

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 5, 2025

NEW ISSUE - BOOK-ENTRY-ONLY

RATING: Moody's: "Aa1"
(See "RATING" herein)

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

COUNTY OF PASSAIC

New Jersey

\$2,870,000 COUNTY COLLEGE BONDS, SERIES 2025

consisting of

\$1,435,000 COUNTY COLLEGE BONDS, SERIES 2025A

and

\$1,435,000 COUNTY COLLEGE BONDS, SERIES 2025B

(County College Bond Act, P.L. 1971, c.12)

(Non-Callable)

(Not Bank-Qualified)

Dated: July 1, 2025

Due: February 15, as shown on the inside front cover

The \$2,870,000 County College Bonds, Series 2025 of the County of Passaic, New Jersey (the "County"), consisting of the \$1,435,000 County College Bonds, Series 2025A (the "Series 2025A Bonds") and the \$1,435,000 County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c.12) (the "Series 2025B Bonds" and together with the Series 2025A Bonds, the "Bonds") will be issued in the form of one certificate for the aggregate principal amount of Bonds of each series maturing in each year and when issued will be registered in the name of Cede & Co, as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as "Securities Depository". See "THE BONDS – Book-Entry Only System" herein. Interest on the Bonds will be paid semiannually on the fifteenth day of February and August in each year until maturity, commencing on February 15, 2026. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such interest payment date occurs (the "Record Dates" for the payment of interest on the Bonds).

Principal of and interest on the Bonds will be paid to the Securities Depository by the County. The Bonds will be dated July 1, 2025 and will mature on February 15 in the years and in the principal amounts set forth on the inside front cover hereof. As long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of the DTC participants and the indirect participants as more fully described herein.

The Bonds are not subject to redemption prior to their stated maturities.

The Bonds are valid and legally binding obligations of the County and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the County for the payment of principal of the Bonds and the interest thereon without limitation as to rate or amount.

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

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel to the County. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about July 1, 2025.

**ELECTRONIC BIDS VIA PARITY OR
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O'CLOCK A.M. ON JUNE 17, 2025
AS SET FORTH IN THE NOTICE OF SALE FOR THE BONDS**

Dated: June ____, 2025

COUNTY OF PASSAIC
New Jersey

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

\$1,435,000 COUNTY COLLEGE BONDS, SERIES 2025A

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>
2026	\$125,000	%	%		2031	\$145,000	%	%	
2027	125,000				2032	155,000			
2028	130,000				2033	160,000			
2029	135,000				2034	160,000			
2030	135,000				2035	165,000			

\$1,435,000 COUNTY COLLEGE BONDS, SERIES 2025B

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>
2026	\$125,000	%	%		2031	\$145,000	%	%	
2027	125,000				2032	155,000			
2028	130,000				2033	160,000			
2029	135,000				2034	160,000			
2030	135,000				2035	165,000			

* Registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of the issuance of the Bonds and the County does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

PASSAIC COUNTY OFFICIALS

BOARD OF COMMISSIONERS

COUNTY COMMISSIONER - DIRECTOR

Pasquale Lepore

COUNTY COMMISSIONER DEPUTY DIRECTOR

Cassandra Lazzara

COUNTY COMMISSIONERS

John W. Bartlett
Orlando Cruz
Rodney A. DeVore
Terry Duffy
Bruce James

COUNTY ADMINISTRATOR

Matthew P. Jordan, Esq.

COUNTY COUNSEL

Nadege D. Allwaters, Esq.

CLERK TO THE BOARD

Louis E. Imhof, III

DIRECTOR OF FINANCE

Richard Cahill

COUNTY AUDITOR

Steven D. Wielkottz, C.P.A., R.M.A.
Wielkottz & Company, LLC
Pompton Lakes, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

No broker, dealer, salesperson or other person has been authorized by the County to give any information or to make any representations with respect to the Bonds, 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 County 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 Underwriters or, as to information from sources other than itself, by the County. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

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

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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information.

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 County from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the County.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

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

Neither Rogut McCarthy LLC nor the Underwriters have participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

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**OFFICIAL STATEMENT
OF THE

COUNTY OF PASSAIC
New Jersey
\$2,870,000 COUNTY COLLEGE BONDS, SERIES 2025
consisting of
\$1,435,000 County College Bonds, Series 2025A
and
\$1,435,000 County College Bonds, Series 2025B
(County College Bond Act, P.L. 1971, c.12)**

INTRODUCTION

This Official Statement (the "Official Statement"), which includes the cover page and the appendices attached hereto, has been prepared by the County of Passaic (the "County"), in the State of New Jersey (the "State"), in connection with the sale and issuance of \$2,870,000 County College Bonds, Series 2025, consisting of \$1,435,000 County College Bonds, Series 2025A (the "Series 2025A Bonds") and \$1,435,000 County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c.12) (the "Series 2025B Bonds" and together with the Series 2025A Bonds, the "Bonds"), dated July 1, 2025. This Official Statement has been executed by the Director of Finance of the County.

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

THE BONDS

General Description

The Bonds of each series may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple thereof (except for two odd pieces in excess of \$5,000) through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York ("DTC") and its participants. The Bonds shall be dated July 1, 2025 and will mature on February 15 in the years and in the principal amounts shown on the inside front cover page hereof. The Bonds shall bear interest from their date, payable on each February 15 and August 15, commencing February 15, 2026 (each, an "Interest Payment Date"), in each year until maturity at the rates shown on the inside front cover page hereof. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

Security for the Bonds

The full faith and credit of the County are irrevocably pledged for the punctual payment of the principal of and the interest on the Bonds. The Bonds will be direct and general obligations of the County and the County will be obligated to levy *ad valorem* taxes upon all of the taxable property within the County for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

The Bonds are not a debt or obligation, legal or moral or otherwise, of the State or any political subdivision thereof, other than the County.

Additional Security for the Series 2025B Bonds

The Series 2025B Bonds are entitled to the benefits of the provisions of P.L. 1971, c. 12, as amended and supplemented (N.J.S.A. 18A:64A-22.1 *et seq.*) (the "Act"). Under the provisions of the Act, the State has agreed, subject to annual appropriation, to appropriate and pay annually on behalf of the County an amount equal to the amount of principal and interest due on the Series 2025B Bonds. The amounts paid by the State pursuant to the Act are paid directly to the Paying Agent for the Series 2025B Bonds and must be used for the payment of the principal of and interest on the Series 2025B Bonds. Such Series 2025B Bonds are not debts or liabilities of the State. In the event that State appropriations for the payment of the principal of and interest on the Series 2025B Bonds are not made, the County will be responsible for appropriating amounts necessary to pay such principal and interest (see "THE BONDS - Security for the Bonds" above).

Redemption

The Bonds are not subject to redemption prior to their stated maturities.

Authorizations and Purpose of the Bonds

The Bonds are authorized by and are to be issued pursuant to the laws of the State including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, Title 18A, Education of the New Jersey Statutes, Bond Ordinance 2025-02 of the County, finally adopted on February 25, 2025, and all respects duly approved and published, and resolutions duly adopted by the County Board of Commissioners on May 13, 2025.

<u>Ordinance No.</u>	<u>Description</u>	<u>Bonds to be Issued</u>
<u>Series 2025A Bonds</u>		
2025-02	Improvements to Passaic County Community College Facilities	\$1,435,000
<u>Series 2025B Bonds</u>		
2025-02	Improvements to Passaic County Community College Facilities	<u>1,435,000</u>
		<u><u>\$2,870,000</u></u>

Book-Entry Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest, and other payments due on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the County. Accordingly, the County does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds 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 certificate will be issued for each year of maturity of each series of the Bonds, in the aggregate principal amount of each maturity of each series, 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"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Principal and interest payments on the Bonds 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 County or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the County, 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 County 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 Bonds at any time by giving reasonable notice to the County or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

Discontinuance of Book-Entry-Only System

If the County, 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 Bonds at any time, the County will attempt to locate another qualified depository. If the County fails to find such a securities depository, or if the County determines, in its sole discretion, that it is in the best interest of the County or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the County undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the County shall notify DTC of the termination of the book-entry only system.

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 or Sinking Fund installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the County are general full faith and credit obligations.

The authorized bonded indebtedness of the County for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 2.00% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of County, as annually determined by the State Director of Taxation is \$70,353,442,024.

The County has not exceeded its statutory debt limit. As of December 31, 2024, the statutory net debt as a percentage of average equalized valuation was .362%. As noted above, the statutory limit is 2.00%.

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 County 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 County 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 County or substantially reduce the ability of the County 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 County 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 County 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 ("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.

See "INFECTIOUS DISEASE OUTBREAK – COVID-19" herein for a discussion of recent amendments to N.J.S.A. 40A:2-26 in response to the COVID-19 outbreak.

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

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

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

the project. See "INFECTIOUS DISEASE OUTBREAK – COVID-19" herein for a discussion of recent amendments to N.J.S.A. 40A:2-26 in response to the COVID-19 outbreak.

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

Tax Assessment and Collection Procedure

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

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

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 \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

In response to the \$10,000 annual limitation on an individual's federal income tax deduction for state and local taxes paid (beginning in 2018 and ending in 2025) contained in the federal "Tax Cuts and Jobs Act", Pub. L. No. 115-97, New Jersey Governor Phil Murphy signed into law Senate Bill No. 1893 ("S-1893") on May 4, 2018. S-1893, which will take effect when implementing regulations are adopted by various State agencies, authorizes municipalities, counties and school districts ("local units") to establish one or more charitable funds, each for specific public purposes, and permits certain donations to those charitable funds to be credited toward the donor's property tax obligation. Moneys held in a charitable fund are immediately available to pay debt service. On June 13, 2019, the Internal Revenue Service (the "IRS") issued final regulations, effective August 12, 2019, denying the deductibility (except for a de minimis amount) for federal income tax purposes of property tax credit donation mechanisms authorized by S-1893 and similar laws adopted in other states. The County makes no representations as to whether any local units will establish charitable funds pursuant to S-1893 or how S-1893 will be implemented.

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2023 for the County is on file with the Clerk and is available for review during business hours.

GENERAL INFORMATION ON THE COUNTY

Early History

The County was organized under an act of the New Jersey Legislature on February 7, 1837, more than 150 years after the first Dutch pioneers settled in the region. The creation of the County from parts of Bergen and Essex Counties ended a 15-year feud between Hackensack and Paterson residents and merchants. Paterson merchants disliked the idea of having to travel to the County Seat of Hackensack. These merchants petitioned the legislature for the establishment of a new county.

The local dispute between Paterson and Hackensack erupted on a Statewide level. Southern New Jersey legislators hesitated to create a new county that would give northern counties additional representation in the legislature. Finally, a compromise was reached by creating another southern county at the same time, and the County of Passaic became a reality.

The County is replete with legends, history and heroes of the Revolutionary Age: General Washington's Headquarters in 1780 still stands on the grounds of a County park where it was built in 1709; the exploits of the dashing General "Mad" Anthony Wayne for whom the Township of Wayne is named, are legendary; and the Great Falls of Paterson cascade daily in tribute to Alexander Hamilton, who fathered American industry through the creation of the Society of Useful Manufacturers, which harnessed the power of these great falls for sale to the manufacturers of the time.

Governmental Structure

Since 1798, counties in New Jersey have operated under the Freeholder form of County government. Originally, each municipality in the County was entitled to one Freeholder to represent it at the County level. Changes in the original law were made in 1918, which reduced the number of Passaic County Freeholders to a total of seven, elected at large. In 2020, the State of New Jersey Legislature passed a bill, which was signed by the Governor on August 21, 2020, which changed the title of Freeholder to County Commissioner effective January 1, 2021.

The Commissioners, complemented by a County Administrator, function through committees and possess executive and legislative powers.

The responsibilities of the Commissioners encompass, in addition to linking the municipalities with state and other local governments, fiscal administration, the County judiciary system, law enforcement, recreation, road and bridge maintenance and construction, the County correctional and penal system, health and welfare, education and a myriad of other responsibilities.

Geographic Location

The County is located in northern New Jersey within the New York-New Jersey metropolitan area. The County borders New York State on the north and is surrounded by Sussex, Morris, Essex and Bergen Counties.

The County is shaped like a bent hourglass with the area above the neck running generally north and south and that portion below, east and west. The contrast between the two areas is striking. The upper half of the County is characterized by large lakes and watersheds and possesses a stunning topography. The lower half of the County contains more than 90% of the population in a third of the land area.

The highest point in the County is Bearfort Mountain in West Milford Township with an elevation of 1,484 feet. The County's lowest area is the tidal land along the Passaic River in Clifton and Passaic.

Within its 197.05 square miles there are 40 lakes and ponds, three state parks and two state forests.

