

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

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Ordinance</b>	<b>Aggregate Amount of Note to be Issued</b>
2016-07	Various capital improvements, finally adopted April 11, 2016.	\$311,777.50
2016-08	Various recreation and community activity projects, finally adopted May 23, 2016.	\$170,000
2017-06	Various capital improvements, finally adopted May 8, 2017.	\$2,288,212.50
2018-04	Various capital improvements, finally adopted May 21, 2018.	\$1,190,000
2019-04	Various capital improvements, finally adopted May 6, 2019.	\$387,000
2020-04	Various capital improvements, finally adopted May 26, 2020.	\$2,360,000
2021-07	Various capital improvements, finally adopted May 25, 2021.	\$2,293,010
	<b>Totals:</b>	<b>\$9,000,000</b>

The proceeds from the sale and issuance of the Note will be used by the Borough to: (i) currently refund the Borough's \$9,000,000 Bond Anticipation Note, dated and issued on July 26, 2023 and maturing on July 26, 2024; and (ii) pay the costs associated with the authorization, sale and issuance of the Note.



## **INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC AND ONGOING CONCERNS**

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

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Borough has received approximately \$1,422,270 from the Plan. The deadline to obligate the funds is December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

## **MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

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

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation, is \$3,323,397,683.

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

The Borough has not exceeded its statutory debt limit. As of December 31, 2023, the statutory net debt as a percentage of average equalized valuation was 0.800%. As noted above, the statutory limit is 3½%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was last completed in 1997. A Borough-wide re-assessment is expected to be completed in 2024 to become effective for the 2025 tax year.

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

are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

### **Tax Appeals**

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2022 for the Borough is on file with the Borough Clerk and is available for review during business hours.

## **TAX MATTERS**

### **Exclusion of Interest on the Note From Gross Income for Federal Tax Purposes**

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

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

Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough ("Bond Counsel"), is of the opinion that, 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, and interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Note is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

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

### **Original Issue Premium**

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

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

### **Bank-Qualification**

The Note **will** be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

### **Additional Federal Income Tax Consequences of Holding the Note**

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

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

### **Changes in Federal Tax Law Regarding the Note**

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

### **State Taxation**

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

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

### **LITIGATION**

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

### **SECONDARY MARKET DISCLOSURE**

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Note;
- (7) Modifications to the rights of holders of the Note, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Note, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough;
- (13) The consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, 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 Borough, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Note, if material; and
  - (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties.

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

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

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

The Borough has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. In connection with such debt issues, the Borough failed to timely file its operating data for the fiscal year ended December 31, 2020 and its adopted budgets for the fiscal year ended December 31, 2021. In addition, the Borough failed to timely file notices with respect to such late filings. Due to the above issues regarding timely filing of financial information and event notices, the Borough has engaged a dissemination agent to assist with the Borough's continuing disclosure obligations.

There can be no assurance that there will be a secondary market for the sale or purchase of the Note. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Borough may affect the future liquidity of the Note.

## **MUNICIPAL BANKRUPTCY**

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

petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

### **APPROVAL OF LEGAL PROCEEDINGS**

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

### **RATING**

Moody's Ratings (the "Rating Agency") has assigned a rating of "MIG 1" to the Note based upon the creditworthiness of the Borough. The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Note.

### **UNDERWRITING**

The Note has been purchased from the Borough at a public sale by \_\_\_\_\_ (the "Underwriter"), which has agreed, subject to certain customary conditions precedent to closing, to purchase the Note at a purchase price of \$\_\_\_\_\_. The purchase price reflects the principal amount of the Note, *plus* original issue premium in the amount of \$\_\_\_\_\_, *less* Underwriter's discount in the amount of \$\_\_\_\_\_. The Note is being offered to the public at the yield set forth on the cover page of this Official Statement, which yield may be changed from time to time by the Underwriter without notice. The Note may be offered and sold to dealers, including the Underwriter and dealers acquiring the Note for their own account or any account managed by them, at prices lower than the public offering price.

### **MUNICIPAL ADVISOR**

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

## PREPARATION OF OFFICIAL STATEMENT

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

Wielkocz & Company, LLC, Pompton Lakes, New Jersey, has not participated in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in its Independent Auditor's Report attached hereto as Appendix B.

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

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

## ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to James Testa, the Borough's Chief Financial Officer, at 360 Elkwood Avenue, New Providence, New Jersey 07974, telephone (908) 665-1400, or by email at [jtesta@newprov.us](mailto:jtesta@newprov.us).

## MISCELLANEOUS

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

## BOROUGH OF NEW PROVIDENCE

By: \_\_\_\_\_  
**James Testa**  
**Chief Financial Officer**

Dated: July \_\_, 2024

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**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE  
BOROUGH OF NEW PROVIDENCE, IN THE COUNTY OF UNION, NEW JERSEY**

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## **GENERAL INFORMATION CONCERNING THE BOROUGH OF NEW PROVIDENCE**

The Borough of New Providence, incorporated in 1899, covers 3.6 square miles in northwestern Union County and adjoins the City of Summit and Township of Berkeley Heights.

The first settlers came to New Providence in 1736, and it was one of the seven existing communities in 1957 when Union County was formed by an act of the New Jersey Legislature. Originally known as Turkey, in 1809 it became the Township of New Providence. The Borough was separated from the Township and incorporated by a special act of the Legislature on March 4, 1889.

The Borough nestles in the Watchung Mountains approximately fifteen miles southwest from downtown Newark and twenty-eight miles from New York City. It is a predominantly residential community of owner occupied, single family dwellings, with garden apartments and condominiums. The majority of the Borough's residents hold professional, managerial or other executive positions in business or industry with an above average incomes.

New Providence is readily accessible to Newark and New York City, with railroad passenger service provided by the New Jersey Transit. There are two passenger stations in the Borough with adequate commuter parking facilities. Bus service is available locally providing interstate as well as intrastate services. The Borough provides fast and easy access to Newark International Airport with the interchange to I-78 being located within approximately two miles of the Borough. With the Garden State Parkway and New Jersey Turnpike also readily accessible, New Providence becomes a desirable location in which to live and work.

The corporate community of New Providence is comprised of companies with worldwide reputations in their respective sectors.

Several banking institutions serve the financial needs of the business community as well as local residents. Citizens Bank, Provident Bank, TD Bank, and J.P Morgan Chase Bank are some of the banking institutions located in the Borough.

The Borough is operating under a Master Plan beginning in 1962. Throughout the years, the Master Plan has been adopted and re-examined. The last time it was re-examined and adopted was in 2017.

### **MUNICIPAL GOVERNMENT**

The Borough of New Providence is governed by a Mayor and six Council members who are elected at large. The term of office for the Mayor is four years while Council members serve three years.

### **PROTECTION**

The New Providence Police Department consists of 27 uniformed officers on a twenty-four hour a day call.

New Providence has a volunteer Fire Department of approximately 36 members. The Borough owns all the fire equipment and annually provides the necessary funds for the normal operating expenses of the department. The Borough is committed to a program to maintain modern equipment.

The Prudential Insurance Company donated a half-acre parcel of land for the construction of a new firehouse. The new facility is twice the size of the former firehouse, provides much needed parking space for the volunteers and accommodates more equipment and firefighters.

Two modern fully equipped ambulances operated by the New Providence Rescue Squad, a volunteer organization, are available at all times.

## **PUBLIC WORKS**

The Borough of New Providence is providing sanitary sewer transmission and treatment services through a rather unique arrangement. Each home, business, school, and light industrial facility, etc. is connected to some 55 miles of sanitary sewer, located in the streets and easements when necessary. The sewer lines are connected to the Borough's Wastewater Treatment and Pumping Station. Wastewater flows into the treatment plant and up to 3 million gallons per day are pumped through Summit to the Joint Meeting of Essex and Union Counties in Elizabeth for final treatment. Wastewater flows in excess of 3 million gallons per day are treated with the plant processes, disinfected with sodium hypochlorite (chlorine) and dechlorinated with sulfur dioxide before discharging into the Passaic River.

The Wastewater system also has a modern sanitary sewer jet, and the related supporting equipment, in order to maintain the plant and pipes.

The Borough has approximately 52 miles of paved or hard surfaced streets, 55 miles of sewers, 49 miles of gas mains, and 50.5 miles of water mains. Gas, electric and water services are provided by privately owned utility corporations.

Garbage and rubbish collections are made once a week under contract between the Borough and a private contractor of labor. The existing contract requires one clean-up week a year. Recycling collections are made every two weeks, under a contract between the Borough and a private contractor.

## **RECREATION**

The Borough conducts a year-round recreation program. Facilities include playgrounds, an ice-skating pond, multi-purpose ball fields and public tennis courts. There are two swimming pools of approximately Olympic size under the supervision of the New Providence Community Pool Corporation. This corporation is a volunteer citizens' group and operates the swimming pool facility on land leased from the Borough.

## **CULTURAL-SOCIAL**

Originally founded in 1921 as a nonprofit organization, the Library became a Free Public Library and a branch of the local municipal government in 1942. In 1950, the Library was renamed New Providence Memorial Library when it moved to its current location on Elkwood Avenue and has had four additions to the building since. Today, the Library offers a print collection of over 70,000 volumes, and hundreds of thousands of digital audiobooks, magazines, films and e-books. The Library also provides residents with museum passes, online courses, an online tutoring service, genealogy research databases, online foreign language learning, free Wi-Fi, public computers with internet access, and mobile printing. Hundreds of programs a year bring children, teens, and adults to the library, including the Summer Reading Program, Community Read, 1000 Books Before Kindergarten, story times, and an English as a Second Language class. The Friends of the Library sponsor monthly art exhibits, movies and musical concerts at the Library. The Mason Room, which belongs to the New Providence Historical Society, contains archives of local history and is open to the public several times a month. Thanks to reciprocal borrowing



agreements, residents may use their library cards at over forty other libraries in the state. Materials may also be delivered from other libraries through interlibrary loan.