Population of the County of Passaic

2020	524,118
2010	501,226
2000	490,377
1990	470,864
1980	447,585
1970	460,782
1960	406,618
1950	337,093

Source: United States Bureau of the Census, www.data.census.gov

Industry and Economy

During the past four decades, the economy of the County has undergone a tremendous change from its position as one of the leading textile and apparel centers of the world. The County has changed its former economic dependence upon this narrow base of employment to an economy of considerable diversification and growth with companies manufacturing food products, components for the aerospace industry, chemicals and fabricated metal products.

It should be recognized that the growth of non-manufacturing jobs in the service, retail and wholesale industries, as well as in finance and insurance, has more than made up for the loss of manufacturing employment. This growth has seen the change in the County's economy from blue collar to white collar.

County of Passaic Labor Force Estimates

(000's Omitted)

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2024 (March)	257.5	240.8	16.7	6.5%
2023 (December)	257.6	243.1	14.6	5.7
2022 (December)	252.4	242.2	10.2	4.0
2021	236.9	215.4	21.5	9.1
2020	245.2	214.3	30.9	12.6
2019	242.2	231.8	10.4	4.3
2018	239.2	227.0	12.2	5.1
2017	241.4	227.6	13.8	5.7
2016	243.5	228.5	15.0	6.2
2015	249.7	232.5	17.1	6.9
2014	248.4	228.3	20.2	8.1
2013	241.4	217.4	24.0	9.9
2012	243.3	216.1	27.2	11.2

Source: New Jersey Department of Labor and Workforce Development, Office of Research and Information, - Annual
Averages for all Years unless noted https://www.nj.gov/labor/lpa/employ/uirate/lfest_index.html

Statistics of Income 2019-2021: New Jersey Income Summary

Returns Filed and Total Income by County

County of Residence	2019			2020			2021		
	Total Income		Total Income	Total Income		Total Income	Total Income		Total Income
	Amount	Average		Amount	Average		Amount	Average	
Atlantic	\$8,902.2	\$62,054	15	\$8,855.9	\$60,772	16	\$9,375.3	\$69,975	16
Bergen	58,223.2	127,598	1	58,781.4	127,203	1	68,694.4	151,707	1
Burlington	19,363.4	90,811	10	19,508.7	90,078	10	21,994.7	100,609	10
Camden	18,035.5	74,762	12	18,078.8	73,781	12	19,831.0	82,686	12
Cape May	3,401.1	71,534	20	3,428.2	72,528	20	4,239.7	90,842	19
Cumberland	3,837.1	56,365	19	4,010.3	56,883	19	3,986.8	60,942	20
Essex	36,151.4	96,568	3	36,820.4	96,458	3	43,141.0	119,029	3
Gloucester	11,100.2	79,153	14	11,231.4	78,695	14	12,434.0	88,296	14
Hudson	29,744.3	86,950	6	29,889.5	86,412	6	29,604.2	91,939	7
Hunterdon	8,789.3	136,607	16	9,019.6	139,405	15	10,261.7	161,548	15
Mercer	18,438.7	104,451	11	18,574.6	103,180	11	21,229.5	122,272	11
Middlesex	34,680.5	86,309	4	35,397.9	86,447	4	38,335.7	95,358	5
Monmouth	37,613.3	120,469	2	39,056.8	123,482	2	46,958.2	150,345	2
Morris	34,505.9	143,000	5	35,084.7	143,525	5	41,922.4	167,753	4
Ocean	20,430.5	73,590	9	21,072.9	74,273	9	24,905.5	86,437	9
Passaic	16,729.7	65,919	13	16,532.6	63,280	13	17,793.9	71,565	13
Salem	1,859.9	64,602	21	1,916.1	65,501	21	2,151.0	73,432	21
Somerset	23,616.9	150,063	8	24,392.4	153,568	8	28,576.9	171,263	8
Sussex	6,528.0	91,241	17	6,553.7	90,278	17	7,115.6	98,120	17
Union	26,683.3	98,498	7	27,207.5	98,611	7	31,601.4	117,661	6
Warren	4,198.9	78,365	18	4,227.3	77,245	18	4,578.1	84,725	18
Total	422,833.4	97,509	-	429,640.7	97,451	-	488,730.9	113,341	-

1/ Source: Statistics of Income 2019 to 2021, Table 5.1 NJ Department of the Treasury 3 2024

2/ Amounts in millions;

3/ Ranking based Total income.

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Authorized Permits for New Construction - 2020 to 2024

<u>Authorized Permits and Construction Value</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Housing Units: New Construction	1,016	274	670	334	77
Office: Authorized Square Feet	407,563	333,011	477,510	325,947	330,115
Retail: Authorized Square Feet	59,186	17,606	670	62,495	-0-
Other Non-Residential Uses:					
Authorized Square Feet	1,896,852	863,021	893,662	458,781	41,695
Estimated Cost of Construction					
Authorized by Building Permits	\$420,419,622	\$492,532,636	\$323,768,657	\$310,042,473	\$444,981,628

Source: NJ Department of Community Affairs, Building Permits Yearly Data:
January-December for 2024, 2023, 2022 January – November 2021 and 2020.
http://www.state.nj.us/dca/divisions/codes/reporter/building_permits.html#2
https://www.nj.gov/dca/codes/reporter/building_permits.shtml

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Economic Outlook

According to the New Jersey Department of Labor and Workforce Development, Passaic County's December 2023 labor force totaled 257,600 with an unemployment rate of 5.7%, higher than the 2022 December rate of 4.0% but substantially lower than the 2021 unemployment rate of 9.1%. This increase in unemployment rate was directly due to the closing of several big box retailers such as Bed Bath and Beyond and their big box children's store along with other large retailers. Overall, Passaic County has experienced a resurgence in its economy as the COVID-19 pandemic waned. Since the economy is highly diversified with no particular industry or sector accounting for a large percentage of the employment in the County, many of Passaic County's residents remained employed during the national and state emergency.

In a recent **Lightcast Economy Overview for Passaic County, Q1 2024 Dataset**, the County's population **increased by 17,031 over the last 5 years and is projected to grow by 31,018 over the next 5 years.**

Lightcast also reported that Passaic County's median household income as of 2021 was \$78,400, **\$9,400 above** the national median household income of \$69,000. Between 2018 to 2023, jobs increased by 2.8% in Passaic County from 186,469 to 191,624.

New York financial technology company SmartAsset evaluated the Gross Domestic Product (GDP) of New Jersey counties by measuring the change in the local GDP over a four-year period. Passaic County ranked number nine compared to all 21 counties in the state by experiencing strong growth and investment.

The study captured the places around the country that are receiving the most incoming investments in business, real estate, government and the local economy as a whole. SmartAsset looked at four factors: business establishment growth, GDP growth, new building permits and municipal bond investment. Every county in the study was scored on these four factors, weighing each factor equally. Passaic County received a high ranking due to its business growth, \$813 million in business investment, number of building permits and municipal bond activity.

In a recent USA Today article with information from Realtor.com, ***How Hot is the Real Estate Market In North Jersey?***, "Passaic County's median sales price for a single-family home was \$435,000, up 7.7% from a year earlier. Prices have been rising for 18 consecutive months on a year-over-year basis... In Passaic County the top 10% of the properties sold had prices of at least \$643,000, up 3.5% from a year before."

Following this residential trend, Co-Star reports that as of March 2023, the industrial/warehouse vacancy rate for Passaic County inched up slightly to 3.4%. Office space has followed a similar pattern with a vacancy rate of 8.8 % and the County's retail sector, is experiencing a vacancy rate of only 3.9%.

NJ Department of Labor and Workforce Development, (NJDOLWD) Private Sector Employment and Annual Wages by Industry report for 2023 indicates that the following key industries provide the highest employment opportunities in Passaic County: Health Care and Social Assistance (19.8%); Retail Trade (16.3%); Manufacturing (12.5%); Administrative and Waste Services (8.9%); Wholesale Trade (6.2%) and Accommodation and Food Services (7.7%).

For decades, financial companies have been migrating from New York City's Lower Manhattan historic financial district to new areas such as New Jersey which remains the largest data center market in the country, according to Sean Brady, Senior Director, Cushman & Wakefield. Many of these data centers have located in Passaic County. A prime example is Digital Realty, the largest developer of wholesale data space, who recently began construction on a 150,000 square foot built-to-suit data center for the anchor tenant on its campus in Totowa. This will be the first of two data center buildings planned for the site, with the second phase planned for 250,000 square feet.

"We will be developing a highly strategic, purpose-built, new infrastructure solution to help a leading data analytics provider optimize data exchange for their employees, customers and partners," said William Stein, the CEO of Digital Realty, during the company's recent earnings call.

"In terms of specific wins during the quarter, the New York metro area was a standout," added Stein, who said it was *"the top destination for network and enterprise-oriented deployments during the second quarter."*

The Digital Realty build-to-suit project is notable because this type of development has not been seen recently in New Jersey, which was once the premier market for single-tenant data centers for the financial industry. The Totowa project builds on several years of positive momentum for multi-tenant data centers in the Garden State, with both colocation and wholesale suites seeing improved demand.

This pattern continues with the data center built for Credit Suisse at the 284,000 square foot Hudson Communication Center located in Clifton, and the 126,000 square foot Russo Development Data Center in Totowa, NJ. In addition, Digital Totowa has broken ground on a 457,117 square foot data center along Union Boulevard, Totowa, NJ. Mountain Development Corporation has completed their Financial Data Center at 2 Peekay Drive, Clifton, NJ to house Telx Group, Inc. This 215,000 square foot, 3 story data center is a flagship site for Telx, providing cloud computing services, high-speed connections to financial exchanges and space for back-up data storage. Telx has subsequently purchased this site from Mountain Development Corporation.

The educational and health services industry, continues to be robust and able to withstand economic shifts, and will continue to see gains in the coming year. The National Science Foundation (NSF) in Washington, D.C., has awarded a five-year \$1 million Scholarships-in-STEM Grant to William Paterson University in Wayne. William Paterson's five-year \$1 Million Scholarships-in-STEM Grants from the National Science Foundation will support low-income, academically talented math and computer science majors, according to the university. Over the five-year duration, the project will support 26 first-year and transfer students pursuing bachelor's degrees in mathematics, computer science, or computer information technology, according to the university. First-year students will receive scholarship support for up to four years and transfer students will receive up to two years of scholarship support, the university stated.

In commercial construction, Passaic County has demonstrated a particular strength in generating new construction permits in 2023. Permits for the new construction of housing totaled 334 units. New construction permits for office space totaled 325,947 square feet. The estimated Cost of Construction authorized by building permits totaled \$310,042,473 in 2023.

On September 18, 2013, the State established the Grow New Jersey Assistance Program (GrowNJ) which provides corporate business tax credits as financial incentives for the relocation and expansion of companies in the State. For each year of incentives (up to maximum of 10 years), the business must commit to maintaining the project with the minimum number of full-time job positions for 1.5 times the length of the incentive award period. The Passaic County cities of Paterson and Passaic have been designated as Garden State Growth Zones which greatly increases benefits under GrowNJ. In addition, the City of Clifton is also designated as a special location, receiving enhanced benefits. This program, which ended June 30, 2019, provided investments in Passaic County as follows: **Better Team USA** has located their 16,500 square foot manufacturing plant in Clifton, NJ from Hong Kong, due to the receipt of a \$11,250,000 incentive grant, the company invested \$2,230,000 and created 150 new jobs. **Jimmy's Cookies** relocated their 87,280 square foot manufacturing facility to Clifton, NJ after the receipt of a \$7,537,500 GrowNJ incentive grant, creating 79 jobs and retaining 43. **Metropolitan Foods aka Driscoll Foods**, received a \$18,487,500 GrowNJ incentive and will invest \$67,600,000 as the company expands into a 562,000 square foot facility in Wayne, NJ, creating 139 jobs and retaining 215 employees. **Accurate Box Company** received a \$39,875,000 GrowNJ incentive award to fuel their expansion in Paterson, NJ renovating and expanding their 365,000 square foot manufacturing plant as they plan to invest \$19,807,551 in new construction and the creation of 51 new jobs and the retention of 229 employees. **Sandy Alexander**, Clifton, NJ received a \$12,740,000 incentive due to their planned investment of \$2,800,000 and the creation of 74 jobs and retention of 216 in their 134,000 square foot facility. **Patella Woodworking** received a \$10,325,000 GrowNJ incentive for their investment of \$5,856,884 in their new facility in the City of Passaic, relocating from Orangeburg, NY, fueling the creation of 70 new jobs in their 79,784 square foot facility. In addition, **MGP Manufacturing** in Paterson received an award of \$3,797,500 as they invested \$295,000 in their 12,400 square foot facility creating 31 new jobs. **Seton Hall – Hackensack School of Medicine** received a GrowNJ incentive of \$16,937,500, for their new facility located along Route 3 East in Clifton, NJ. This new medical school will employ over 271, and will invest a total capital investment of \$55,158,000 in their 238,576 square feet facility. In addition, **Coronet, Inc.** will expand in Paterson, NJ into a 67,484 square foot facility and received an incentive of \$17,760,000 and plans to invest \$5,982,644 in the new facility, employing 148.

Retail Activity

Retail activity, despite national trends continues in the County. As an example, the Willowbrook Mall, the Wayne retail power center, has increased their retail capacity by approximately 250,000 square feet for new restaurants and retailers. BJ Wholesale Club has recently expanded into the power center along with Fogo de Chão.

Commercial and Industrial Activity

A number of major commercial and industrial projects have broken ground, completed construction or have been initiated throughout Passaic County. Examples of these projects follow:

Wayne Development Activity

Point View, 1 Geoffrey Way, Wayne: This former Toys R US corporate headquarters sits on 183 acres and was purchased by DOBCO. The property will be redeveloped into a mixed-use community comprised of over 1,300 residential units (both ownership and rental). In addition, the existing 608,000 square feet of office space will be redeveloped for multiple uses including retail.

Donnelly Construction has completed construction on a 26,000-square-foot warehouse in Wayne. Located at 441 Newark Pompton Turnpike, the facility includes a 26-foot ceiling height, three tailboard loading docks, one drive-in door and 2,000 amps of power, which the builder expects will appeal to manufacturing and light assembly companies. Plans also call for 1,500 square feet of office space and a full-height glass entry.

Since 2018, the company has expanded its footprint at the site from 14 to 23 acres. In addition to the facility under construction, the property is already home to a fully leased, 29,000-square-foot industrial building, and Donnelly plans to build a third building of 70,000 square feet.

Getinge US, a medical equipment manufacturer, signed a lease at 1 Geoffrey Way in Wayne for its entire U.S. sales and service unit, a new service training center, and the home for more than 200 Getinge employees.

Amazon continues to expand in New Jersey with the October 2020 opening of Amazon 4-Star, a physical store located in the Willowbrook Mall in Wayne. The store is the first for Amazon in the state. The company currently has 26 stores in 16 states, with plans for five additional locations.

Amazon officials say Amazon 4-Star stores carry highly rated products from the top categories, including devices, consumer electronics, kitchen, home, toys, books and games. Everything in these stores is rated 4 stars and above by customers, is a top seller or is new and trending on [Amazon.com](https://www.amazon.com).

Whole Foods Market opened to customers at Valley Ridge shopping center in September 2020. The store, which feature fast-casual burger bar, offering grass-fed and plant-based patties and a lineup of eight craft beers, will be the first Whole Foods in Passaic County.

The 40,235-square-foot store will sell thousands of products that will be trucked in from area suppliers. The supermarket's opening was arguably the most anticipated in the county for some time.

The Texas-based grocer announced that it would open a store at the 9.3-acre strip mall more than two years ago, but it kept the exact date under wraps until its grand opening.

Bakkafrost, one of the largest fish-farming companies in the world, has relocated its processing plant in Clifton to an industrial building on Corporate Drive, Wayne, NJ. Bakkafrost bought the 3.8-acre property for \$4.2 million in July 2020.

The company, which raises salmon in icy waters of the North Atlantic, will fly the fish to Newark Liberty International Airport and truck them to its new facility in the middle of the night. Plant workers then unload the fish and prepare them for consumption at smokehouses, supermarkets and sushi restaurants throughout North Jersey.

The company has about 75 customers in this region and two of their biggest are Restaurant Depot and Wakefern Food Corp., the parent of ShopRite and four other grocers.

The 30,521-square-foot building, near the Totowa border, at 25 Corporate Drive, is nearly twice the size of the company's existing facility, 7 miles away on Brighton Road in Clifton.

Kering S.A., the French parent company of Gucci and other luxury fashion brands, has opened a 460,000-square-foot office building and warehouse on Totowa Road in Wayne, NJ. The building was constructed on a 31.8-acre property and has 224 parking spots for cars and 70 parking spaces for tractor-trailers. The company employs approximately 350 people.

The property, on the south side of Totowa Road, across from the historic Dey Mansion and Preakness Valley Golf Course, is owned by Peykar Family Properties.

125 Pompton Plains Crossroad. Newly constructed warehouse distribution facility with 69,999 sf on 6.39 acres. The building includes 12 loading docks; 1 drive-in door; 40' ceiling height and parking for 39 cars.

ALDI, ALDI supermarket has executed a lease at 625-709 Hamburg Turnpike in Wayne, occupying 42,816 square feet of the former Shop Rite supermarket space.

Sportime Clubs Pickleball Center, the largest Pickleball Center in NJ will be locating in Willowbrook Plaza. The 50,000 square foot arena will offer 20 courts, including a stadium-style court on the third floor of Willowbrook Plaza at 77 Willowbrook Blvd. It will be large enough to host national tournaments.

Driscoll Foods purchased the former Bayer Pharmaceutical property, completed a 562,000 square foot warehouse distribution center and created and retained approximately 350 jobs.

The **former Drake's Bakery** property has been purchased and redeveloped as a warehouse distribution facility.

Clifton Development Activity

Within the City of Clifton, **Prism Development** has purchased the former 116-acre Hoffmann La Roche site at which it has constructed into a new medical center and a residential/commercial development along Route 3 East. The former Roche site is now known as **ON3**.

In January 2016, the Seton Hall-Hackensack Meridian School of Medicine was announced as an anchor for the property, and it welcomed its first students in 2018. Others, like Ralph Lauren Corp., have also moved to the site.

Among new construction, **Quest Diagnostics** completed a 250,000-square-foot laboratory and parking garage on the western portion of what used to be the parking lot for Roche. Quest Diagnostics' new building will soon be operational as the company continues to move employees from its Teterboro location. The Clifton site will be the most highly automated laboratory in the company. Once fully operational, the clinical laboratory will employ more than 1,100, with more than 300 positions filled by new hires. By early summer 2021 the transition of employees is expected to be completed.

A medical arts building also will be built on the former parking lot. The 80,000 square foot building will house medical services provided by Hackensack Meridian Health. The medical arts building will include an urgent care center, a retail pharmacy, an imaging center, primary care and specialty care physician offices, an ambulatory surgery center and more.

The office building will share a 478-space parking garage. Also slated for the eastern corner of the property closest to Route 3 is a dual-brand hotel still to be identified.

Global pharmaceutical giant, **Eisai**, tapped SJP Project Solutions to lead a team in the build-out of its new U.S. headquarters at ON3. Eisai has relocated its U.S. headquarters from Woodcliff Lake to the entirety of 200 Metro Boulevard at ON3. Eisai signed a lease for 300,000 s/f at the campus. The company will be transferring up to 800 corporate staff and research and development functions.

Online grocery startup **Weee** has inked a massive lease for a cold storage facility in Clifton, New Jersey. Weee, a California-based company specializing in Asian food, is taking 220,000 square feet at 174 Delawanna Avenue, *according to the STRO Companies*, which controls the entity that owns the Clifton facility. The online grocer has been using a 50,000-square-foot Edison site for about a year. The expansion in Clifton was to accommodate the company's rapid growth.

Wellness and Surgery will be expanding to 1135 Broad Street, Clifton in a 2,000 square foot high-end medical suite.

A Brooklyn fruit-based beverage company has purchased a Clifton industrial building to boost its manufacturing capacity. **3V Co.** which produces and distributes beverages in the New York City metro area, bought the 45,670-square-foot building at 9 Bridewell Place. 3V, which is remaining headquartered in the New York borough, intends to grow both its administrative and manufacturing areas into northern New Jersey.

Shawnee Trucking Company has expanded its transportation and logistics hub in Clifton, New Jersey. Shawnee Trucking operates as a "one-stop," full-service transportation and logistics company that provides trucking and delivery services between Virginia and Maine. It also serves the remainder of the country through broker contracts and contractors.

Shawnee Trucking Company used funding from the NJEDA's Premier Lender Program to purchase a six-acre property in Clifton that will serve as its national headquarters. The property includes a 121,000-square-foot warehouse, 4,000 square feet of office space, and a two-acre parking lot.

The company employs more than 125 people in New Jersey and plans to hire additional workers in the next two years. The minority-owned business has a fleet of 180 trucks and trailers and more than 450 customers.

City of Paterson Development Activity

Hinchliffe Stadium in Paterson welcomed spectators starting in 1932 hosting an array of notable events throughout its history such as Negro Leagues baseball games while also serving as a primary venue for Paterson high school sports. The venue has been closed since 1997 but is now being redeveloped through a project run by BAW Development, whose founder, Baye Adofo-Wilson, estimates that the project cost will be \$102 million.

The 10,000-seat stadium, which is owned by the Paterson Board of Education, will split its use with 180 days a year allotted for use by the school district and another 180 days for use by the city. It will likely seat around 7,000 fans for baseball games.

Another feature of the venue will be a Negro Leagues museum overseen by Montclair State University funded by a \$5 million donation from Chuck Muth, a former Coca-Cola executive, Paterson native, and Montclair State alum.

The New Jersey Jackals, a minor league baseball team that plays in the independent Frontier League, announced a move from Yogi Berra Stadium on the Montclair State campus to Hinchliffe for the 2023 season. The Jackals agreed to a six-year lease at the remodeled ballpark.

GroMex, Paterson, NJ: A Mexican produce distributor currently based in Passaic will construct a 96,800 square foot warehouse and a 10,800 square foot distribution center for \$6 million on a 7-acre site at 18th Avenue and East 30th Street, Paterson.

Thor Equities: Former Continental Can Site, (297 Getty Avenue and Madison Avenue) Paterson, NJ will construct a \$35 million warehouse including 53 loading docks, and 300 parking spaces on the 17-acre site. Project will create 300-400 new employment opportunities.

The City of Paterson, home of the Great Falls, is the home of a successful \$200 million downtown development project **Center City Mall**. The Center City Partners has built a 320,000 square foot building including retail, office and parking uses, with the potential to expand development to 600,000 square feet.

Lowe's has constructed a 136,000 square foot building in Paterson along Route 20, and a Pep Boys and Micro Computer Store also occupy an additional 50,000 square feet in the complex.

A **Home Depot** opened a 117,953 square foot site located along Route 20 in Paterson between 4th and 5th Avenues.

MGP Manufacturing in Paterson moved its new company into Paterson investing \$295,000 in their 12,400 square foot facility creating 31 new jobs.

Accurate Box Company completed phase II of their extensive renovation and expansion of their 365,000 square foot manufacturing plant, investing \$19,807,551 in new construction and the creation of 51 new jobs and the retention of 229 employees.

Riverside Village has completed its new construction along Route 20 in Paterson. Tenants include a McDonald's, a Spanish restaurant and a bank.

Kessler Properties has substantially renovated a 88,375 square foot property located at 431-455 Madison Avenue and has leased space to 6 new companies.

AM Realty Associates has completed construction on a 24,633 square foot retail strip mall on Chamberlain Avenue for a Valley National Bank and a Rite-Aid Drug Store.

St. Joseph's Health in Paterson has completed the \$250 million expansion of their new 173,798 square foot Critical Care Facility and building renovations, and has completed construction of a new medical arts building, and 1,122 car parking deck. A retail complex has been constructed totaling 20,000 square feet for a pharmacy and related retail stores.

A tower was built on the corner of Main and Levine Streets to house the New York Medical College Regional Branch Campus at St. Joseph's and physicians' office building. The seven-story, 105,000-square-foot building will provide space for expansion of the instructional programs for the medical school as well as the allied health professions programs of Touro College and University. In addition, the physician practices will have ideal proximity to St. Joseph's Regional Medical Center and St. Joseph's Children's Hospital.

The expansion of the hospital has encouraged many other developments in the area including a 46,928 square foot retail/apartment complex at Buffalo and Main Avenues; a 54,977 square foot office building on Main Street by Straight Street Properties; a 15,703 square foot Walgreen's Pharmacy opened on Main Street; and a 20,913 square foot medical arts building to be developed by Abby 2012, LLC.

The Barnert Medical Arts Complex has been redeveloped into a 200,000 square foot medical arts facility on Broadway in Paterson, with several of the medical offices purchasing their space as condominiums.

Little Falls Development Activity

Office Building development has continued in Little Falls with John Soldovari constructing a 30,000 square foot office building.

Direct Depot has completed construction on a 25,000 square foot New Jersey Kitchen and Bath Design Center. Within the Township of Little Falls, a new three-story mixed use commercial and retail facility will be constructed at 36 Main Street.

Woodland Park Development Activity

Amazon Warehouse: The STRO Cos. and Kushner Real Estate Group have finalized a lease with Amazon at a new industrial building in Woodland Park, where the e-commerce giant operates a 205,000-square-foot same-day delivery facility.

The structure at 1150 McBride Avenue has 36-foot clear ceiling heights, two drive-ins, 20 docks and 229 parking for employees and 37 trailers. The site is considered a last-mile facility, benefiting from its direct access to Route 46, Route 23 and Interstate 80. Amazon has invested more than \$23 billion in New Jersey since 2010.

Berkeley College expanded by 19,250 square feet.