A senior citizen center has been in operation since 1979. The Decorso Community Center was a former bus garage, donated to the Borough by its owners, Mike and Lucy Decorso. The Borough acquired adjacent land, constructed a small addition to the main complex, completely refurbished the interior of the original building, and developed what is now recognized as the finest facility of its kind in Union County. A structure to house the senior citizen bus and development of a parking lot was accomplished through funds received from a Community Development Block Grant. A grant was also received from the State of New Jersey which provided all the furniture in the complex. A bus provides transportation for the senior citizens to shopping malls and to the Center for meetings and other social events. Members utilize this facility each week which is manned by a full-time coordinator. Regular cultural, recreational, educational, and health programs are conducted each day in addition to unorganized events such as playing cards, knitting, reading, and etc. It is an attractive, open and encouraging facility for the senior members of New Providence.

An attractive park designated “The Commons”, adjacent to the Central Business District, was developed in 1976 with matching Green Acers funding. Another attractive park designated “Centennial Park”, which was funded by grants and donations, is located at the Municipal Center.

### **MUNICIPAL COMPLEX**

In 1980, due to declining enrollment, the Board of Education was required to close the Lincoln Elementary School facility. With knowledge of municipal space needs, the Board deeded the entire complex to the Borough. The Mayor and Council immediately hired an architect, ultimately authorized Bond Anticipation Notes in the amount of \$1.4 million and completely renovated the existing two and one-half story school building. New construction was required to meet the needs of the Community. With these additions and renovations, Borough offices, including the Board of Education, are now under one roof eliminating previous off-site facilities.

The Borough is considered stable and attractive and, from a real estate investment aspect, indications are that it will continue to prosper within the foreseeable future. It is considered to be a well-managed town with a stable tax rate and base.

### **THE SCHOOL SYSTEM**

A seven-member Board of Education, elected to three-year terms of office, administers the New Providence School District, a type II School district. Any portion of school budgets over the 2% cap and referenda on bond issues are submitted to the voters for approval.

As of May 31, 2024, approximately 2,326 students, not including out of district students, are enrolled and report to the two K-6 schools and one high school/middle school that comprise the school district. These three buildings are well maintained and available for both school and community functions.

### **SCHOOL PROGRAM**

The New Providence School District enjoys a reputation for excellence earned by providing quality instructional and support programs at all levels. The Board of Education has established goals and priorities consistent with the desires of the community and quality education. Census data show that the

residents of the community are generally highly educated. Those residents are justifiably proud of the educational and cultural advantages offered by a fine local public-school system.

Elementary instruction, grades K-6, is conducted in a heterogeneous, self-contained environment in two K-6 buildings. The average class size is twenty-two and each class is serviced by specialist in the following areas: art, music, physical education and library skills. Compensatory education programs are available in reading and mathematics. An academically gifted/talented program is available on a pull-out basis in grades 4-6.

Departmentalization begins in grades 5-6. In grades 7-8, the following courses are taken by all students in heterogeneous classes: English, Mathematics, Science, Social Studies, Spanish, French, Physical Education, Health, and MOD/exploratory courses in Art, Music, Drama, STEM and Financial Literacy.

Homogeneous grouping is found in grade 7 Enriched Mathematics, 7 and 8 Algebra, 8 Geometry, 7 and 8 Enriched Language Arts, and grade 8 Science. Instructional music, starting in grade 4, continues through grade 8 with each school having an elementary as well as junior band. The high school band has won many national, statewide and regional awards. Compensatory education in reading and mathematics is available. Each K-6 building has the continuum of services for special education students pre-K to 6.

New Providence High School offers comprehensive curricular and co-curricular programs. The programs are academically oriented and 95% of the students go on to higher education. Honors and Advanced Placement courses are offered in all major departments. In 2012, New Providence High School was ranked #1 overall among New Jersey High Schools by New Jersey Monthly Magazine.

Five modern languages (Spanish, Italian, Japanese, French, and Latin) are offered.

A focus on technology integration has been supported by supplying iPads for each student, grades 1-12. A Science, Technology, Engineering and Math (STEM) program continues to be offered to students.

Both the interscholastic athletic and co-curricular programs cater to a wide range of student interest and aptitudes. Boys' and girls' teams excel in all sports and many have earned championships and honors. In addition, student managed co-curricular programs have won national recognition.

**FINANCIAL AND STATISTICAL INFORMATION ON THE BOROUGH OF  
NEW PROVIDENCE**

**POPULATION**

<u>Division</u>	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>Percent Change</u>	
						<u>2020-2010</u>	<u>2020-1980</u>
Borough	13,650	12,171	11,907	11,439	12,426	10.84%	8.97%
County	575,345	536,499	522,541	493,819	504,094	6.75%	12.38%
State	9,288,994	8,791,894	8,414,350	7,730,188	7,365,011	5.35%	20.71%

Source: New Jersey Department of Labor, Labor Market Information web site

**TOP 10 TAXPAYERS**

<u>Taxpayer</u>	<u>2023 Assessed Valuation</u>
Redwood-ERC NP LLC / Altus Group	\$ 91,348,100
Tower Spring Gardens One 2015, LLC	14,800,000
UB New Providence	14,272,800
Shelbourne Spring LLC	12,392,000
Redwood-ERC NP LLC / Altus Group	9,675,100
121 Chanlon LLC Signatutre Acq.	8,032,000
GH NP Central LLC	7,649,600
Murray Hill Gardens	7,162,800
Murray Hill Gardens	6,837,200
AP Haven TIC 1 LLC, ETAL	<u>6,279,800</u>
Total Real Property Assessed Valuation	<u>\$ 178,449,400</u>
Percent of Borough's Total Taxable Real Property	12.72%

Source: District ACFR and Borough of New Providence Tax Assessor

## LABOR FORCE DATA

<u>Year</u>	<u>Political Subdivision</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment Rate %</u>
2023	Borough	7,182	6,958	3.10%
	County	295,774	281,793	4.70%
	State	4,829,671	4,615,722	4.40%
2022	Borough	7,039	6,857	2.60%
	County	285,725	274,758	4.00%
	State	4,736,213	4,552,563	3.90%
2021	Borough	6,843	6,579	3.90%
	County	285,486	266,463	6.70%
	State	4,648,814	4,337,793	6.70%
2020	Borough	6,745	6,367	5.60%
	County	285,238	257,873	9.60%
	State	4,638,386	4,200,980	9.40%
2019	Borough	6,811	6,665	2.10%
	County	288,467	278,358	3.50%
	State	4,687,390	4,525,044	3.50%

Source: New Jersey Department of Labor

**LEVY AND COLLECTION OF TAXES**

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

Property taxes are based on an assessor’s valuation of real property and are levied for a calendar year. The taxes for Borough, School District and County purposes are combined into one tax levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Turnover of tax monies by the Borough to the School District are based on school needs and are generally made on a periodic basis throughout the year. The Borough remits 100% of the County Taxes, payable quarterly on the 15th days of February, May, August and November.

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 of delinquency and 18% on any delinquency in excess of \$1,500. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

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

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections of the Borough for the last five years.

**COMPARATIVE SCHEDULE OF TAX RATES**

<u>Year</u>	<u>School</u>	<u>Municipal</u>	<u>County</u>	<u>County Open Space</u>	<u>Municipal Open Space</u>	<u>Total Tax Rate</u>
2023	\$2.920	\$1.133	\$0.910	\$0.034	\$0.010	\$5.007
2022	2.854	1.110	0.933	0.031	0.010	4.938
2021	2.795	1.088	0.978	0.031	0.010	4.902
2020	2.779	0.968	1.023	0.031	0.009	4.810
2019	2.782	1.037	1.013	0.030	0.008	4.870

Source: District ACFR and Borough tax collector

### ASSESSED VALUATIONS

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District Property					
Vacant Land	\$ 10,030,700	\$ 9,801,600	\$ 9,277,800	\$ 8,985,400	\$ 8,731,700
Residential	1,107,685,000	1,115,402,500	1,124,249,600	1,133,845,300	1,144,913,700
Commercial	177,422,292	202,667,592	202,590,892	202,843,492	202,193,792
Industrial	51,783,300	49,830,400	49,830,400	52,190,400	52,250,600
Apartment	<u>61,790,500</u>	<u>63,190,500</u>	<u>63,890,500</u>	<u>63,890,500</u>	<u>61,085,400</u>
Total Assessed Value	\$1,408,711,792	\$1,440,892,592	\$1,449,839,192	\$1,461,755,092	\$1,469,175,192
Business Personal Property	1,018,305	1,158,487	2,421,025	2,311,605	2,224,912
Net Valuation Taxable	\$1,409,730,097	\$1,442,051,079	\$1,452,260,217	\$1,464,066,697	\$1,471,400,104

Source: Union County Abstract of Ratables

### CURRENT BOROUGH TAX LEVY COLLECTED

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2023	\$ 74,104,786	\$ 73,892,699	99.71%
2022	72,679,434	72,349,410	99.55%
2021	71,724,977	71,412,400	99.56%
2020	71,084,277	70,801,020	99.60%
2019	69,440,692	69,062,987	99.46%

Source: Borough audited financial statements

### TAX TITLE LIENS AND DELINQUENT TAXES

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2023	\$ 293,498	\$172,502	\$ 466,000	0.63%
2022	279,897	277,595	557,492	0.77%
2021	266,483	271,492	537,975	0.75%
2020	253,166	226,960	480,126	0.68%
2019	239,855	346,220	586,075	0.84%

Source: Borough audited financial statements

## FORECLOSED PROPERTY

Year	Balance December 31.
2023	\$ 11,955
2022	11,955
2021	11,955
2020	11,955
2019	11,955

Source: Borough audited financial statements

## DIRECT AND OVERLAPPING DEBT OF THE BOROUGH OF NEW PROVIDENCE ISSUED AND OUTSTANDING As of December 31, 2023 (Except as noted below)

	Direct Debt		Direct and Overlapping Debt	
	Gross	Net	Gross	Net
Direct Debt:				
General	\$ 28,095,500	\$ 26,591,998	\$ 28,095,500	\$ 26,591,998
School	35,821,000	-0-	35,821,000	-0-
Overlapping Debt:				
Union County (1)	n/a	n/a	23,033,348	19,195,945
	\$ 63,919,500	\$ 26,591,998	\$ 86,952,848	\$ 45,787,943

<sup>(1)</sup> The County of Union's gross and net debt at December 31, 2023 was \$632,185,118 and \$526,861,768, respectively, per the Annual Debt Statement of the County. The Borough's share (3.64%) is based on the Borough's percentage of the total county taxes apportioned for 2023 per the 2023 Abstract of Ratables.

## STATUTORY REMAINING BORROWING POWER

Statutory Equalized Valuation (1)	\$ 3,323,397,683
Statutory Debt Limit (2)	\$ 116,318,919
Statutory Net Debt	\$ 26,591,998
Statutory Borrowing Power	\$ 89,726,921
Net Debt to Equalized Value	0.80%

<sup>(1)</sup> Average of the immediately preceding three years (2023, 2022, 2021.)

<sup>(2)</sup> 3.5% of the Statutory Equalized Valuation as determined by the State.

Source: 2023 annual debt statement

**DEBT RATIOS**

	Direct Debt		Direct and Overlapping Debt	
	Gross	Net	Gross	Net
Per Capita (1)	\$ 4,683	\$ 1,948	\$ 6,370	\$ 3,354
Equalized Valuation (2)	1.81%	0.75%	2.46%	1.30%

<sup>(1)</sup> Based on 2020 Federal Census (13,650).

<sup>(2)</sup> As equalized for year 2023 by the Borough (\$3,535,070,241).



**APPENDIX B**

**FINANCIAL STATEMENTS OF THE BOROUGH OF NEW PROVIDENCE,  
IN THE COUNTY OF UNION, NEW JERSEY**

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**APPENDIX B**

**EXCERPTS FROM  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2023  
AND  
SELECTED FINANCIAL INFORMATION  
FOR THE YEARS ENDED  
DECEMBER 31, 2023-2019**

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**WIELKOTZ & COMPANY**   
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Borough Council  
Borough of New Providence  
New Providence, New Jersey 07974

**Report on the Financial Statements**

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

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of New Providence in the County of Union, as of December 31, 2023 and 2022, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the Borough of New Providence as of December 31, 2023 and 2022, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of New Providence, 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 adverse audit opinion.



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

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

***Basis for Qualified Opinion on Regulatory Basis Accounting Principles***

As described in Note 16 of the financial statement, the Borough participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$776,643.68 and \$660,531.79 for 2023 and 2022, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2023 and 2022, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Summit's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.



Honorable Mayor and  
Members of the Borough Council  
Page 5.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024 on our consideration of the Borough of New Providence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of New Providence's internal control over financial reporting and compliance.

*James Cerullo*

James Cerullo, C.P.A.  
Registered Municipal Accountant  
No. 415

*Wielkotz + Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

April 29, 2024



## Borough of New Providence, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 12,359,210.90	11,433,841.26
Change Fund	A-5	150.00	150.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	940.21	
		<u>12,360,301.11</u>	<u>11,433,991.26</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	172,501.57	277,595.64
Tax Title Liens	A-9	293,498.23	279,896.80
Property Acquired for Taxes -			
Assessed Valuation	A-10	11,955.00	11,955.00
Revenue Accounts Receivable	A-11	281,501.17	93,701.15
Other Accounts Receivable	A-12	294.80	
Due from:			
General Capital Fund	A-12	16,643.15	126.41
Federal and State Grant Fund	A-12	525.34	
Other Trust Fund	A-12	3,596.47	
Animal Control Trust Fund	A-12	9,286.08	9,209.60
		<u>789,801.81</u>	<u>672,484.60</u>
		<u>13,150,102.92</u>	<u>12,106,475.86</u>
Federal and State Grant Fund:			
Cash	A-4	718,857.09	1,699,565.77
Grants Receivable	A-21	2,451,880.90	2,357,380.53
		<u>3,170,737.99</u>	<u>4,056,946.30</u>
Total Assets		<u>\$ 16,320,840.91</u>	<u>16,163,422.16</u>

See Accompanying Notes to Financial Statements

## Borough of New Providence, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	\$ 1,304,209.98	1,585,595.56
Due to:			
Municipal Open Space Trust	A-12	716.21	702.79
Encumbrances Payable	A-14	647,524.27	573,590.18
Prepaid Taxes	A-15	330,776.10	422,868.72
County Tax Payable	A-19	67,688.85	68,006.07
Prepaid Revenue	A-20	4,262.00	5,808.00
Accounts Payable	A-20	17,459.70	20,269.87
Refunds Payable - Parking Permits	A-20		14.00
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7		5,209.10
Reserve for:			
Municipal Relief Aid	A-20	135,996.17	68,012.26
Payment of Debt	A-20		103,722.30
Revaluation	A-20	550,000.00	525,000.00
Sewer Connection Deposits	A-20	450,000.00	
Tax Map Preparation	A-20	50,000.00	50,000.00
Tax Appeals	A-20	1,395,924.01	1,195,924.01
		4,954,557.29	4,624,722.86
Reserve for Receivables	Contra	789,801.81	672,484.60
Fund Balance	A-1	7,405,743.82	6,809,268.40
		<u>13,150,102.92</u>	<u>12,106,475.86</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	2,517,349.46	2,693,759.66
Unappropriated Reserve for Grants	A-23	2,863.19	713,186.64
Interfund - Current Fund	A-24	525.34	
Interfund - General Capital Fund	A-25	650,000.00	650,000.00
		<u>3,170,737.99</u>	<u>4,056,946.30</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>16,320,840.91</u>	<u>16,163,422.16</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 4,250,000.00	3,935,020.00
Miscellaneous Revenue Anticipated	A-2	6,337,579.67	6,028,048.77
Receipts from Delinquent Taxes	A-2	277,595.64	271,492.48
Receipts from Current Taxes	A-2	73,892,699.31	72,349,410.36
Non-Budget Revenue	A-2	186,223.07	114,453.54
Other Credits to Income:			
Interfunds Returned	A-12	9,336.01	17,682.64
Prior Year Voided Checks	A-4	1,223.00	
Accounts Payable Cancelled	A-20	1,862.66	
Statutory Excess Animal License Fund	A-12	9,261.24	9,189.80
Unexpended Balance of Appropriation Reserves	A-13	1,437,617.57	1,622,110.72
Canceled Grant Reserves	A-22	8,333.81	68.97
		<hr/>	<hr/>
Total Revenues and Other Income		86,411,731.98	84,347,477.28
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	7,585,746.00	7,509,366.00
Other Expenses	A-3	10,682,481.18	10,411,618.24
Capital Improvement Fund	A-3	1,163,535.00	1,371,484.00
Municipal Debt Service	A-3	2,667,714.99	2,322,615.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,288,954.00	2,134,773.64
Refund of Prior Year's Revenue	A-4	2,865.02	1,289.23
Interfund Advances	A-12	30,345.84	9,336.01
Special Improvement District Taxes	A-16	73,561.20	37,067.50
Municipal Open Space Tax	A-17	147,856.21	147,109.46
Local District School Tax	A-18	42,956,197.00	41,782,795.00
County Taxes including Added Taxes	A-19	13,957,666.31	14,192,488.57
Canceled Grants Receivable	A-21	8,333.81	2,003.97
Total Expenditures		<hr/>	<hr/>
		81,565,256.56	79,921,946.62
Excess (Deficit) Revenue Over Expenditures		4,846,475.42	4,425,530.66
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year			
		<hr/>	<hr/>
Statutory Excess to Fund Balance		4,846,475.42	4,425,530.66
Fund Balance, January 1,	A	<hr/>	<hr/>
		6,809,268.40	6,318,757.74
		11,655,743.82	10,744,288.40
Decreased by:			
Fund Balance Utilized as Budget Revenue		<hr/>	<hr/>
		4,250,000.00	3,935,020.00
Fund Balance, December 31,	A	<hr/>	<hr/>
		\$ 7,405,743.82	6,809,268.40

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2023

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 4,250,000.00	4,250,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	17,000.00	17,680.00	680.00
Other	A-2	30,000.00	87,185.00	57,185.00
Fees and Permits	A-2	40,000.00	39,820.06	(179.94)
Fines and Costs:				
Municipal Court	A-11	70,000.00	112,819.25	42,819.25
Interest and Costs on Taxes	A-4	55,000.00	70,538.80	15,538.80
Parking Meters	A-11	10,000.00	35,574.00	25,574.00
Interest on Investments and Deposits	A-11	80,000.00	348,466.13	268,466.13
Sewer Rentals	A-11	235,000.00	266,682.05	31,682.05
Cat Licenses	A-11	1,300.00	1,716.00	416.00
Parking Permits	A-11	70,000.00	112,755.00	42,755.00
Rental of Municipal Owned Property	A-11	1,800.00	1,800.00	
Cable Television Franchise Fees	A-11	156,000.00	156,932.72	932.72
Energy Receipts Tax	A-11	1,312,831.00	1,312,831.46	0.46
Municipal Relief Fund	A-11	68,012.26	68,012.26	
Uniform Construction Code Fees	A-11	360,000.00	461,772.00	101,772.00
Public and Private Revenues:				
Body Armor Grant	A-22	1,896.65	1,896.65	
Clean Communities	A-22	31,937.92	31,937.92	
Alcohol Education and Rehab Grant	A-22	1,297.95	1,297.95	
Recycling Tonnage Grant	A-22	15,523.63	15,523.63	
NJ Transportation Trust Fund Authority Act	A-22	252,750.00	252,750.00	
Bulletproof Vest Partnership	A-22	2,156.36	2,156.36	
Spotted Lantern Fly Grant	A-22	15,000.00	15,000.00	
Stormwater Assistance Grant	A-22	15,000.00	15,000.00	
Distracted Driving Grant	A-22	7,000.00	7,000.00	
CDBG - Senior Enrichment & Exercise	A-22	14,750.00	14,750.00	
CDBG - Senior Center Grant	A-22	30,000.00	30,000.00	
Union County - Youth Leadership Grant	A-22	3,646.00	3,646.00	
Union County - Public Arts Grant	A-22	2,500.00	2,500.00	
CDBG - CV Grant	A-22	125,000.00	125,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-22	11,109.00	11,109.00	
Assistance to Firefighters Grant	A-22	29,000.00	29,000.00	
Safe Routes to School Grant	A-22	211,266.11	211,266.11	
Union County-Greening Grant	A-22	2,255.00	2,255.00	
National Opioid Settlement	A-22	8,711.56	8,711.56	
Union County - Kids Recreation Trust	A-22	35,000.00	35,000.00	
Union County - Infrastructure Grant	A-22	50,000.00	50,000.00	
Barclay-Giel Seed Grant	A-23	7,500.00	7,500.00	
Other Special Items:				
New Providence DID - Contribution for BAN P&I	A-11	29,800.00	29,365.86	(434.14)
Library Reimbursement	A-11	75,000.00	88,732.12	13,732.12
Leaf Collection Revenue	A-11	65,000.00	72,325.00	7,325.00
Reserve for Payment of Debt	A-11	103,722.30	103,722.30	
Hotel Occupancy Tax Revenue	A-11	50,000.00	77,747.52	27,747.52
Mountain Valley Dispatch Rent/Services	A-11	69,000.00	70,485.12	1,485.12
Berkeley Heights Shared Court	A-11	95,000.00	104,293.24	9,293.24
Summit Shared Sewer Services	A-11	175,000.00	193,119.50	18,119.50
Multi Family Sewer Fees	A-11	140,000.00	152,500.00	12,500.00
Uniform Fire Safety Act	A-11	30,000.00	31,524.95	1,524.95
American Rescue Plan LRFF	A-11	710,785.00	710,785.00	
Board of Education Share of School Resource Officer	A-11	80,000.00	82,507.00	2,507.00
Police Escort Administration Fees	A-11	100,000.00	339,258.75	239,258.75
Summit Shared Court	A-11	286,000.00	313,328.40	27,328.40
Total Miscellaneous Revenues	A-1	5,389,550.74	6,337,579.67	948,028.93
Receipts from Delinquent Taxes	A-1/A-2	225,000.00	277,595.64	52,595.64
 Subtotal General Revenues		<u>9,864,550.74</u>	<u>10,865,175.31</u>	<u>1,000,624.57</u>
 Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		15,554,278.44	17,787,816.59	2,233,538.15
Minimum Library Tax		1,119,602.00	1,119,602.00	
Total Amt. to be Raised by Taxes for Support of Budget	A-2	<u>16,673,880.44</u>	<u>18,907,418.59</u>	<u>2,233,538.15</u>
 Budget Totals		26,538,431.18	29,772,593.90	3,234,162.72
Non-Budget Revenue	A-1/A-2		<u>186,223.07</u>	<u>186,223.07</u>
		\$ <u>26,538,431.18</u>	<u>29,958,816.97</u>	<u>3,420,385.79</u>
		A-3		
Adopted Budget	A-3	25,992,635.34		
Appropriated by (N.J.S. 40A:4-87)	A-3	<u>545,795.84</u>		
		<u>26,538,431.18</u>		