1225 McBride Avenue Associates has restructured their 153,182 medical arts facility.

Amazon Fresh: Within Woodland Park, the world's largest retailer is moving into the former Fairway Markets store and now operates as Amazon Fresh at the 59,350 square foot site off of Route 46 West. The Woodland Park store will employ over 100 and will be among the first of Amazon's new line of supermarkets, which feature 21st-century innovations like Dash Carts, which do not require a visit to a cashier. Shoppers may bag as they go; the carts automatically scan items and charge customers for what is inside when they leave. Amazon will also offer same-day delivery - free for Prime members - and pickup, as well as the Dash Carts.

Summit Health just opened at 1225 McBride Avenue a \$20 million 50,000 square foot facility on McBride Avenue in Woodland Park. Summit will operate a new medical lab, capable of automating blood, body tissue and biopsy tests. The facility will operate 365 days a year around the clock and will service all CityMD urgent care centers and Summit Health primary care and multispecialty offices in the New York and New Jersey areas. Over 80 employees will be on-site working in three shifts.

Totowa Development Activity

Realterm, a Maryland-based investment firm has acquired a three-acre industrial outdoor storage facility in Totowa. The site at 20 Jackson Road houses a 6,960-square-foot warehouse, and the new ownership plans to upgrade this facility and its surrounding infrastructure.

HelloFresh SE opened a new 127,055-square-foot distribution center at 8 Vreeland Avenue, Totowa to support EveryPlate, its value meal kit brand.

This is the company's third distribution center in New Jersey across its HelloFresh, EveryPlate, and Green Chef banners, after locations in Newark and Swedesboro opened.

The Totowa facility brings 225 new jobs to the region in production, operations and management roles, with plans to expand production in the next year.

With the strategic expansion of operations just a stone's throw away from its Newark distribution center, HelloFresh is leveraging operational efficiencies and existing supplier relationships to quickly scale up production and better serve customers in the Northeast and Midwest.

Bimbo Bakeries has constructed a 55,456 square foot warehouse/distribution facility along Riverview Drive.

An **Aldi supermarket** opened in October 2020 along the Route 46 West corridor in Totowa.

In 2020, Aldi stores have opened locations in Ramsey, Morganville and Bergenfield. The Totowa store will be Aldi's 56th in the Garden State. It will occupy space vacated by the former Babies R Us in the Totowa Square shopping center.

The Totowa store is part of the company's \$5 billion expansion, which will remodel 1,300 existing stores and open hundreds of new ones, aiming to make it the country's third-largest supermarket chain by 2022.

Aldi streamlines its approach to staffing, creating cost-saving efficiencies that are passed on to the customers each store, including the one in Totowa, which employs 15 to 20 people.

Innovative Cosmetic Concepts acquired the 120,000 square foot industrial building at 922 Riverview Drive, Totowa, New Jersey.

The Totowa location will be the second site for Innovative Cosmetic, a growing manufacturer and distributor of high-quality cosmetic and personal-care products. Through its network of partners in North America, Europe, Asia and Latin America, the company markets and sells its products around the world. The Totowa warehouse will let Innovative Cosmetic expand its distribution and warehousing capabilities.

The building has over 78,000 square feet of ground-floor warehouse space, 17,000 square feet of office space and 24,000 square feet of temperature-controlled, vaulted warehouse space, making it one of the most flexible industrial properties in the local market. Additionally, the property features 20-to-25-foot ceiling heights, three tailgates with the option to expand to seven total and 120 surface parking spaces.

The warehouse is located less than 2 miles from major highways, the intersection of Route 23 and Route 46 and Interstate 80.

A new company has also purchased **200 Maltese Drive, Totowa, NJ** a 208,000-square-foot industrial building located less than a mile away. It was acquired by Blackstone Real Estate Income Trust for \$28.6 million from Precision Textiles.

SOFIE Inc., a Theranostics company, has constructed a new Radiopharmaceutical Contract Manufacturing Center of Excellence in Totowa, New Jersey.

The facility, located adjacent to an existing 10,000 square foot SOFIE diagnostic manufacturing site in Totowa, is approximately 20,000 square feet (including the mechanical mezzanine and finished rooftop spaces), approximately 2,700 square feet of is GMP manufacturing space. The GMP space will include four cleanrooms containing isolators and hoods suitable for aseptic manufacturing to support a variety of processes, isotopes, and production scales.

Another room currently designated for solution prep, sterility, and other support can readily be converted to a fifth cleanroom. The facility will be entirely self-sufficient, containing QC, R&D, and microbiology laboratories, as well as receiving, GMP storage, shipping, and other support areas. The facility is designed to be further expandable, doubling the current footprint of cleanrooms.

The two SOFIE Totowa sites total 30,000 square feet of premier radiopharmaceutical manufacturing space to support the needs of SOFIE's pharma partners. The new facility will be fully US and EU compliant to service pre-clinical, clinical, and commercial products. This facility is an integral part of SOFIE's strategic goal of becoming the leading contract development and manufacturing partner for radiopharmaceutical companies worldwide. It also represents a significant capital investment in the growth of the company.

Tesla, Tesla has leased 94,038 square feet in the former Bed Bath & Beyond and Buy, Buy Baby site at Totowa Commons. The space will be utilized for a showroom and service centers.

Lidl, the fast-expanding grocery chain will be moving into 27,270 square feet at Totowa Commons replacing the former Marshall's store.

City of Passaic Development Activity

The City of Passaic is also experiencing significant development interest through the activities of their Redevelopment Agency. The City of Passaic Redevelopment Agency has designated 4 redevelopment areas for a total of 125 acres and 2 scattered sites including 585 Main Avenue and 663 Main Avenue.

Stonemont Passaic Logistics - Center Stonemont Financial Group has acquired 20 acres in Passaic where it plans to build a 300,000 square foot new high-end industrial space just off Route 21. The privately held firm, which is based in Atlanta, said it expects to deliver the project at 122 8th St. in the second quarter of 2024. Plans for the speculative 295,506-square-foot will include 40-foot clear ceiling heights, rear-load configuration, 167 car parking spaces and 55 trailer parking stalls, with a location three miles from Route 3, seven miles from the New Jersey Turnpike and some 12 miles from New York City. Stonemont Passaic Logistics Center is a public-private partnership with the city of Passaic and continues its effort to meet the demand for modern, move-in ready industrial product across the Northeast.

Passaic County Community College has opened its 43,640 square foot nursing school in the City of Passaic. In addition, 585 Main LLC has completed construction on a 43,500 square foot residential and retail development. Patella Woodworking has relocated from Orangeburg, NY into a 79,784 square facility and has created approximately 90 new jobs. In addition, a new 3-story mixed-use commercial and residential development will be constructed at 883 Main Avenue, Passaic with 2,560 square feet of retail space.

A new **Wendy's** will be built on Main Avenue, replacing what is now an auto glass repair shop. The 0.55 acre site is just a block off the city's newly proposed Main Avenue Redevelopment Zone.

New Warehouse/Distribution Center has been built at the former Pantasote Property resulting in a 111,111 square foot warehouse distribution center located at **26 Jefferson Street**. The building has 27 loading docks; 40' ceilings; parking for 61 cars; 40 box trucks and 8 truck trailers. The 8-acre site is located below Route 21 on the city's Eastside.

IDI Logistics, an Atlanta-based developer that builds warehouses all over the country developed the site.

Haledon Development Activity

A new American Family Care will serve patients seven days a week in the Heart of Haledon.

American Family Care (AFC), the nation's leading provider of accessible primary care, urgent care, and occupational medicine, **continues its massive expansion with the opening of its latest AFC urgent care center in Haledon** — conveniently located to serve patients in Paterson, Wayne, as well as students attending William Paterson University.

AFC Haledon, a state-of-the-art healthcare facility, is located at 1 W. Haledon Avenue, at the former site of Big Jim's Pizza.

AFC Haledon will provide a comprehensive suite of medical services that will save families time and money, like COVID-19 PCR testing that provides results in just thirty minutes. The new center is staffed with skilled medical professionals who are deeply committed to providing outstanding medical care.

Wanaque Development Activity

Wanaque Warehouse/Distribution Center: Located at 30 Union Avenue, Haskell (Wanaque, NJ) will construct a 272,000 sq ft. warehouse, with 82 loading docks, 144 car parking spaces, and 34 trailer storage spaces.

Future Development Activity

Many projects have begun the process of seeking local and county permits for their development. The following list represents the largest proposed development projects across the County.

MUNICIPALITY	PROJECT NAME	ADDRESS	TYPE OF DEVELOPMENT	PROPOSED # UNITS	PROPOSED COMMERCIAL SF
Wayne	AvalonBay Wayne	1445 & 1455 Valley Road	multi-family development	473	0
Wayne	The Villas at Wayne Hills	1361 Alps Road	residential	449	0
Wayne	The Villas at Wayne Hills Subdivision	1361 Alps Road	residential	449	0
Clifton	Clifton Station Developers, LLC	691 Clifton Avenue (CR 618)	Multi-Family Residential	300	0
Little Falls	Park Lane Mixed-Use Development	333-415 Main Street	Mutli-family homes, townhomes	287	
Little Falls	Park Lane Subdivision	335-415 Main Street	Mutli-family homes, townhomes	287	
Wayne	Galreh LLC	1895 Route 23	Mixed Use	232	18460
Totowa	Sycamore Rehabilitation & Assisted Living	169 Minnisink Road	Assisted Living Facility	225	301700
Paterson	24+Half	33-37 Van Houten Street	mixed use	167	128900
Paterson	Proposed Multi-Family Building (Totowa Avenue)	506-522 Totowa Avenue	multi family residential	122	132330
Clifton	Meridia Regency on Valley Subdivision	1091-1175 Valley Road	restaurant/banquet hall	102	223608
Clifton	Meridia Regency on Valley	1091-1175 Valley Road	Existing, with hotel and parking garage	102	223608
Totowa	515 Union Center	515 Union Boulevard	Mixed Use	28	134417
Totowa	515 Union Center Subdivision	515 Union Boulevard	mixed use	28	134417
Clifton	Getty Avenue Warehouse	558-600 Getty Avenue	warehouse	0	186577
Passaic & Clifton	Proposed Industrial Renovations (153 Linden Street)	139, 153-215 Linden Street, 75-97, 99 Liberty Street	Industrial	0	237484
Wayne	Driscoll Foods Warehouse Proposed Accessory Structure	74 & 76 Demarest Drive	Warehouse/office	0	534224
Totowa	Proposed Self-Storage Facility	783 Riverview Drive	Self-Storage Facility	0	122676
Wayne	Semeraro Construction Company	352 Oldham Road	construction yard	0	312180
Clifton	Proposed Warehouse Building	790 Bloomfield Avenue	industrial/warehouse building	0	243103
Wayne	Levco Associates / Wayne Hills Mall	1020 Hamburg Turnpike (aka One Wayne Hills Mall)	Shopping center	0	391790
Wayne	Plaza Square Traffic Signal	625 Paterson-Hamburg Turnpike	Mixed Use Retail	0	105894

Wayne	Plaza Square Retail Improvements (Regency Centers)	625 Paterson-Hamburg Turnpike	retail	0	105052
Wayne	Fugo de Chao Churrascaria LLC	1400 Willowbrook Mall, Space 1575	restaurant	0	513168
Passaic	Proposed Warehouse	74 -120 & 122-152 8th Street	warehouse	0	295728
Clifton	Stew Leonard's	467 Allwood Road	Supermarket in Shopping Center	0	
Wayne	Proposed Tesla Center	469 Route 46 West	Car Dealership	0	57145
Wanaque	Wanaque Depo Urban Renewal LLC	30 Union Avenue (CR 511)	industrial warehouse	0	272000
Totowa	Prop. Medical Office Building (NJDC Urban Renewal)	169 Minnisink Road	Medical Office Building	0	125000
Passaic	Superfresh Supermarket	514 Van Houten Avenue	retail/commercial w/ supermarket addition	0	43087
Totowa	Proposed Data Center	169 Minnisink Road	Data Center	0	293715
Totowa	Proposed Data Center Subdivision	169 Minnisink Road	Subdivision	0	133220
Wanaque	Wanaque Depo Urban Renewal LLC Subdivision	30 Union Avenue (CR 511)	Industrial Warehouse	0	272000
Clifton	ON3 Major Subdivision	Ideation Way	ON3	0	1501677
Wayne	Prop. BJ's Wholesale Club & Gas Station	50 Route 46	Shopping Center and Gas Station	0	286495
Paterson	297 Getty Avenue Redevelopment	297 Getty Avenue	warehouse	0	3658000
Woodland Park	80/46 Logistics Center	1150 McBride Avenue (CR 639)	Industrial	0	205350
Passaic	Atlantic Coast Fiber Recycling Center	1 Lodi Street	recycling center	0	118328
Wayne	Forsgate W-45	30 Corporate Drive	Warehouse/industrial	0	143452
Totowa	Prop. Parking Lot Improvements (rev. by Morris County)	930 Riverview Drive	Office park (expanded parking facilities)	0	145038
Clifton	Popeye's Clifton	16 Main Avenue	Restaurant inside existing commercial space	0	136775
Clifton	Samworth Road Warehouse Expansion	43 Samworth Road	Warehouse	0	102271
Totowa	Digital Totowa	701-705 Union Boulevard	Data center	0	430577
Clifton	Summit Medical Group	1255 Broad Street	Medical office	0	89247
Clifton	Clifton Ambulatory Care Center	Metro Boulevard & NJSH Route 3	medical offices and garage	0	260665
Clifton	Garden State Honda	584 Route 3	Automobile Dealership	0	87328
Woodland Park	Prop. Amazon Fresh Supermarket	1510 Route 46	New grocery store (in shopping center)	0	
Pompton Lakes	Pompton Lakes Towne Square - Site Improvements	1-55 Wanaque Avenue	Existing plus grocery store, self-storage facility, and standalone 3,000 s.f. retail building	0	194979

Wayne	Lincoln of Wayne	1910 Route 23 North	Auto Dealership (small addition and canopies)	0	208608
Wayne	Proposed Retail Center (March Realty)	910 Paterson-Hamburg Turnpike	Retail center	0	52880
Paterson	Romnics Realty Development	318 McLean Boulevard	Convenience store, gas station, self-storage	0	186851
Wayne	Demarest Properties	70 Demarest Drive	Industrial	0	142000
Wayne	Mane USA	60 Demarest Drive	Industrial	0	102856
Clifton	Quest Diagnostics	1153 Bloomfield Avenue	Clinical Laboratory	0	250000

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Urban Enterprise Zones (UEZ)

The cities of **Paterson and Passaic** are designated as Urban Enterprise Zones (UEZ) by the State of New Jersey, providing significant financial incentives to companies locating or expanding in those cities. Incentives include:

Employee Tax Credits: A one-time tax credit of \$1,500 per new employee to qualifying firms subject to the Corporation Business Tax.