## Borough of New Providence, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2023

<u>Analysis of Realized Revenues</u>		
	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	73,892,699.31
Allocated to School and County Taxes	A-8	<u>57,135,280.72</u>
Balance for Support of Municipal Budget Appropriations		16,757,418.59
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>2,150,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>18,907,418.59</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	<u>277,595.64</u>
	A-2	<u>277,595.64</u>
Licenses - Other:		
Clerk	A-11	65,810.00
Registrar	A-11	60.00
Board of Health	A-11	<u>21,315.00</u>
	A-2	<u>87,185.00</u>
Fees and Permits - Other:		
Clerk	A-11	8,847.06
Building Inspector Other	A-11	360.00
Police	A-11	6,375.00
Engineering Department	A-11	7,200.00
Registrar	A-11	1,680.00
Board of Adjustment	A-11	13,788.00
Planning Board	A-11	<u>1,570.00</u>
	A-2	<u>39,820.06</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Tax Court Judgement		87,373.00
Senior Citizens & Veterans Administration Fee		923.99
Scrap Metal/Plastic Recycling		7,810.00
Return Check Fee		205.00
Road Openings		3,257.50
Auction Proceeds		13,130.00
Miscellaneous Items		8,144.59
Court Settlement		32,456.65
FEMA Reimbursement IDA		18,137.28
Miscellaneous Reimbursements		<u>14,785.06</u>
	A-4	<u>186,223.07</u>
	A-2	<u>186,223.07</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages	\$	640,892.00	640,892.00	592,787.24	48,104.76	
Other Expenses		297,514.00	304,514.00	299,412.29	5,101.71	
Human Resources (Personnel/Labor Attny)						
Salaries and Wages		36,700.00	36,700.00	36,428.08	271.92	
Other Expenses		12,950.00	12,950.00	150.00	12,800.00	
Mayor and Council						
Salaries and Wages		44,400.00	44,400.00	43,500.00	900.00	
Other Expenses		7,500.00	7,500.00	2,778.40	4,721.60	
Municipal Clerk						
Other Expenses		22,500.00	22,500.00	18,201.25	4,298.75	
Financial Administration						
Salaries and Wages		147,609.00	147,609.00	140,965.62	6,643.38	
Other Expenses		19,500.00	19,500.00	9,578.43	9,921.57	
Audit Services						
Other Expenses		45,000.00	45,000.00	43,500.00	1,500.00	
Collection of Taxes						
Salaries and Wages		89,470.00	89,470.00	89,194.01	275.99	
Other Expenses		6,400.00	6,400.00	4,435.36	1,964.64	
Assessment of Taxes						
Salaries and Wages		42,148.00	42,148.00	41,388.00	760.00	
Other Expenses		81,300.00	59,300.00	38,238.28	21,061.72	
Revaluation		25,000.00	25,000.00	25,000.00		
Legal Services and Costs						
Other Expenses		125,000.00	125,000.00	97,424.81	27,575.19	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Engineering Services and Costs						
Salaries and Wages		85,000.00	95.00		95.00	
Other Expenses		139,500.00	139,500.00	90,567.94	48,932.06	
Planning Board						
Salaries and Wages		4,000.00	4,000.00	3,654.72	345.28	
Other Expenses		52,250.00	37,250.00	20,963.31	16,286.69	
Board of Adjustment						
Salaries and Wages		3,800.00	3,800.00	2,842.56	957.44	
Other Expenses		25,000.00	25,000.00	15,261.15	9,738.85	
Insurance:						
General Liability		604,200.00	604,200.00	583,370.68	20,829.32	
Employee Group Health		1,471,398.00	1,452,398.00	1,134,528.67	317,869.33	
Health Benefit Waiver		60,000.00	60,000.00	55,477.25	4,522.75	
Municipal Court:						
Salaries and Wages		387,434.00	387,434.00	379,978.71	7,455.29	
Other Expenses		12,300.00	13,300.00	10,670.49	2,629.51	
Public Defender						
Salaries and Wages		7,429.00	7,429.00	7,428.96	0.04	
Police						
Salaries and Wages		3,760,719.00	3,760,719.00	3,679,208.85	81,510.15	
Other Expenses		259,700.00	331,100.00	330,819.22	280.78	
Police Dispatch/911						
Other Expenses		749,000.00	749,000.00	748,833.63	166.37	
Emergency Management Services						
Other Expenses		3,500.00	3,500.00	1,216.00	2,284.00	



Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Fire						
Other Expenses		114,990.00	107,990.00	102,188.03	5,801.97	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		44,200.00	44,200.00	43,823.88	376.12	
Other Expenses		4,000.00	4,000.00	3,444.65	555.35	
Road Repairs and Maintenance						
Other Expenses		210,000.00	199,000.00	155,232.88	43,767.12	
Public Works						
Salaries and Wages		1,172,458.00	1,172,458.00	1,154,928.64	17,529.36	
Other Expenses		36,000.00	36,000.00	25,767.25	10,232.75	
Traffic Signal Maintenance						
Other Expenses		17,000.00	17,000.00	12,335.04	4,664.96	
Public Buildings and Grounds						
Other Expenses		318,250.00	318,250.00	273,335.34	44,914.66	
Fleet Maintenance						
Other Expenses		100,450.00	144,950.00	141,059.70	3,890.30	
Solid Waste/Recycling Collections						
Other Expenses		974,000.00	974,000.00	943,141.64	30,858.36	
Solid Waste Disposal Costs						
Waste Water Treatment Plant		365,000.00	365,000.00	350,130.18	14,869.82	
Salaries and Wages		370,450.00	389,650.00	377,834.49	11,815.51	
Other Expenses		161,500.00	148,500.00	128,509.08	19,990.92	
Board of Health						
Salaries and Wages		2,500.00	2,500.00	15.32	2,484.68	
Other Expenses		68,110.00	68,110.00	66,789.32	1,320.68	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Animal Control Services		27,240.00	27,240.00	21,790.00	5,450.00	
Other Expenses						
Health Services		51,455.00	51,455.00	51,261.00	194.00	
Salaries and Wages						
Other Expenses		3,550.00	3,550.00	76.10	3,473.90	
Community Activities		231,183.00	231,183.00	222,239.69	8,943.31	
Salaries and Wages		18,500.00	18,500.00	16,756.03	1,743.97	
Other Expenses						
Senior Citizen Programs		86,300.00	92,300.00	92,300.00		
Salaries and Wages		40,300.00	38,500.00	26,481.65	12,018.35	
Other Expenses						
Tuition Reimbursement Program		12,500.00	2,500.00		2,500.00	
Other Expenses						
Construction Code Official		430,304.00	430,304.00	414,716.32	15,587.68	
Salaries and Wages		36,900.00	36,900.00	29,367.53	7,532.47	
Other Expenses						
Utility Expenses/Bulk Purchases:						
Electricity		331,000.00	331,000.00	280,248.78	50,751.22	
Telephone and Telegraph		50,000.00	50,000.00	45,722.35	4,277.65	
Natural Gas		90,000.00	90,000.00	58,746.89	31,253.11	
Street Lighting		130,000.00	130,000.00	114,645.98	15,354.02	
Water		67,000.00	67,000.00	38,635.47	28,364.53	
Motor Supplies		175,000.00	175,000.00	129,890.81	45,109.19	
Fire Hydrant Service		224,000.00	224,000.00	220,823.00	3,177.00	
Terminal Leave		70,000.00	70,000.00	70,000.00		
<b>Total Operations within "CAPS"</b>		<b>15,303,253.00</b>	<b>15,268,648.00</b>	<b>14,160,040.95</b>	<b>1,108,607.05</b>	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance</u> <u>Cancelled</u>
Detail:						
Salaries and Wages	A-1	7,638,451.00	7,578,746.00	7,374,496.09	204,249.91	
Other Expenses	A-1	7,664,802.00	7,689,902.00	6,785,544.86	904,357.14	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		536,799.00	536,799.00	536,799.00		
Social Security System (O.A.S.I.)		616,300.00	650,600.00	625,692.65	24,907.35	
Police and Firemen's Retirement System of N.J.		1,060,555.00	1,060,555.00	1,060,555.00		
Unemployment Compensation Insurance		10,000.00	10,000.00	10,000.00		
Defined Contribution Retirement Plan		31,000.00	31,000.00	30,084.03	915.97	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	2,254,654.00	2,288,954.00	2,263,130.68	25,823.32	
Total General Appropriations for Municipal Purposes within "CAPS"		17,557,907.00	17,557,602.00	16,423,171.63	1,134,430.37	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library Sewer System		1,119,602.00	1,119,602.00	1,119,602.00		
Joint Meeting Expenses		984,400.00	984,400.00	873,343.47	111,056.53	
Berkley Heights Expenses		15,750.00	15,750.00	13,526.92	2,223.08	
Emergency Services Volunteer Length of Service Award Program Reserve for Tax Appeals		50,000.00	50,000.00		50,000.00	
		200,000.00	200,000.00	200,000.00		

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Fair Housing Act of 1985						
Council on Affordable Housing		6,500.00	6,500.00		6,500.00	
Salaries and Wages						
Public and Private Programs Offset by Revenues						
Body Armor Grant		1,896.65	1,896.65	1,896.65		
Clean Communities		31,937.92	31,937.92	31,937.92		
Alcohol Education and Rehab Grant		1,297.95	1,297.95	1,297.95		
Recycling Tonnage Grant		15,523.63	15,523.63	15,523.63		
Bulletproof Vest Partnership		2,156.36	2,156.36	2,156.36		
Union County - Kids Recreation Trust		35,000.00	35,000.00	35,000.00		
Assistance to Firefighters Grant		29,000.00	29,000.00	29,000.00		
Distraacted Driving Grant		7,000.00	7,000.00	7,000.00		
CDBG - Senior Citizen High Risk Health Services		14,750.00	14,750.00	14,750.00		
CDBG - CV Grant		125,000.00	125,000.00	125,000.00		
CDBG - Senior Citizen Center		30,000.00	30,000.00	30,000.00		
Union County Arts Grant		2,500.00	2,500.00	2,500.00		
Union County Leadership Grant		3,646.00	3,646.00	3,646.00		
Barclay-Giel Seed Grant		7,500.00	7,500.00	7,500.00		
National OPIOID Settlement		8,711.56	8,711.56	8,711.56		
Union County Infrastructure Grant		50,000.00	50,000.00	50,000.00		
Safe Routes to School		211,266.11	211,266.11	211,266.11		
Greening Union County Tree Grant		2,255.00	2,255.00	2,255.00		
Spotted Lantern Fly Grant		15,000.00	15,000.00	15,000.00		
Stormwater Assistance Grant		15,000.00	15,000.00	15,000.00		
Municipal Alliance on Alcoholism and Drug Abuse		11,109.00	11,109.00	11,109.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		2,472.00	2,777.00	2,777.00		
Total Operations - Excluded from "CAPS"		2,999,274.18	2,999,579.18	2,829,799.57	169,779.61	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Detail:						
Salaries & Wages	A-1	7,000.00	7,000.00	7,000.00		
Other Expenses	A-1	2,992,274.18	2,992,579.18	2,822,799.57	169,779.61	
Capital Improvements:						
Capital Improvement Fund		200,000.00	200,000.00	200,000.00		
Various Street & Road Improvements - ARP		710,785.00	710,785.00	710,785.00		
NJ Transportation Trust Fund Authority Act		252,750.00	252,750.00	252,750.00		
Total Capital Improvements Excluded from "CAPS"	A-1	1,163,535.00	1,163,535.00	1,163,535.00		
Municipal Debt Service:						
Payment of Bond Principal		1,870,000.00	1,870,000.00	1,870,000.00		
Interest on Bonds		438,715.00	438,715.00	438,715.00		
Interest on Notes		359,000.00	359,000.00	358,999.99		0.01
Total Municipal Debt Service-Excluded from "CAPS"	A-1	2,667,715.00	2,667,715.00	2,667,714.99		0.01
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		6,830,524.18	6,830,829.18	6,661,049.56	169,779.61	0.01
Subtotal General Appropriations		24,388,431.18	24,388,431.18	23,084,221.19	1,304,209.98	0.01
Reserve for Uncollected Taxes		2,150,000.00	2,150,000.00	2,150,000.00		
Total General Appropriations	\$	26,538,431.18	26,538,431.18	25,234,221.19	1,304,209.98	0.01

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Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Adopted Budget	A-2		25,992,635.34			
Appropriated by (N.J.S.A. 40A:4-87)	A-2		545,795.84			
			<u>26,538,431.18</u>			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			2,150,000.00		
Cash Disbursed	A-4			21,335,619.74		
Encumbrances Payable	A-15			647,524.27		
Reserve for Revaluation	A-20			25,000.00		
Reserve for Tax Appeals	A-20			200,000.00		
Reserve for Federal and State Grants	A-22			873,300.18		
Matching Funds for Federal and State Grants	A-4,A-22			<u>2,777.00</u>		
				<u>25,234,221.19</u>		

See Accompanying Notes to Financial Statements

Borough of New Providence , N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-1	\$ 24,414.08	25,333.20
		<u>24,414.08</u>	<u>25,333.20</u>
Other Trust Funds:			
Cash	B-1	4,901,075.66	3,647,923.80
Cash - Payroll	B-7	52,964.09	51,801.13
Due from Current Fund (Open Space)	B-3	716.21	702.79
		<u>4,954,755.96</u>	<u>3,700,427.72</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-1	734,343.68	615,231.79
Contributions Receivable	B-11	42,300.00	45,300.00
		<u>776,643.68</u>	<u>660,531.79</u>
 Total Assets		 \$ <u>5,755,813.72</u>	 <u>4,386,292.71</u>

See Accompanying Notes to Financial Statements

Borough of New Providence , N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2023 and 2022

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Animal License Fund:			
Interfund - Current Fund	B-3	\$ 9,286.08	9,209.60
Reserve for Dog Fund Expenditures	B-4	15,128.00	16,123.60
		<u>24,414.08</u>	<u>25,333.20</u>
Other Trust Fund:			
Interfund - Current Fund (Other Trust)	B-3	3,596.47	
Various Other Trust Funds	B-6	3,361,003.64	2,246,704.73
Payroll Deductions	B-7	52,964.09	51,801.13
Reserve for:			
Construction and Other Deposits	B-8	150,943.69	188,645.73
Unemployment Insurance Trust Fund	B-9	234,668.07	221,448.57
Municipal Open Space	B-10	1,151,580.00	991,827.56
		<u>4,954,755.96</u>	<u>3,700,427.72</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-12	776,643.68	660,531.79
		<u>776,643.68</u>	<u>660,531.79</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 5,755,813.72</u>	<u>4,386,292.71</u>

See Accompanying Notes to Financial Statements



## Borough of New Providence, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2023 and 2022

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<u>Assets</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Cash	C-2/C-3	\$ 7,337,919.22	9,306,048.60
Various Receivables	C-4	32,474.43	43,072.03
Deferred Charges to Future Taxation:			
Funded	C-5	13,610,000.00	15,480,000.00
Unfunded	C-6	14,488,500.00	11,760,000.00
Interfund - State & Federal Grant Fund	C-8	650,000.00	650,000.00
		<u>36,118,893.65</u>	<u>37,239,120.63</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-7	16,643.15	126.41
General Serial Bonds	C-9	13,610,000.00	15,480,000.00
Bond Anticipation Notes	C-10	9,000,000.00	9,000,000.00
Improvement Authorizations:			
Funded	C-11	1,462,832.54	1,701,785.80
Unfunded	C-11	9,166,029.18	8,273,064.64
Capital Improvement Fund	C-12	759,407.63	810,482.63
Reserve for:			
Debt Service	C-13	1,506,502.07	1,506,502.07
Redwood ERC Sewer Project	C-13	225,000.00	225,000.00
Fund Balance	C-1	372,479.08	242,159.08
		<u>\$ 36,118,893.65</u>	<u>37,239,120.63</u>

Footnote: There were \$5,488,500.00 and \$2,760,000.00 of Bonds and Notes Authorized But Not Issued per Exhibit C-14 on December 31, 2023 and 2022

See Accompanying Notes to Financial Statements

**Borough of New Providence, N.J.**

**Comparative Statement of Changes in Fund Balance - Regulatory Basis**

**General Capital Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Balance - December 31, 2022	C	\$ 242,159.08	242,159.18
Increased by:			
Premium on Sale of Notes	C-2	<u>130,320.00</u>	<u>                    </u>
Balance - December 31, 2023	C,C-3	<u>\$ 372,479.08</u>	<u>242,159.08</u>

See Accompanying Notes to Financial Statements

## Borough of New Providence , N.J.

## Comparative Statement of General Fixed Assets

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>General Fixed Assets:</u>		
Buildings and Construction	\$ 13,324,105.37	\$ 13,024,302.74
Machinery and Equipment	9,254,977.90	8,787,729.09
Land Improvements	2,810,775.23	2,791,281.23
Underground Equipment & Utilities	<u>1,325,240.74</u>	<u>1,265,385.74</u>
	<u>\$ 26,715,099.24</u>	<u>\$ 25,868,698.80</u>
Investment in Fixed Assets	<u>\$ 26,715,099.24</u>	<u>\$ 25,868,698.80</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification 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 generally accepted accounting principles (GAAP).

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

**A. Reporting Entity**

The Borough of New Providence (the "Borough") operates under a Mayor/Council form of government. There are six elected members on the Council. Each is elected to a three year term. The Mayor is elected in a general election for a four year term. The Mayor carries a legislative vote only if there is a tie amongst Council members. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 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 NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, which is considered a component unit under GAAP. Complete financial statements of the above component can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

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

The Borough 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 Borough 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.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

All Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

Emergency Services Volunteer Length of Service Awards Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the interest of the participant's length of service awards.