Sales and Use Tax: Exemptions from State sales taxes on the purchase of taxable tangible personal property and taxable services; on the sale of materials, supplies or services to a contractor, sub-contractor or repair person erecting buildings on or making improvements to the real property of a qualified business. Beginning January 1, 2022, only the first \$100,000 of taxable purchases in a calendar year are exempt from Sales and Use Tax. Once a qualified business reaches their annual \$100,000 exempt purchase limitation, they must cease using their UZ-5 and pay Sales Tax on any subsequent business purchases for the remainder of the calendar year. If a qualified business is over its annual exempt purchase limitation and a supplier does not charge the required Sales Tax on a taxable transaction, [Use Tax](#) must be remitted for that purchase. Supermarkets and grocery stores located in a [food desert community](#) such as Paterson and Passaic are designated by the [NJ Economic Development Authority](#) are not subject to the annual \$100,000 exempt purchase limitation.

Reduced Sales Taxes: Retail sales of tangible personal property within the zone are reduced by up to 50% of the current rate, effectively reducing the sales tax rate to 3.3125% in Paterson and Passaic.

Unemployment Insurance Awards: Based on the amount of unemployment insurance paid by a firm within the zone for new employees. Awards can range from 50% of an employers' unemployment insurance payment for the first four years to 10% in Year 20.

Portions of the Cities of Paterson, Passaic, and Clifton have been designated as **Opportunity Zones** and the entire Borough of Prospect Park has been designated as an Opportunity Zone.

Areas designated as Opportunity Zones attract private investment and future development opportunities. Qualified Opportunity Zones were created by the 2017 Tax Cuts and Jobs Act. These zones are designed to spur economic development and job creation in distressed communities throughout the country and U.S. possessions by providing tax benefits to investors who invest eligible capital into these communities. Taxpayers may defer tax on eligible capital gains by making an appropriate investment in a Qualified Opportunity Fund and meeting other requirements.

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GOVERNMENTAL SERVICES

Roads and Transportation

The following major highways serve the County:

Garden State Parkway	U.S. Route 46
Federal Interstate Route No. 80	New Jersey Highway Route No. 21
Federal Interstate Route No. 287	New Jersey Highway Route No. 23
New Jersey Highway Route No. 208	New Jersey Highway Route No. 3
New Jersey Highway Route No. 19	New Jersey Highway Route No.20

Within minutes of the County border are the New Jersey Turnpike, New York State Thruway and New Jersey Highway Routes No. 17 and 4.

There are approximately 236 miles of County roads crisscrossing the County.

Construction work to close a 2.1-mile gap on Route 21 was completed in 2000 linking the cities of Paterson and Passaic. This final segment provided a nine-mile freeway linking I-80 with I-280 and I-78 in Newark, and improving access to the regional highway network in lower Passaic County.

A recently completed improvement to the I-80/Route 23/Route 46 interchange has expanded capacity for the heavy traffic movement between Route 46 westbound and Route 23 northbound, greatly alleviating this chronic congestion spot. This improvement also vastly improves accessibility to a more redevelopment area immediately to the north.

The recently completed West Beltway provides a new alternate roadway link between Riverview Drive and Route 23, allowing motorists the ability to bypass the Route 46/Riverview Drive Interchange.

Projects currently being designed include improvements to the roadways, ramps & bridge decks, as well as modernization of signs and lighting at the interchange of I-80, Route 23 and Route 46; and improvements to the Route 46 interchanges at Browertown Road, Union Boulevard and Van Houten Avenue have been completed.

The Secaucus Rail Transfer Station was completed, providing direct accessibility to and from Passaic County and the five existing Main Line stations, permitting commuters on North Jersey rail lines to easily transfer to trains traveling directly to midtown Manhattan, New York and other destinations. In addition, the Paterson Rail Station and the Montclair Rail Connection Project were completed, linking the Boonton Line with the Morris and Essex Lines Montclair Branch, and extending electrification on this reconfigured line to the Great Notch Station in Little Falls. These improvements have vastly improved service to New York and provide a new connection to Newark.

Major improvements currently under construction include the Route 3/Route 46 interchange. Other proposals include establishing a public/private partnership to create a Bergen-Passaic Cross County Light Rail transit Service and restoring commuter service on the NYS&W Railroad Line north of Hawthorne.

Freight service is provided by the Norfolk Southern Railroad, and the New York Susquehanna and Western Railroad on the Boonton and Main lines. Rail passenger service is provided by New Jersey Transit.

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

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THE PASSAIC COUNTY UTILITIES AUTHORITY

General

The Passaic County Utilities Authority (the “Authority”) is a public body corporate and politic constituting a political subdivision of the State established as an instrumentality exercising public and essential governmental functions to provide for the public health and welfare of the citizens of the County. The County created the Authority pursuant to the Municipal and County Utilities Authority Law (N.J.S.A. 40:14B-1 et seq.; the “Act”) as a county utilities authority via resolution of the Commissioners of the County adopted on March 18, 1987.

The Authority has perpetual succession and has the requisite power to acquire, construct, maintain and operate facilities for the collection, treatment, recycling and disposal of solid waste in an environmentally sound manner. The Authority has, among others, the following powers under the Act: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and the rights of holders thereof under a resolution; to charge and collect service charges for the use of its facilities and to revise such service charges when necessary or desirable, such that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses including reserves, insurance, extensions and replacements; to pay punctually the principal or accreted amounts of and interest on any bonds and maintain reserves and sinking funds therefor as may be required by the terms of any contracts with bondholders; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority is governed by a nine-member board, each of whom is appointed by the Commissioners of the County. Successor members each shall serve a term of five years. The Authority selects officers annually. Upon the expiration of a member's term, such member continues his service until a successor has been appointed and qualified. The names of the members of the Authority, and their respective terms of office, are as follows:

<u>Member and Office</u>	<u>Membership Term</u> <u>Expires</u>	<u>Officer Term</u> <u>Expires</u>
Gary Marchese - Chairman	2/01/29	2/01/26
Haresh Shah, Vice Chairman	2/01/29	2/01/26
Teofilo Javier - Secretary	2/01/27	2/01/26
Maria DeLuca Pranzo	2/01/29	
Mohammad Qudah – Alternate*	2/01/26	
Louis E. Imhof, III	2/01/28	
Marc E. Seemon	2/01/28	

*Serving until a successor is appointed.

The Authority maintains offices at 401 Grand Street, Room 123, Paterson, New Jersey 07505.

Debt of the Authority

As of December 31, 2024, the Authority had issued and outstanding the principal amount of \$34,725,000 of solid waste indebtedness that has been issued from time to time for the purpose of financing the costs relating to its Solid Waste System. The May 1, 1997 opinion and order of the Third Circuit Court of Appeals in Atlantic Coast Demolition and Recycling Co., Inc. v. Board of Chosen Freeholders of Atlantic County, 112 F. 3rd 652 (1997), ultimately resulted in the demise of the County system of regulatory waste flow controls. The Authority subsequently ceased to operate the solid waste system. As a result, all constituent municipalities within the County have independently procured solid waste collection and disposal services.

Solid Waste Indebtedness Currently Secured by the County Landfill Agreement

The Authority has outstanding debt at December 31, 2024 of the below listed series of bonds that are secured by the County Landfill Agreement (the "Secured Bonds").

- \$33,015,000 aggregate original principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012 (the "2012 Refunding Bonds") outstanding in the amount of \$18,275,000 consisting of \$12,980,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012A and \$5,295,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012B (Federally Taxable).

- \$14,930,000 in aggregate original principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2018 outstanding in the amount of \$11,520,000.

- \$8,270,000 in aggregate original principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2014B - Taxable outstanding in the amount of \$4,930,000.

Local Authorities Fiscal Control Law

The Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.) became effective on November 24, 1983. This law provides for "State review of project financings of local authorities and for State supervision over the financial operations of local authorities".

The Local Finance Board prescribes the procedures for adoption and execution of annual budgets by local authorities, and Local Finance Board approval must be obtained prior to a budget's adoption. Such budget shall also comply with the terms and provisions of any bond resolutions. On granting approval of a budget, the reasonableness and accuracy of revenue estimates shall be considered. Such revenue must be sufficient to meet all expenses, including debt service. An annual audit of each local authority shall be made and completed within four months of the close of a fiscal year by a registered municipal accountant or certified public accountant licensed in the State.

Each local authority financing program must be submitted to the Local Finance Board for a hearing and review prior to implementation. Such review generally focuses on the nature, purpose and scope of the financing, engineering or feasibility studies, terms and provisions of service contracts, bond resolutions and proposed terms and conditions of negotiated sales, and proposed or maximum debt service and operational funding requirements. Bond anticipation notes or project notes may be issued and renewed by local authorities pursuant to the provisions of the Local Authorities Fiscal Control Law.

A local authority may not be created unless the Local Finance Board so approves and a local authority may not be dissolved without providing for payment of all outstanding obligations and without approval by the Local Finance Board.

County Landfill Agreement

The County and the Authority have entered into an agreement dated as of September 1, 1987 entitled the "1987 County Landfill Agreement", as amended and restated as of May 1, 1996 (the "1996 Amended and Restated County Landfill Agreement"), as further amended as of June 1, 1999 (the "1999 County Landfill Agreement Amendment") and as further amended as of February 15, 2004 (the "2004 County Landfill Agreement Amendment" and collectively referred to as the "County Landfill Agreement"). Pursuant to the County Landfill Agreement, the County has agreed to pay to the Authority, within the Agreement Cap (as hereinafter defined), such sums of money as may be required to provide for monetary deficits of the Authority relating to: (a) the debt service on the Authority's bonds, (b) maintaining reserve requirements under the Landfill Bond Resolution, and (c) paying the Authority's administrative expenses pertaining to the Project (as defined in the County Landfill Agreement).

The County and the Authority have determined that the County Landfill Agreement is in the best interest of the County taxpayers, residents and ratepayers to assure the payment of debt service on the Secured Bonds (as defined in the County Landfill Agreement).

The following is a summary of certain provisions of the County Landfill Agreement that relate to the Secured Bonds and is not a complete restatement of the County Landfill Agreement as it currently exists. Such information is qualified in its entirety by reference to the County Landfill Agreement, as amended, copies of which are on file with the Authority and the Trustee and which should be read in full for a complete understanding of all terms and provisions thereof.

County Financial Assistance

The County entered into the County Landfill Agreement in order to provide financial assistance to the Authority. Such assistance will be rendered upon the Authority's inability to pay debt service on the Secured Bonds, in amounts designed to assure the Authority will have sufficient moneys to, among other things, meet its obligations to pay the principal of and interest on the Secured Bonds.