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

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting**

A modified accrual basis of accounting is followed by the Borough of New Providence. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - 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. 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 Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month in the fiscal year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

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

General Capital Fund  
Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2023, the Borough Council increased the original budget by \$545,795.84. The increase was funded by \$545,795.84 of additional grants and contributions given to the Borough. In addition, several budget transfers were approved by the governing body.

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

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

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

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

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital



**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of New Providence has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except land which is valued at estimated market value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Borough 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Impact of Recently Issued Accounting Principles

The following GASB statements became effective for the fiscal year ended December 31, 2023:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Statement will become effective for the Borough's year ending December 31, 2023. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Borough.

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Borough in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Borough, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Borough.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Impact of Recently Issued Accounting Principles (continued)

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Borough, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Borough.

C. Basic Financial Statements

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

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**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2023 and 2022, \$0.00 of the Borough's bank balance of \$21,786,146.21 and \$26,466,036.27, respectively, was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Concentration of Credit Risk**

The Borough places no limit on the amount the Borough may invest in any one issuer.

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. 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.

As of December 31, 2023 and 2022, the Borough had \$3,855,386.36 and \$181,432.03, respectively, on deposit with the New Jersey Cash Management Fund.

**Unaudited Investments**

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2023 and 2022 amounted to \$734,343.68 and \$615,231.79, respectively.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Unaudited Investments, (continued)**

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Growth	\$455,989.01	\$347,696.06
Fixed Income	114,149.27	99,993.05
Income	60,447.18	68,312.55
Growth and Income	67,785.03	62,445.97
All Others	<u>35,973.19</u>	<u>36,784.16</u>
Total	<u>\$734,343.68</u>	<u>\$615,231.79</u>

**NOTE 3: MUNICIPAL DEBT**

Long-term debt as of December 31, 2023 consisted of the following:

	Balance <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds Payable - General Obligation Debt	<u>\$15,480,000.00</u>	<u>\$</u>	<u>\$1,870,000.00</u>	<u>\$13,610,000.00</u>	<u>\$1,820,000.00</u>

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**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

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

The Borough's debt is summarized as follows:

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Issued:</u>			
General:			
Bonds and Notes	<u>\$22,610,000.00</u>	<u>\$24,480,000.00</u>	<u>\$17,300,000.00</u>
Total Issued	<u>22,610,000.00</u>	<u>24,480,000.00</u>	<u>17,300,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>5,488,500.00</u>	<u>2,760,000.00</u>	<u>9,026,869.74</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$28,098,500.00</u>	<u>\$27,240,000.00</u>	<u>\$26,326,869.74</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.800%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$35,821,000.00	\$35,821,000.00	\$0.00
General Debt	<u>28,098,500.00</u>	<u>1,506,502.07</u>	<u>26,591,997.93</u>
	<u>\$63,919,500.00</u>	<u>\$37,327,502.07</u>	<u>\$26,591,997.93</u>

Net Debt \$26,591,997.93 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$3,323,397683.00 = 0.800%.

**BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED**

3 ½% of Equalized Valuation Basis (Municipal)	\$116,318,918.91
Net Debt	<u>26,591,997.93</u>
Remaining Borrowing Power	<u>\$89,726,920.98</u>

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

The Borough's bonded debt consisted of the following at December 31, 2023:

	<u>Amount Outstanding</u>
Paid by Current Fund:	
General Improvement Bonds - \$8,910,000.00 issued May 15, 2012 due through May 15, 2027 with variable interest rates of 2.00% to 2.125%	\$2,480,000.00
General Improvement Bonds - \$9,980,000.00 issued July 10, 2015 due March 1, 2016 through March 1, 2029 with variable interest rates of 3.00% to 4.00%	5,555,000.00
General Improvement Bonds - \$7,300,000.00 issued September 25, 2019 due through September 1, 2032 with variable interest rates of 2.00% to 4.00%	<u>5,575,000.00</u>
	<u>\$13,610,000.00</u>

General Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the Borough.

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED DEBT ISSUED AND OUTSTANDING.**

Calendar <u>Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	1,820,000.00	376,315.00	2,196,315.00
2025	1,945,000.00	313,415.00	2,258,415.00
2026	2,095,000.00	252,377.50	2,347,377.50
2027	2,120,000.00	189,470.00	2,309,470.00
2028	1,700,000.00	132,150.00	1,832,150.00
2029	1,680,000.00	73,950.00	1,753,950.00
2030	750,000.00	45,000.00	795,000.00
2031	750,000.00	30,000.00	780,000.00
2032	<u>750,000.00</u>	<u>15,000.00</u>	<u>765,000.00</u>
	<u>\$13,610,000.00</u>	<u>\$1,427,677.50</u>	<u>\$15,037,677.50</u>

At December 31, 2023, the Borough had authorized but not issued debt of \$5,488,500.00.



**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 4: BOND ANTICIPATION NOTES**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2023, the Borough had \$9,000,000.00 in outstanding general capital bond anticipation notes. Maturing on July 26, 2024 at an interest rate of 5.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2023.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Mellon Bank	\$9,000,000.00		\$9,000,000.00	
Oppenheimer & Co., Inc		\$9,000,000.00		\$9,000,000.00

**NOTE 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, there were no deferred charges shown on the balance sheets of the various funds.

**NOTE 6: SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough raises its share of local school district taxes on a calendar year basis; hence there is no deferral of school taxes.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 7: PENSION PLANS**

Description of Plans:

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

*Public Employees' Retirement System (PERS)*

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7: PENSION PLANS, (continued)**

a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Police and Firemens' Retirement System (PFRS)*

Plan Description

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

Benefits Provided

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 to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (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.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7: PENSION PLANS, (continued)**

Defined Contribution Retirement Program

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

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2023	\$536,799.00	\$1,060,555.00	\$30,084.03
2022	525,373.00	944,311.00	27,539.10
2021	483,640.00	898,034.00	22,885.82

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

The following pension information is as of June 30, 2022, which is the latest information available. This information is eighteen months prior to December 31, 2023. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

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

**Public Employees Retirement System (PERS)**

At December 31, 2023, the Borough had a liability of \$6,424,050.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2022, the Borough's proportion was 0.042567689 percent, which was an increase/(decrease) of (0.0022931872) percent from its proportion measured as of June 30, 2021.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Public Employees Retirement System (PERS), (continued)**

For the year ended December 31, 2023, the Borough recognized pension expense of \$536,799.00. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$46,366.00	\$40,888.00
Changes of assumptions	19,904.00	961,935.00
Net difference between projected and actual earnings on pension plan investments	265,886.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>185,182.00</u>	<u>483,720.00</u>
Total	<u>\$517,338.00</u>	<u>\$1,486,543.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2022) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2023	(\$551,049)
2024	(280,741)
2025	(136,912)
2026	298,690
2027	<u>(656)</u>
	<u>\$ (670,668)</u>

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,091,376,611	11,972,782,878
Borough's Proportion	0.042567689%	0.0448608762%

**Actuarial Assumptions**

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2021 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 experience will not exactly conform to these assumptions.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Mortality Rates**

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

**Long-Term Rate of Return**

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

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



**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$8,253,023	\$6,424,050	\$4,867,521

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

The following pension information is as of June 30, 2023 which is the latest information available. This information is eighteen months prior to December 31, 2023. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the independent auditor's report is being made since The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2023, the Borough had a liability of \$9,334,097 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2022, the Borough's proportion was 0.0815464447 percent, which was an increase/(decrease) of 0.0005219943 percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2023, the Borough recognized pension expense of \$1,060,555.00. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$422,486.00	\$571,840.00
Changes of assumptions	25,581.00	1,174,978.00
Net difference between projected and actual earnings on pension plan investments	854,729.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>261,597.00</u>	<u>131,330.00</u>
Total	<u>\$1,564,393.00</u>	<u>\$1,878,148.00</u>

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2022) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$(466,854)
2024	(298,349)
2025	(284,210)
2026	593,671
2027	5,721
Thereafter	5,998

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.22, 6.17, 5.90, 5.92, 5.73 and 5.59 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$2,163,793,985	\$817,271,932
Collective deferred inflows of resources	2,805,919,493	6,875,738,520
Collective net pension liability	11,446,356,176	9,364,849,587
Borough's Proportion	0.0515464447%	0.0810244457%

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Actuarial Assumptions**

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

Inflation Rate:	2.75%
Salary Increases:	
Through all Future Years	3.25-16.25% (based on years of service)
Thereafter	Not Applicable
Investment Rate of Return	7.00%

**Mortality Rates**

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

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

**Long-Term Rate of Return**

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

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Long-Term Rate of Return, (continued)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$12,807,388	\$9,334,097	\$6,442,564

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

At December 31, 2022 and 2021, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,661,196 and \$1,665,618, respectively. For the years ended December 31, 2022 and 2021, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$191,658 and \$185,501, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$206,811 and \$144,691, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2023 and 2022 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	<u>\$4,200,000.00</u>	<u>\$4,250,000.00</u>

**NOTE 9: FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2023.

	<u>Balance Dec. 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2023</u>
Buildings and Improvements	\$13,024,302.74	\$299,802.63	\$	\$13,324,105.37
Machinery and Equipment	8,787,729.09	574,057.56	106,808.75	9,254,977.90
Land Improvements	2,791,281.23	19,494.00		2,810,775.23
Underground Equipment and Utilities	<u>1,265,385.74</u>	<u>59,855.00</u>		<u>1,325,240.74</u>
	<u>\$25,868,698.80</u>	<u>\$953,209.19</u>	<u>\$106,808.75</u>	<u>\$26,715,099.24</u>

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 10: TERMINAL LEAVE**

Eligible employees who retire with a pension under PERS or PFRS shall be entitled to receive Terminal Leave. The number of Terminal Leave days will be based on the number of unused sick leave at the time of retirement. Retiring PERS employees will remain on the payroll of the Borough based on one day of base salary pay for every four days of accumulated unused sick leave up to 100 days; and 1 day base salary pay for every 3 days of accumulated sick leave beyond 100 days subject to a maximum payment. Retiring PFRS employees will remain on the payroll of the Borough based on 1 day of salary pay for every 4 days of accumulated unused sick leave if the total days are below 100 or 1 day base salary pay for every 3 days of accumulated unused sick leave if the total days are above 100, subject to a maximum payment. The maximum payment for employees who retire under PERS is \$12,000.00 and under PFRS is \$17,000.00.