2004 Amendment to the County Landfill Agreement

Pursuant to the 1996 Amended and Restated County Landfill Agreement, the initial maximum aggregate principal amount of Secured Bonds may not exceed \$61,000,000 (the "Initial Agreement Cap"). In connection with the issuance of the Tax-Exempt 2004A Bonds and the Taxable 2004B Bonds, the County adopted a resolution on February 10, 2004, entitled, "Resolution of the County of Passaic Authorizing the 2004 Amendment to the 1987 Amended and Restated County Landfill Agreement By and Between the County of Passaic, New Jersey and the Passaic County Utilities Authority" authorizing the "2004 Amendment to the Amended and Restated 1987 County Landfill Agreement Between the County of Passaic and the Passaic County Utilities Authority" (the "2004 Amendment"), in order to ensure said bonds would be Secured Bonds pursuant to the requirements of the County Landfill Agreement. The 2004 Amendment, in part, increased the Initial Agreement Cap to \$69,500,000 (the "2004 Agreement Cap"). Under the 2004 Agreement Cap, the Secured Bonds are fully secured by the County Landfill Agreement.

Method of Payment

The County Landfill Agreement provides that if the Authority has insufficient funds to meet its financial obligations during the next year, the Authority will make and deliver to the County a certificate (the "Certificate") stating: (a) the Authority will be unable to provide for the payments due of principal and interest on the Secured Bonds; and (b) the amount of the Authority's expected shortfall (the "Annual Charges"). The Certificate must be delivered by the Authority or the Trustee to the County on or before December 15 of each fiscal year. The County shall pay the amount of annual charges set forth in such Certificate on or before the subsequent February 15.

The County will make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the County to the Authority of the amount stated in the Certificate delivered by the Authority as described above.

Breach of County Landfill Agreement by Authority Not to Affect County Payments Thereunder

The County Landfill Agreement provides that failure on the part of the Authority in any instance or under any circumstance to observe or fully perform any obligation assumed by or imposed on it by the County Landfill Agreement or by law, shall not relieve the County from making any payment or fully performing any other obligation required of it under the County Landfill Agreement, nor make the Authority liable in damages to the County, but the County may have and pursue any and all other remedies provided by law for compelling performance by the Authority of said obligation assumed by or imposed upon the Authority.

No Delegation

The County may not delegate its duties under the County Landfill Agreement.

Enforcement of County's Obligation to Pay Annual Charges

Every obligation assumed by or imposed upon the County by the County Landfill Agreement shall be enforceable by the Authority by appropriate action or proceeding, and the Authority may have and pursue any and all remedies provided by law for the enforcement of such obligation, including the remedies and processes provided by the Act.

County's Unconditional and Unqualified Obligation to Pay Annual Charges

Pursuant to the County Landfill Agreement, the County's obligation to pay the deficiency in the debt service on the Secured Bonds as and when due to the Authority is an unconditional and unqualified obligation of the County, independent of any other obligation of the County.

Property Tax Act

The legislature of the State of New Jersey has enacted P.L. 2010, c.44, effective July 13, 2010 (the "Property Tax Levy Cap"), which imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection districts, with certain exceptions and subject to a number of adjustments. One of the exceptions to the Property Tax Levy Cap's 2% limitation is the "increases required to be raised for capital expenditures, including debt service." There is no specific reference within the enumerated exceptions to payments made by a municipality or county pursuant to a service agreement with an authority used to pay debt service on authority obligations secured by such service agreement. Consequently, there is no specific exception from the 2% cap for Annual Charges payable by a local unit under the service contracts pursuant to the Property Tax Levy Cap.

However, the LFB issued Local Finance Notice 2011-36, dated December 12, 2011, which provides that amounts, if any, required to be paid by the County to the Authority pursuant to service contracts, such as the County Landfill Agreement, and necessary for the Authority to meet its debt service obligations in a timely fashion will be treated as an automatic exclusion from the 2% cap under the Property Tax Levy Cap. Consequently, the Annual Charges payable by the County under the County Landfill Agreement for debt service on the Secured Bonds, will be considered exempt from the limitations of the 2% cap imposed by the Property Tax Levy Cap.

Additional Bonds or Project Notes

The Landfill Resolution does authorize the issuance of Additional Bonds entitled to the security of the Landfill Resolution which would rank equally as to security and payment with the Secured Bonds, for the purposes and upon satisfaction of the conditions precedent to the issuance of such bonds as set forth in the Landfill Resolution.

The Authority currently does not intend to issue additional bonds or additional project notes under the Landfill Resolution.

PASSAIC COUNTY IMPROVEMENT AUTHORITY

The Passaic County Improvement Authority (PCIA) was formed in December 2002 by virtue of an approval from the Local Finance Board. The Authority is made up of five Commissioners with staggered terms of up to three years. Twenty-one projects have been financed by the PCIA. The first was a co-venture with the Paterson Parking Authority which the PCIA issued \$18,370,000 of its revenue bonds (of which \$8,000,000 was the County's Chapter 12 Bonds) to construct a parking garage in the City of Paterson secured by a lease agreement with the Paterson Parking Authority and by revenue to be generated by the new parking facility, which closed on June 1, 2005. The second project was the construction of an addition to Preakness Healthcare Facility, to renovate the existing facility and the PCIA issued \$65,000,000 of Healthcare Facility Lease Revenue Bonds secured by a general obligation lease with the County of Passaic. These financings closed in May and June, 2005, respectively. A third project was to acquire a building for the Passaic County Prosecutor. The PCIA issued \$6,000,000 of revenue bonds on December 9, 2005. A fourth project was a supplemental issue of \$22,960,000 to construct an addition to the Preakness Healthcare Facility, which closed on July 28, 2006. A fifth project was to make loans to the Boroughs of Haledon and Ringwood to refinance certain of the outstanding bond anticipation notes of each Borough and the PCIA issued \$8,587,000 of County Guaranteed Governmental Loan Revenue Bonds in January 2009 to effectuate same. A sixth project was to make a loan to 200 Hospital Plaza Corporation for the construction of a mixed-use parking/retail structure adjacent to the St. Joseph's Regional Medical Center in Paterson and the PCIA issued \$29,620,000 County Guaranteed Parking Revenue Bonds (200 Hospital Plaza Corporation Project), Series 2010 on October 22, 2010 to effectuate same. A seventh project was a refunding of the 2005 Preakness Healthcare Facility Lease Revenue Bonds where the Authority issued \$57,425,000 Lease Revenue Refunding Bonds, Series 2012 to advance refund all bonds maturing after May 1, 2015, which closed on August 29, 2012. An eighth project was a refunding of the (a) 2005 Prosecutor's Office Building Improvements Project Lease Revenue Bonds where the Authority issued \$3,510,000 Lease Revenue Refunding Bonds, Series 2015 to advance refund all bonds maturing on and after December 15, 2016 and the (b) 2006 Preakness Healthcare Center Expansion Project Lease Revenue Bonds where the Authority issued \$19,550,000 Lease Revenue Refunding Bonds, Series 2015 to advance refund all bonds maturing on and after May 1, 2017, which closed on June 16, 2015. A ninth project was to make a loan to the City of Paterson for the refunding of certain short term notes and the PCIA issued \$24,785,000 County Guaranteed Governmental Loan Revenue Bonds, Series 2015 on December 2, 2015. A tenth project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$14,340,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2016 on June 29, 2016. An eleventh project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$9,058,340 Governmental Loan Revenue Bond Anticipation Notes, Series 2017 on February 16, 2017. A twelfth project was to make a loan to the City of Paterson for the refunding of certain short term notes and the financing of capital projects and workers' compensation and litigation settlements and the PCIA issued \$33,835,000 Governmental Loan Revenue Bonds, Series 2017 on June 20, 2017. A thirteenth project was to refund the County Guaranteed Parking Revenue Bonds (200 Hospital Plaza Corporation Project), Series 2010 through the issuance by the PCIA of \$24,650,000 of County Guaranteed Parking Revenue Refunding Bonds (200 Hospital Plaza Corporation Project), Series 2017 on December 29, 2017. A fourteenth project was the construction of a new County DPW Building and the PCIA issued \$14,530,000 of County General Obligation Lease Revenue Bonds (DPW Building Project), Series 2018 on July 18, 2018 secured by a general obligation lease with the County of Passaic. A fifteenth project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$15,605,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2018 (Passaic County Guaranteed) (City of Paterson Project) on September 27, 2018. A sixteenth project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$23,265,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2019 (Passaic County Guaranteed) (City of Paterson Project) on August 13, 2019. A seventeenth project was to refund The New Jersey Educational Facilities Authority Revenue Bonds, Passaic County Community College Issue, Series 2010 C through the issuance by the PCIA of \$11,475,000 of County Guaranteed Lease Revenue Refunding Bonds (Passaic County Community College Project), Series 2020 on July 1, 2020. An eighteenth project was to make a loan to the City of Paterson Board of Education for the financing of various energy savings improvements to the Board's facilities and the PCIA issued \$17,010,000 Governmental

Loan Revenue Bonds, Series 2020 (Passaic County Guaranteed) (City of Paterson Board of Education Project) (Green Bonds) on July 15, 2020. A nineteenth project was to make a loan to the City of Paterson for the refunding of short term notes and the funding of various capital projects and the PCIA issued \$30,125,000 Governmental Loan Revenue Bonds, Series 2020 (Passaic County Guaranteed) (City of Paterson Project) on August 24, 2020. A twentieth project was to make a loan to the City of Paterson Board of Education to acquire certain real property located at 11-27 Sixteenth Avenue in Paterson, New Jersey, together with the existing school building, The Alexander Hamilton School, located thereon. The PCIA issued \$8,215,000 Guaranteed Revenue Bonds, Series 2022 (Passaic County Guaranteed). A twenty-first project was to construct a Senior Housing Project in Pompton Lakes. The PCIA issued \$14,610,000 of County of Passaic Guaranteed Revenue Bonds, Series 2024 (Senior Housing Project). The twenty-second project is to make a loan to the Borough of North Haledon to acquire a property and renovate the existing building on the property in order to retrofit municipal offices and police headquarters. The PCIA will issue not to exceed \$20,000,000 in County Guaranteed Lease Revenue Bonds for this project, which is in process.

COUNTY AND OVERLAPPING INDEBTEDNESS

Overlapping Government Units

In addition to the various municipalities and school districts within the County, the following exist within the County to provide certain governmental services: Butler-Bloomingdale Sewer Department, City of Passaic Municipal Utilities Authority, City of Paterson Municipal Utilities Authority, City of Paterson Parking Authority, Pompton Lakes Municipal Utilities Authority, Borough of Ringwood Sewerage Authority, Wanaque Municipal Utilities Authority, West Milford Municipal Utilities Authority, North Jersey District Water Supply Commission, Passaic Valley Sewerage Commission, Passaic Valley Water Commission, Passaic County Improvement Authority and the Passaic County Utilities Authority. No actual or contingent liability exists on the part of the County for the debt of these entities except as is expressly set forth herein or with respect to the Passaic County Utilities Authority. In addition, the County has guaranteed debt issued by the Passaic County Improvement Authority for other entities in the amount of \$157,868,115 as of December 31, 2024. This amount is includable in gross debt and excludable in calculating net debt.

Purposes of County Debt

The following table breaks down by purpose all direct general obligation bond and loan indebtedness of the County, for the payment of the principal and interest on which the County has pledged its full faith and credit as of December 31, 2024.

**Schedule of Bond, Notes and Loan Indebtedness
as of December 31, 2024**

Notes	\$ -
General County Purposes	145,597,000
Community College	44,121,000
Vocational and Special Needs School	37,794,000
Gross Bond Debt	<u>\$227,512,000</u>

Debt Incurring Capacity as of December 31, 2024

Equalized Valuation Basis (last 3 years average)	\$70,353,442,204
2% Borrowing Margin (1)	1,407,068,844
Net Debt Issued, Outstanding and Authorized	254,533,500
Remaining Borrowing Capacity	<u>\$1,152,535,344</u>

(1) Limited by Local Bond Law, N.J.S.A. 40A:2-1 et seq. to 2% of average equalized valuation.

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Debt History

The following table shows certain ratios relating to the County's gross and net direct general obligation indebtedness.

History of Bonded Debt Ratios As of December 31,

				Percentage of Gross Debt to Equalized Valuation			Percentage of Net Debt to Equalized Valuation
<u>Year</u>	<u>Average Equalized Valuation(1)</u>	<u>Gross Debt (Issued and Authorized But Not Issued)</u>	<u>Gross Debt Per Capita(2)</u>		<u>Net Debt</u>	<u>Net Debt Per Capita(2)</u>	
2024	\$70,353,442,204	\$314,846,358	\$600.72	.448%	\$254,533,500	\$485.64	.362%
2023	63,630,544,543	317,319,546	605.44	.499	276,193,699	526.97	.434
2022	57,761,088,703	329,654,995	628.97	.571	287,453,895	548.45	.498
2021	53,999,645,394	350,723,847	669.17	.649	304,916,104	581.77	.56
2020	51,788,842,593	346,618,004	661.34	.67	302,489,282	577.14	.58

Source: Annual Debt Statements filed with the Division of Local Government Services, New Jersey Department of Community Affairs.

(1) Represents average equalized valuation for the three fiscal years ending in the corresponding year set forth in this table.

(2) Based upon the 2020 Census of 524,118.

The following table shows the principal of all direct general obligation bond indebtedness and bond anticipation note indebtedness of the County for the last five fiscal years.

County of Passaic Schedule of Comparative Net Debt as of December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Bonds and Notes Issued and Outstanding:					
Bonds	\$227,512,000	\$246,610,000	\$272,541,000	\$297,966,000	\$277,404,000
Notes				14,480,000	44,980,000
Loans					48,809
Total Issued	<u>227,512,000</u>	<u>246,610,000</u>	<u>272,541,000</u>	<u>312,446,000</u>	<u>295,932,809</u>
Bonds and Notes Authorized					
But Not Issued	<u>87,334,358</u>	<u>70,709,546</u>	<u>57,113,995</u>	<u>38,277,847</u>	<u>50,685,195</u>
	<u>314,846,358</u>	<u>317,309,546</u>	<u>329,654,995</u>	<u>350,723,847</u>	<u>346,618,004</u>
Less: Statutory Deductions	<u>60,312,858</u>	<u>41,125,847</u>	<u>42,201,100</u>	<u>45,807,743</u>	<u>44,128,722</u>
Total Issued and Authorized					
But Not Issued	<u>\$254,533,500</u>	<u>\$276,193,699</u>	<u>\$287,453,895</u>	<u>\$304,916,104</u>	<u>\$302,489,282</u>

Source: Passaic County Audit Reports

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

GROSS DEBT

Bonds, Notes and Other Loans Issued and Outstanding	
Bonds	\$227,512,000
Loans	
Notes	-
	<u>227,512,000</u>
Bonds and Notes Authorized But Not Issued	<u>87,334,358</u>
TOTAL GROSS DEBT	314,846,358
Statutory Deductions(1)	<u>60,312,858</u>
TOTAL NET DEBT	<u>\$254,533,500</u>

OVERLAPPING DEBT

Passaic County Utilities Authority(2)	<u>\$34,725,000</u>
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GROSS DEBT

Per Capita (2020 Census – 524,118)	\$600.72
Percent of Average Equalized Valuation (\$70,353,442,204)	.448%

NET DEBT

Per Capita (2020 Census – 524,118)	\$485.64
Percent of Average Equalized Valuation (\$70,353,442,204)	.362%

OVERALL DEBT (GROSS AND OVERLAPPING)

Per Capita (2020 Census – 524,118)	\$666.97
Percent of Average Equalized Valuation (\$70,353,442,204)	.497%

Source: County Records

- (1) Statutory deductions are used to determine the legal borrowing capacity of the County. The County, however, is obligated under law to repay the full amount of its gross debt.
- (2) Reflects debt outstanding of the Passaic County Utilities Authority as of December 31, 2024 which is covered by a County Deficiency Agreement.

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County of Passaic
Combined Principal and Interest Requirements
Outstanding Bonds of the County
As of December 31, 2024

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2025	\$35,281,730.80	\$28,946,000.00	\$6,335,730.80
2026	35,124,283.70	29,814,000.00	5,310,283.70
2027	30,821,194.50	26,417,000.00	4,404,194.50
2028	28,506,527.50	24,985,000.00	3,521,527.50
2029	21,482,340.00	18,660,000.00	2,822,340.00
2030	19,448,590.00	17,205,000.00	2,243,590.00
2031	19,486,321.25	17,735,000.00	1,751,321.25
2032	15,687,265.00	14,080,000.00	1,607,265.00
2033	15,111,885.00	13,866,000.00	1,245,885.00
2034	12,384,380.00	11,484,000.00	900,380.00
2035	11,098,300.00	10,375,000.00	723,300.00
2036	6,232,500.00	5,765,000.00	467,500.00
2037	3,121,900.00	2,805,000.00	316,900.00
2038	674,350.00	450,000.00	224,350.00
2039	686,850.00	485,000.00	201,850.00
2040	697,600.00	520,000.00	177,600.00
2041	716,800.00	560,000.00	156,800.00
2042	724,400.00	590,000.00	134,400.00
2043	740,800.00	630,000.00	110,800.00
2044	755,600.00	670,000.00	85,600.00
2045	773,800.00	715,000.00	58,800.00
2046	<u>785,200.00</u>	<u>755,000.00</u>	<u>30,200.00</u>
	<u>\$260,342,617.75</u>	<u>\$227,512,000.00</u>	<u>\$32,830,617.75</u>

Source: Passaic County Audit Reports

Anticipated Financings Involving County Credit

The County has in the past obligated itself to pay the principal and interest on certain debt issued by certain entities of the County. See “The Passaic County Utilities Authority” and “Passaic County Improvement Authority” above.

THE COUNTY BUDGET

Status of County Budget

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.), every county in the State is required to adopt a balanced budget. See "Budget Requirements" and "Budget Process" herein. The County's budget for 2025 was adopted on March 11, 2025.

Budget Requirements

No County budget may be adopted without the approval of the Director. The Director approves the budget once he has determined that the budget meets all the requirements of the Local Budget Law (N.J.S.A. 40A:4-1 et seq.), and all regulations of the Board.

The Local Budget Law imposes various restrictions on the formulation of the County budget, the more important of which pertain to anticipation of revenues and review of adequacy of appropriations. Among other restrictions, the Local Budget Law requires that the budget be balanced and that the Director examine the Budget with reference to all estimates of revenue and the following appropriations: (a) administration, operation and maintenance of each office, department, institution or other agency of the County, (b) contingent expenses in an amount not more than 3% of the total referred to in clause (a) of this paragraph, (c) payment of interest and debt redemption charges, (d) deferred charges and statutory expenditures, (e) cash deficit of preceding year, (f) reserve for uncollected taxes and other reserves and nondisbursement items deemed advisable by the Commissioners, and (g) the payment of all judgments not for capital purposes and for which bonds or notes cannot be lawfully issued. Anticipated tax revenues are limited to the same proportions as actual cash collections bore to the total levy in the previous year and a reserve amount must be factored into the budget to make up for the expected shortfall in amounts actually realized the previous year unless the Director certifies a higher figure.

A further statute limits the amount of increases in the State budget exclusive of State aid which may be appropriated to counties, municipalities and school districts. The maximum expenditure of the State cannot exceed the amount determined by multiplying the annual percentage increase in State per capita personal income by the appropriations of the State in the year prior to the current fiscal year. Adjustments are made should a transfer of functions or services occur between the State and counties or municipalities. Statewide referenda are required to authorize additional expenditures.

Anticipated non-tax revenues of the County are limited to the amount actually realized the previous year unless the Director authorizes a higher figure. Tax anticipation notes are limited in amount by law and must be paid off not later than June 30 of the succeeding fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions which focus on anticipated revenues serve to protect the solvency of the County. The County budget, by law and regulation of the Division, must be in balance and is a "cash basis" budget.

Pursuant to the Local Budget Law, miscellaneous revenues shall include such amounts as may reasonably be expected to be realized in cash during the fiscal year from known and regular sources or sources reasonably capable of anticipation and lawfully applicable to the appropriations made in the budget. The County's miscellaneous revenues generally consist of surplus, operating surplus from prior years, County purpose tax, State and Federal aid, interest on investments, user fees, license fees and permits.

Budget Process

Primary responsibility for the County's budget process lies with the Administrator. As prescribed by the Local Budget Law, adoption should occur by the end of February, however, an extension may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the County operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's modified budget. Upon adoption of an annual operating budget by the Commissioners, the Board of Taxation computes a tax rate for County purposes and apportions County Purpose Tax requirements to be paid by each municipality. The tax rate for each municipality includes County tax requirements.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the County budget and determination of the tax rate may be authorized by the Commissioners with the approval of the Director. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restrictions, they are subject to internal review and approval.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

A verified statement of the financial condition of the County (the "Annual Financial Statement") for the fiscal year must be filed with the Division on or before January 26, of the succeeding year. This financial statement is filed by the Chief Financial Officer of the County; it reflects the results of operations for the year of the Current Fund. If there is a cash deficit in the fund, it must be included in full in the succeeding year's budget.

While the Annual Financial Statement is not audited, the variance, if any, between the Annual Financial Statement fund balance and audited fund balance is usually immaterial.

Annual Audit

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey Statutes, regulates the nonbudgetary financial activities of the County. An annual audit of the County's books, accounts and financial transactions for the previous year must be performed by a licensed Registered Municipal Accountant or by qualified employees of the Bureau of Financial Regulations and Assistance in the State Department of Treasury. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the County's financial procedures and must be filed with the Director of the Division within six months after the close of each fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days after receipt thereof by the Clerk of the County.

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**Comparative Summary of Adopted 2025, 2024, 2023, 2022 and 2021
County of Passaic County Budgets**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:					
Surplus Anticipated	\$23,000,000	\$23,000,000	\$23,000,000	\$19,000,000	\$19,000,000
State and Federal Grant Programs	11,821,299	13,704,002	8,464,498	9,945,118	10,752,314
State Assumption of Costs of County	1,598,097	1,540,812	1,614,596	1,582,711	1,554,800
Miscellaneous Revenues	64,739,254	95,618,006	88,305,394	84,945,818	56,244,041
Interest on Investments	6,000,000	5,000,000	2,638,000	1,200,000	1,400,000
Amount to be Raised by Taxation - County Purpose Tax	<u>360,794,341</u>	<u>354,410,095</u>	<u>347,570,634</u>	<u>347,570,634</u>	<u>347,570,634</u>
	<u>\$467,952,991</u>	<u>\$493,272,915</u>	<u>\$471,593,122</u>	<u>\$464,244,281</u>	<u>\$436,521,789</u>
Appropriations:					
General Government	\$129,323,744	\$126,788,900	\$121,232,651	\$116,983,576	\$116,197,250
Regulation	53,374,025	54,435,912	52,227,418	36,498,779	36,080,200
Roads and Bridges	8,444,193	7,662,032	6,636,771	6,307,100	5,737,100
Correctional and Penal	11,657,530	14,480,072	26,262,741	42,246,452	43,408,000
Health and Welfare	71,449,944	70,868,431	70,180,829	71,326,359	71,253,170
Educational	26,214,245	25,793,329	25,560,487	25,037,306	24,505,094
Recreational	8,836,350	8,472,296	8,284,138	7,687,320	7,478,875
Unclassified	35,358,126	35,941,256	36,139,095	35,412,822	11,132,300
Other Public and Private Programs	14,448,612	16,331,315	10,941,812	12,422,431	13,229,627
Contingent	50,000	50,000	50,000	50,000	50,000
Capital Improvement Fund	3,000,000	22,075,000	2,765,000	2,707,000	3,000,000
Debt Service	47,743,000	50,350,000	50,933,995	54,435,000	52,458,550
Deferred Charges and Statutory Expenditures	<u>58,053,222</u>	<u>60,024,372</u>	<u>60,378,185</u>	<u>53,130,136</u>	<u>51,991,623</u>
	<u>\$467,952,991</u>	<u>\$493,272,915</u>	<u>\$471,593,122</u>	<u>\$464,244,281</u>	<u>\$436,521,789</u>

Capital Improvement Program

The capital budget and improvement program of the County is designed to function as a planning tool for legislators, County officials and administrators. It allows County officials to evaluate alternatives and determine priorities for projects and programs in relation to available and projected financial resources. A carefully organized program and project schedule can avoid costly improper decisions or ill-timed action in a project involving the allocation of scarce capital resources.

A capital budget is the first proposal of the financial allocation described in the six year capital improvement program. The main purpose of the capital budget is to initiate planning for ultimate authorization of capital projects for the first year of the six year plan/program. The Capital Budget (2025) and Capital Program (2025-2030) do not represent actual authorization of projects, but rather conceptual recognition of the needs of specific capital improvements.

With restrictions on current spending and new financial resources becoming limited, it is imperative that capital planning and budgeting become more responsive to public needs, both present and long range. In addition to the cost of the selection process, the impact of each project on future operating budgets must be considered. In prioritizing capital projects, a major element for recommendation of investment is the degree to which a facility will either generate revenues or significantly reduce costs.

The following schedule depicts the County Capital Plan for 2025-2030. This plan does not provide an appropriation for the purposes outlined, nor does it commit the Commissioners to the project or amounts listed. The Commissioners will make determinations, on a priority basis, as each program is proposed, as to the need for and method of financing.

Six Year Capital Program (2025-2030)
Anticipated Project Schedule and Funding Requirements

<u>Project</u>	<u>Total Cost</u>
Bridge Replacement and Repairs	\$20,830,000
Drainage Projects	3,470,000
Road Improvement Projects	15,200,000
General Parks/Recreation	13,200,000
Facility Improvements	11,100,000
Acquisition of Equipment	6,300,000
County College Improvements	27,087,530
Technology Upgrades	3,000,000
Other Projects	1,625,000
Golf Maintenance Building	7,200,000
Historic Site Improvements	8,500,000
PCTV HS	<u>11,000,000</u>
	<u>\$128,512,530</u>

<u>Year</u>	<u>Amount</u>
2025	\$27,037,530
2026	20,575,000
2027	20,075,000
2028	19,775,000
2029	20,025,000
2030	<u>21,025,000</u>
	<u>\$128,512,530</u>

Source: 2022 Capital Budget of the County

TAX INFORMATION ON THE COUNTY

County Tax Rates

County taxes are apportioned based on equalized valuations in the County. The following table sets forth the valuations on which County taxes are apportioned.