It is estimated that the sum of \$302,701.80, computed internally at 2023 salary rates, would be payable to 29 officials and employees of the Borough of New Providence as of December 31, 2023 for accumulated sick days. This amount was not verified by audit.

Provisions for the above are not reflected on the Financial Statements of the Borough. It is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year in which it is used.

**NOTE 11: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2023 consist of the following:

\$9,286.08	Due to the Current Fund from the Animal Control Trust Fund for the statutory excess in Animal Control Funds.
16,643.15	Due to the Current Fund from the General Capital Fund for interest earnings.
525.34	Due to the Current Fund from the Federal and State Grant Fund for interest earnings.
3,596.47	Due to the Current Fund from the Other Trust Fund for interest earnings.
<u>650,000.00</u>	Due to the General Capital Fund from the State and Federal Grant Fund for capital receipts deposited in the Grant Fund.
<u>\$680,051.04</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.



**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 12: RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2023 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of New Providence is currently a member of the Garden State Municipal Joint Insurance Fund (the "Fund"). The Fund provides their members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

**New Jersey Unemployment Compensation Insurance** – The Borough has elected to fund New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s expendable trust fund for the current and prior year:

<b>Year Ended</b>	<b>Interest Earnings/ Borough</b>	<b>Employee</b>	<b>Amount</b>	<b>Ending</b>
<b><u>Dec. 31,</u></b>	<b><u>Contributions</u></b>	<b><u>Contributions</u></b>	<b><u>Reimbursed</u></b>	<b><u>Balance</u></b>
2023	\$10,000.00	\$13,193.78	\$9,974.28	\$234,668.07
2022	10,000.00	12,788.67	26,931.64	221,448.57
2021	35,000.00	11,120.65	22,953.77	225,591.54

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 13: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec. 31, 2023</u>	<u>Balance Dec 31, 2022</u>
Prepaid Taxes	<u>\$330,776.10</u>	<u>\$422,868.72</u>
Cash Liability for Taxes Collected in Advance	<u>\$330,776.10</u>	<u>\$422,868.72</u>

**NOTE 14. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employees Plan.

**General Information about the OPEB Plan**

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

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

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 14. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

**General Information about the OPEB Plan, (continued)**

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.

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

**Total OPEB Liability**

The following Other Post Employment Benefit information is as of June 30, 2022 which is the latest information available as of the date of this report. This information is eighteen months prior to December 31, 2023. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current Other Post Employment Benefit information is available.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 14. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

**Total OPEB Liability, (continued)**

At December 31, 2023, the Borough had a liability of \$11,703,127 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2022 the Borough's proportion was 0.0724670 percent.

For the year ended December 31, 2023, the Borough recognized OPEB expense of \$2,162,064. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$604,362	\$2,169,262
Changes of assumptions	1,561,831	3,994,052
Net difference between projected and actual earnings on OPEB plan investments	3,081	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>11,189,869</u>	<u>717,526</u>
Total	<u>\$13,359,143</u>	<u>\$6,880,840</u>

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

Year ended June 30:	
2023	\$(1,060,468)
2024	(1,061,404)
2025	(838,175)
2026	(374,334)
2027	(83,924)
2028-2029	<u>(575,735)</u>
	<u>(\$3,994,040)</u>

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)**

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**Actual Assumptions and Other Inputs**

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Salary increases\*:

Public Employees' Retirement System (PERS)  
Rate for all future years

2.75% to 6.55%  
based on years of service

Police and Firemen's Retirement System (PFRS)  
Rate for all future years

3.25% to 16.25%  
based on years of service

Mortality:

PERS

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

PFRS

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

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

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

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)**

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

**Discount Rate**

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

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

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

	June 30, 2022		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Borough's proportionate share of Net OPEB liability	\$13,566,281	\$11,703,127	\$10,204,046

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

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, 2022 as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)**

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:***, (continued)

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of Net OPEB liability	\$9,928,115	\$11,703,127	\$13,976,418

***Special Funding Situation PFRS With State Health Local Government Retired Employees Plan***

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

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

At December 31, 2023, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$3,693,950 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$(605,885).

**NOTE 15: SPECIAL IMPROVEMENT DISTRICT**

The Special Improvement District is a separate entity which was established in 2007. The Special Improvement District has a budget which is based on the assessed value of a number of designated property owners in the Borough. The rate for 2023 is \$0.20.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(CONTINUED)**

**NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)**

On March 6, 2003, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

The Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$500.00 to each eligible volunteer who accumulates minimum service points based on criteria established by Borough Ordinance No. 2000-05. The amount of the LOSAP award cannot exceed \$500.00 annually. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2023 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES**

**Federal and State Awards**

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2022 may be impaired. In the opinion of management, there are not 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.

**Tax Appeals**

The Borough has established a Reserve for Tax Appeals Pending in the amount of \$1,395,924.01.



**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Litigation**

The Borough of New Providence is a defendant in certain lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, would be funded from future taxation.

**NOTE 18: OTHER MATTERS**

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Borough of New Providence is \$1,422,969 which will be available for use until December 31, 2024.

**NOTE 19: SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through April 29, 2024, the date which the financial statements were available to be issued and the following additional item was noted for disclosure:

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**APPENDIX B**

**SELECTED FINANCIAL INFORMATION  
FOR YEARS ENDED DECEMBER 31, 2023-2019**

The selected data presented on pages B-62 to B-67 under the section "Selected Financial Information" as of and for each of the years in the five year periods ended December 31, 2023 are derived from the financial statements of the Borough of New Providence. The excerpts from the financial statements as of December 31, 2023 and the Independent Auditor's Report thereon are included in the previous section.

**Borough of New Providence, N.J.**

**Comparative Balance Sheet**

**Current Fund**

**December 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>					
Current Fund:					
Cash	12,359,210.90	11,433,841.26	10,786,981.99	10,081,009.78	9,761,911.98
Change Fund	150.00	150.00	150.00	150.00	150.00
Due from State of New Jersey:					
Senior Citizen and Veteran Deductions	940.21				
	<u>12,360,301.11</u>	<u>11,433,991.26</u>	<u>10,787,131.99</u>	<u>10,081,159.78</u>	<u>9,762,061.98</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Taxes Receivable	172,501.57	277,595.64	271,492.48	226,960.43	346,220.55
Tax Title Liens	293,498.23	279,896.80	266,488.22	253,165.95	239,854.96
Property Acquired for Taxes - Assessed Valuation	11,955.00	11,955.00	11,955.00	11,955.00	11,955.00
Revenue Accounts Receivable	281,501.17	93,701.15	65,504.25	75,823.67	53,499.33
Other Accounts Receivable	294.80				
Interfund Receivables	30,051.04	9,336.01	17,682.64	7,214.03	210,452.26
	<u>789,801.81</u>	<u>672,484.60</u>	<u>633,122.59</u>	<u>575,119.08</u>	<u>861,982.10</u>
	<u>13,150,102.92</u>	<u>12,106,475.86</u>	<u>11,420,254.58</u>	<u>10,656,278.86</u>	<u>10,624,044.08</u>
Federal and State Grant Fund:					
Cash	718,857.09	1,699,565.77	1,115,499.49	208,431.27	265,749.12
Grants Receivable	2,451,880.90	2,357,380.53	1,679,052.22	2,250,185.10	1,713,285.83
	<u>3,170,737.99</u>	<u>4,056,946.30</u>	<u>2,794,551.71</u>	<u>2,458,616.37</u>	<u>1,979,034.95</u>
Total Assets	<u>16,320,840.91</u>	<u>16,163,422.16</u>	<u>14,214,806.29</u>	<u>13,114,895.23</u>	<u>12,603,079.03</u>

Borough of New Providence, N.J.

Comparative Balance Sheet

Current Fund

December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>					
Current Fund:					
Appropriation Reserves	1,304,209.98	1,585,595.56	1,844,511.95	1,742,050.34	1,288,692.18
Encumbrances Payable	647,524.27	573,590.18	534,216.18	435,599.29	426,853.53
Prepaid Taxes	330,776.10	422,868.72	594,619.57	401,537.90	350,548.51
Due to State of New Jersey:					
Senior Citizen and Veteran Deductions		5,209.10	4,778.97	5,705.68	5,289.93
Interfunds Payable	716.21	702.79	860.87		
Due to Special Improvement District			38,345.48	6,634.96	6,634.96
Accounts Payable	17,459.70	20,283.87	13,291.34	5,000.00	16,967.96
Due to County Added Taxes	67,688.85	68,006.07	87,478.88	63,178.01	138,825.62
Prepaid Revenue	4,262.00	5,808.00	4,347.00	330,000.00	330,000.00
Reserve for:					
Municipal Relief Aid	135,996.17	68,012.26			
Payment of Debt		103,722.30			
Sewer Connection Deposits	450,000.00				
Revaluation	550,000.00	525,000.00	300,000.00	225,000.00	150,000.00
Tax Map Preparation	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Tax Appeals	1,395,924.01	1,195,924.01	995,924.01	801,218.36	891,740.82
Reserve for Receivables	4,954,557.29	4,624,722.86	4,468,374.25	4,065,924.54	3,655,553.51
Fund Balance	789,801.81	672,484.60	633,122.59	575,119.08	861,982.10
	13,150,102.92	12,106,475.86	11,420,254.58	10,656,278.86	10,624,044.08
Federal and State Grant Fund:					
Interfunds Payable	650,525.34	650,000.00	650,000.00	650,000.00	650,000.00
Appropriated Reserve for Grants	2,517,349.46	2,693,759.66	1,433,067.21	1,808,616.37	1,316,816.08
Unappropriated Reserve for Grants	2,863.19	713,186.64	711,484.50		12,218.87
	3,170,737.99	4,056,946.30	2,794,551.71	2,458,616.37	1,979,034.95
Total Liabilities, Reserves and Fund Balance	16,320,840.91	16,163,422.16	14,214,806.29	13,114,895.23	12,603,079.03

**Borough of New Providence, N.J.**

**Comparative Statement of Operations and Changes in Fund Balance**

**Current Fund**

**Year Ended December 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues and Other Income:					
Fund Balance Utilized	4,250,000.00	3,935,020.00	3,775,000.00	3,775,000.00	3,750,000.00
Miscellaneous Revenue Anticipated	6,337,579.67	6,028,748.27	4,701,714.49	5,011,935.19	4,767,810.03
Receipts from Delinquent Taxes	277,595.64	271,492.48	226,960.43	346,220.55	216,621.82
Receipts from Current Taxes	73,892,699.31	72,349,410.36	71,412,400.04	70,801,019.83	69,062,986.64
Non-Budget Revenue	186,223.07	114,453.54	197,230.24	218,328.87	31,232.52
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	1,437,617.57	1,622,110.72	1,407,328.94	1,136,586.59	1,061,469.63
Statutory Excess Animal License Fund	9,261.24	9,189.80	10,469.00	7,182.61	10,349.01
Prior Year Voided Checks	1,223.00				
Accounts Payable Cancelled	1,862.66		1,000.00	12,299.22	1,000.00
Reserve for Grants Cancelled	8,333.81	68.97	100,468.94	24,551.42	7,153.73
Interfunds Returned	9,336.01	17,682.64	7,214.03	210,452.26	8,881.13
Total Revenues and Other Income	<u>86,411,731.98</u>	<u>84,348,176.78</u>	<u>81,839,786.11</u>	<u>81,543,576.54</u>	<u>78,917,504.51</u>
Expenditures:					
Budget and Emergency Appropriations:					
Operations :					
Salaries and Wages	7,585,746.00	7,509,366.00	7,291,715.00	7,124,350.00	7,036,623.00
Other Expenses	10,682,481.18	10,411,618.24	9,586,767.34	9,906,712.12	9,245,552.95
Deferred Charges and Statutory Expenditures -					
Municipal	2,288,954.00	2,134,773.64	2,130,674.00	2,186,367.00	1,927,186.00
Capital Improvement Fund	1,163,535.00	1,372,183.50	635,000.00	572,000.00	631,500.00
Municipal Debt Service	2,667,714.99	2,322,615.00	2,401,665.00	2,451,737.21	2,030,039.99
Special Improvement District Taxes	73,561.20	37,067.50	108,045.31	76,334.79	78,516.86
Municipal Open Space Taxes	147,856.21	147,109.46	146,075.39	130,415.12	117,771.29
Local District School Tax	42,956,197.00	41,782,795.00	40,587,198.00	40,096,889.00	39,251,455.00
County Taxes including Added Taxes	13,957,666.31	14,192,488.57	14,744,283.64	15,283,308.68	14,853,155.62
Refund of Prior Year's Revenue	2,865.02	1,289.23	8,752.32		250.00
Canceled Grants Receivable	8,333.81	2,003.97	103,404.97	24,551.42	7,153.73
Interfund Advances	30,345.84	9,336.01	17,682.64	7,184.43	210,452.26
Total Expenditures	<u>81,565,256.56</u>	<u>79,922,646.12</u>	<u>77,761,263.61</u>	<u>77,859,849.77</u>	<u>75,389,656.70</u>
Excess (Deficit) Revenue Over Expenditures	4,846,475.42	4,425,530.66	4,078,522.50	3,683,726.77	3,527,847.81
Adjustment to Income Before Fund Balance - Expenditures					
Included above Which are by Statute Deferred					
Charges to Budget of Succeeding Year					
Statutory Excess to Fund Balance	4,846,475.42	4,425,530.66	4,078,522.50	3,683,726.77	3,527,847.81
Fund Balance, January 1,	<u>6,809,268.40</u>	<u>6,318,757.74</u>	<u>6,015,235.24</u>	<u>6,106,508.47</u>	<u>6,328,660.66</u>
	11,655,743.82	10,744,288.40	10,093,757.74	9,790,235.24	9,856,508.47
Decreased by:					
Fund Balance Utilized as Budget Revenue	<u>4,250,000.00</u>	<u>3,935,020.00</u>	<u>3,775,000.00</u>	<u>3,775,000.00</u>	<u>3,750,000.00</u>
Fund Balance, December 31,	<u><u>7,405,743.82</u></u>	<u><u>6,809,268.40</u></u>	<u><u>6,318,757.74</u></u>	<u><u>6,015,235.24</u></u>	<u><u>6,106,508.47</u></u>

**Borough of New Providence , N.J.**

**Balance Sheet**

**Trust Funds**

**December 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>					
Animal License Fund:					
Cash	24,414.08	25,333.20	36,553.81	28,943.01	32,058.21
	<u>24,414.08</u>	<u>25,333.20</u>	<u>36,553.81</u>	<u>28,943.01</u>	<u>32,058.21</u>
Other Trust Funds:					
Cash	4,901,075.66	3,647,923.80	3,748,732.33	3,502,539.31	3,208,900.55
Cash - Payroll	52,964.09	51,801.13	51,854.40	51,375.87	55,597.86
Due from Current Fund (Open Space)	716.21	702.79	860.87		
	<u>4,954,755.96</u>	<u>3,700,427.72</u>	<u>3,801,447.60</u>	<u>3,553,915.18</u>	<u>3,264,498.41</u>
 Total Assets	 <u><u>4,979,170.04</u></u>	 <u><u>3,725,760.92</u></u>	 <u><u>3,838,001.41</u></u>	 <u><u>3,582,858.19</u></u>	 <u><u>3,296,556.62</u></u>
 <u>Liabilities, Reserves &amp; Fund Balance</u>					
Animal License Fund:					
Reserve for Dog Fund Expenditures	15,128.00	16,123.60	18,871.40	21,728.40	21,661.20
Interfund - Current Fund	9,286.08	9,209.60	17,681.21	7,212.21	10,397.01
Due to State of New Jersey			1.20	2.40	
	<u>24,414.08</u>	<u>25,333.20</u>	<u>36,553.81</u>	<u>28,943.01</u>	<u>32,058.21</u>
Other Trust Fund:					
Interfund - Current Fund (Other Trust)	3,596.47				
Various Other Trust Funds	3,361,003.64	2,246,704.73	2,435,526.97	2,185,812.50	2,136,470.96
Payroll Deductions	52,964.09	51,801.13	51,854.40	51,375.87	55,597.86
Reserve for:					
Construction and Other Deposits	150,943.69	188,645.73	247,178.70	233,504.18	300,479.13
Unemployment Insurance Trust Fund	234,668.07	221,448.57	225,591.54	202,424.66	14,068.67
Municipal Open Space	1,151,580.00	991,827.56	841,295.99	880,797.97	757,881.79
	<u>4,954,755.96</u>	<u>3,700,427.72</u>	<u>3,801,447.60</u>	<u>3,553,915.18</u>	<u>3,264,498.41</u>
 Total Liabilities, Reserves & Fund Balance	 <u><u>4,979,170.04</u></u>	 <u><u>3,725,760.92</u></u>	 <u><u>3,838,001.41</u></u>	 <u><u>3,582,858.19</u></u>	 <u><u>3,296,556.62</u></u>

**Borough of New Providence, N.J.**

**Balance Sheet**

**General Capital Fund**

**December 31,**

<u>Assets</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash	7,337,919.22	9,306,048.60	2,032,738.09	3,359,176.59	5,385,773.86
Interfunds Receivable	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00
Grants/Other Receivable	32,474.43	43,072.03	53,669.53	64,267.13	65,183.13
Deferred Charges to Future Taxation:					
Funded	13,610,000.00	15,480,000.00	17,300,000.00	19,135,000.00	20,960,000.00
Unfunded	<u>14,488,500.00</u>	<u>11,760,000.00</u>	<u>9,026,869.74</u>	<u>6,908,859.74</u>	<u>4,723,859.74</u>
Total Assets	<u>36,118,893.65</u>	<u>37,239,120.63</u>	<u>29,063,277.36</u>	<u>30,117,303.46</u>	<u>31,784,816.73</u>
<u>Liabilities, Reserves and Fund Balance</u>					
Interfunds Payable	16,643.15	126.41	1.43	1.82	200,055.25
General Serial Bonds	13,610,000.00	15,480,000.00	17,300,000.00	19,135,000.00	20,960,000.00
Bond Anticipation Notes	9,000,000.00	9,000,000.00			
Improvement Authorizations:					
Funded	1,462,832.54	1,701,785.80	1,847,923.25	2,410,605.83	3,375,487.26
Unfunded	9,166,029.18	8,273,064.64	7,277,692.30	6,059,835.43	4,639,979.84
Capital Improvement Fund	759,407.63	810,482.63	663,999.13	538,199.13	412,199.13
Reserve for:					
Debt Service	1,506,502.07	1,506,502.07	1,506,502.07	1,506,502.07	1,729,936.07
Grants/Other Receivables	225,000.00	225,000.00	225,000.00	225,000.00	225,000.00
Fund Balance	<u>372,479.08</u>	<u>242,159.08</u>	<u>242,159.18</u>	<u>242,159.18</u>	<u>242,159.18</u>
Total Liabilities, Reserves & Fund Balance	<u>36,118,893.65</u>	<u>37,239,120.63</u>	<u>29,063,277.36</u>	<u>30,117,303.46</u>	<u>31,784,816.73</u>



**Borough of New Providence, N.J.**  
**Statement of Changes in Fund Balance**  
**General Capital Fund**  
**Year Ended December 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance - January 1,	242,159.18	242,159.18	242,159.18	242,159.18	276,884.18
Increased by:					
Premium on Sale of Bond Anticipation Notes	<u>130,320.00</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>130,320.00</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Decreased by:					
Appropriated to Current Year Budget Revenue	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>34,725.00</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>34,725.00</u>
Balance - December 31,	<u><u>372,479.18</u></u>	<u><u>242,159.18</u></u>	<u><u>242,159.18</u></u>	<u><u>242,159.18</u></u>	<u><u>242,159.18</u></u>

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**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

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\_\_\_\_\_, 2024

Borough Council of the  
Borough of New Providence, in the  
County of Union, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of New Providence, in the County of Union, New Jersey (the "Borough"), in connection with the issuance by the Borough of its \$9,000,000 Bond Anticipation Note, Series 2024 (the "Note"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

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

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

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

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

Very truly yours,

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