Valuation of Real Property, Personal Property
Net Valuation Taxable and County Tax Rate Base

<u>Year</u>	<u>Assessed Valuation of Real Property</u>	<u>Assessed Valuation of Personal Property</u>	<u>Net Valuation Taxable</u>	<u>County Tax Rate Base</u>	
				<u>Equalized Valuation of Real and Personal Property</u>	<u>General Tax Rate Per \$100</u>
2024	\$37,190,125,658	\$31,867,241	\$37,221,992,899	\$71,383,629,497	\$.4993
2023	37,228,490,343	32,804,218	37,261,294,561	63,801,178,837	.5465
2022	37,135,178,704	34,669,125	37,169,847,829	57,311,045,503	.6179
2021	37,081,816,001	35,637,263	37,117,453,264	53,704,723,231	.6508
2020	37,276,806,400	35,883,801	37,312,690,201	52,529,894,433	.6663

Source: Passaic County Board of Taxation, Abstract of Ratables.

Equalized Valuation of Property of Constituent Municipalities

<u>Municipality</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2024 General Rate(1)</u>
Bloomington	\$1,172,347,114	\$1,059,548,393	\$977,795,930	\$857,488,695	\$857,169,213	4.587%
Clifton	14,041,601,947	12,893,199,807	11,512,232,791	10,764,538,147	10,593,357,174	5.936
Haledon	913,195,337	847,023,028	739,428,218	667,476,100	627,758,009	5.280
Hawthorne	3,331,099,671	3,072,572,072	2,869,786,299	2,692,394,219	2,630,281,450	3.042
Little Falls	2,185,132,521	1,967,903,162	1,799,127,024	1,736,515,988	1,671,623,518	3.332
North Haledon	1,709,287,219	1,534,673,115	1,454,192,188	1,409,458,855	1,400,795,085	3.060
Passaic	5,459,140,890	5,094,172,293	4,402,600,740	4,203,451,714	4,032,338,424	4.123
Paterson	11,940,563,340	10,311,751,861	9,082,951,991	8,169,509,330	7,545,111,767	5.095
Pompton Lakes	1,725,196,107	1,542,431,640	1,371,497,733	1,277,996,679	1,271,506,047	3.943
Prospect Park	497,804,516	447,392,620	409,279,961	374,775,882	342,060,497	5.951
Ringwood	2,195,898,596	2,013,846,862	1,825,825,981	1,751,182,769	1,755,687,257	4.163
Totowa	4,058,559,889	3,523,193,338	2,876,818,592	2,377,904,633	2,471,715,884	2.711
Wanaque	1,749,546,364	1,631,934,874	1,495,536,595	1,399,061,212	1,360,590,718	4.313
Wayne	13,877,025,342	11,804,353,673	10,997,194,267	10,976,230,638	10,941,976,086	5.946
West Milford	4,192,655,043	3,847,902,737	3,447,279,420	3,151,575,843	3,142,778,245	4.054
Woodland Park	<u>2,334,575,601</u>	<u>2,209,279,362</u>	<u>2,049,497,773</u>	<u>1,895,162,527</u>	<u>1,885,145,059</u>	3.347
	<u>\$71,383,629,497</u>	<u>\$63,801,178,837</u>	<u>\$57,311,045,503</u>	<u>\$53,704,723,231</u>	<u>\$52,529,894,433</u>	
County Rate Per \$100	\$.4993	\$.5465	\$.6179	\$.6508	\$.6663	

Source: Passaic County Board of Taxation, Abstract of Ratables

(1) Includes Municipal, School and County Tax Rates - Per \$100

Ten Largest Assessed Valuations in the County - 2024

<u>Name</u>	<u>Assessed Valuation</u>	<u>Percent of Tax Base</u>
Willow Brook Mall	\$187,500,000	.005
St. Joseph's Hospital & Medical Center	158,954,400	.004
West Belt Fee Owners	81,600,000	.002
Inwood Owners, Inc.	61,650,000	.002
Rose Manor Estates	58,294,100	.002
Totowa VF LLC, c/o Vornado Rlty Trust	54,000,000	.002
Theta Holdings Co., LLP	50,055,000	.001
North Jersey District Water Supply	49,045,900	.001
201 Main Ave LLC	48,000,000	.001
Fidelity Syn.	46,000,000	.001

Source: Passaic County Board of Taxation

Ten Largest Employers in the County - 2024

<u>Employer</u>	<u>Number of Employees</u>
St. Joseph's Hospital	3,700
Passaic County Administration	2,500
International Specialty Products	2,200
City of Paterson	1,600
U.S. Postal Service	1,500
BAE Systems	1,400
St. Mary's General Hospital	1,220
William Paterson University	1,000
Communication Worker's of America	700
Giant Tire Service	600

Source: Passaic County Economic Development Department

Tax Collection Record

The following table is the current real property tax collection record of the County for the years 2020 through 2024:

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2024 (1)	\$354,410,095	\$354,410,095	100%
2023	347,570,634	347,570,634	100
2022	347,570,634	347,570,634	100
2021	347,570,634	347,570,634	100
2020	347,570,634	347,570,634	100

Source: County Records

(1) Unaudited

County Taxes

County taxes are collected by the municipalities and paid to the County Treasurer. The municipal levy includes all county, school and municipal taxes.

Each municipality is required to pay to the County Treasurer its share of the County Purpose tax on the fifteenth day of February, May, August and November of each year. The County gets its share of the taxes collected from the first taxes collected by each municipality. This assures the County of 100% collection.

Tax Appeals

The Passaic County Board of Taxation (the "Taxation Board") processes all appeals of county tax assessments. The appeal process is described below:

The taxpayer remits the full payment (including any disputed amount) to the municipal tax collector. The municipality then remits the amount of county tax assessed against the municipality to the County Treasurer.

The taxpayer files an appeal with the Taxation Board, which conducts a hearing. If the appeal is granted, the municipality remits payments to the taxpayer. The county tax assessed to the municipality for the succeeding year is then reduced by the total amount of appeals granted. Therefore, the County does not remit payment to the taxpayer or the municipality for appeals granted.

If the Taxation Board does not grant the appeal or if the taxpayer is not satisfied with the amount granted, the taxpayer has a right to a hearing before the New Jersey Tax Court.

TAX MATTERS

Federal Income Taxes

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

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

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

Tax Opinions

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

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

Bank Qualification

The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Additional Federal Income Tax Consequences

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

Proposals for Tax Changes

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

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

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

LITIGATION

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

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference to Chapter IX of the Bankruptcy Act, 11 United States Code Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, the Bankruptcy Reform Act of 1978, effective October 1, 1979, Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994, 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 a State, political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debt; directs such a petitioner to file with the court a list of petitioners' creditors; provides that a petition filed under this 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 materials 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 the Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a county must follow in order to take advantage of the provisions of the Bankruptcy Act.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the County shall provide:

(a) For the benefit of the holders of the Bonds and the beneficial owners thereof, not later than October 1 of each fiscal year, beginning after fiscal year ending December 31, 2024, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Data Port (the "MSRB"), annual financial information with respect to the County consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the County and certain financial information and operating data consisting of (i) County indebtedness including a schedule of outstanding debt issued by the County, (ii) property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB. Notwithstanding the foregoing, if the fiscal year is not a calendar year then the County shall provide financial information and operating data relating to the County by not later than the first day of the tenth month of each fiscal year;

(b) For the benefit of the holders of the Bonds and the beneficial owners thereof, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds or financial obligations of the County (herein "Disclosure Events"):

- (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 security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The County intends the words used in paragraphs (15) and (16) and the definition of “financial obligations” to have the meaning ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

(c) For the benefit of the holders of the Bonds and the beneficial owners thereof, in a timely manner to the MSRB, notice of failure of the County to provide required annual financial information on or before the date specified above.

The undertaking may be amended by the County from time to time, without the consent of the holder of the Bonds or the beneficial owners of the Bonds, 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.

There can be no assurance that there will be a secondary market for the sale or purchase of the Bonds. 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 County may affect the future liquidity of the Bonds.

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

The County has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The County has engaged the services of Digital Assurance Certification, L.L.C. to assist with the County's continuing disclosure obligations.

UNDERWRITING

The Bonds have been purchased at public sale from the County for resale by the purchaser (the "Underwriter").

RATING

Moody's Investors Service ("Moody's") has assigned its rating of "Aa1" to the Bonds. An explanation of the significance of such credit rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock Federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State of New Jersey (the "State") declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4,

2021, the Governor signed into law Assembly Bill No. 5820 which terminated most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022 but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. See <https://Covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The County's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the County's primary revenue source for supporting its budget. The County cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support County functions and critical government actions during an outbreak, or any resulting impact such costs could have on the operations of the County. However, as of the date hereof, even though the County's finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the County have not been materially and adversely affected due to the COVID-19 outbreak.

The future degree of any such impact on the operations and finances of the County cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the County and its economy. The County is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

On March 27, 2020, the Federal Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law by then President Trump, authorizing \$2 trillion in Federal funds to provide emergency assistance and health care response for individuals, families and businesses affected by the pandemic. The County received funding in 2020 under the CARES Act in the amount of \$87,564,767, and said funds shall be used by the County to help mitigate the impact of the pandemic on the County and its constituent local government units.

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

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the County.

The County has received the full amount of the relief funds under the Plan in the amount of \$97,473,818. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the County include the following categories:

- Replacing lost public sector revenue
- Investing in water, sewer, broadband infrastructure, and other infrastructure
- Providing premium pay for essential workers

- Supporting public health expenditures
- Addressing COVID-19 related negative economic impacts
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households

As stated above, the County has received the full amount of the relief funds under the Plan in the amount of \$97,473,818. The County utilized \$71,000,000 for Revenue Loss in its 2022, 2023 and 2024 budgets. The County also utilized \$26,473,818 for various allowable projects. As of December 31, 2024, the County has expended or committed all of the funds it received.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by a certificate signed by the Director of Finance, that to such official's knowledge such descriptions and statements, as of the date of the 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.

The firm of Wielkott & Company, LLC, Pompton Lakes, New Jersey, Certified Public Accountants and Registered Municipal Accountants, assisted in the preparation of information contained in this Official Statement. All other information has been obtained from sources which Wielkott & Company, LLC, considers to be reliable, but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained therein, may be directed to Richard Cahill, Director of Finance, telephone (973) 881-4432, County Administration Building, 401 Grand Street, Paterson, New Jersey 07505-2023.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. 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 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

By: /s/ _____
Richard Cahill
Director of Finance

Dated: June ____, 2025

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APPENDIX A

**EXCERPTS FROM AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2023 AND SELECTED
FINANCIAL INFORMATION FOR YEARS
ENDED DECEMBER 31, 2024-2020**

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WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
County of Passaic
Paterson, New Jersey

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 County of Passaic in the State of New Jersey, 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 County'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 County of Passaic 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 County of Passaic, 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 County of Passaic 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.

Opinion on Regulatory Basis of Accounting

In our opinion, 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 County of Passaic'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. We did not audit the financial statements of the Community Development Grant Fund as of December 31, 2023 and 2022 which represents 2.7 percent and 3.6 percent, respectively, of the assets of the Trust Fund for the years then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Community Development Grant Fund, is based solely upon the reports of the other auditors.

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 County'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 County'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 County of Passaic'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 Regulation 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 and are not a required part of the basic financial statements.



The supplemental 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 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 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information listed in the table of contents, 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2024 on our consideration of the County of Passaic'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 County of Passaic's internal control over financial reporting and compliance.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. 413

Wielkotz & Company, LLC

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

August 1, 2024

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 38,829,461	32,114,265
Investments	A-4	143,038,587	153,132,248
Change Fund	A-5	<u>675</u>	<u>675</u>
		<u>181,868,723</u>	<u>185,247,188</u>
Receivables and Other Assets with Full Reserves:			
Revenue Accounts Receivable	A-7	<u>529,648</u>	<u>1,275,508</u>
		<u>529,648</u>	<u>1,275,508</u>
		<u>182,398,371</u>	<u>186,522,696</u>
Federal and State Grant Fund:			
Grants Receivable	A-15	121,436,414	146,740,121
Due from Current Fund	A-18	<u>30,732,177</u>	<u>38,902,375</u>
		<u>152,168,591</u>	<u>185,642,496</u>
Total Assets		<u>\$ 334,566,962</u>	<u>372,165,192</u>

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-9	\$ 24,735,317	19,425,050
Accounts Payable	A-10	872,637	2,803,367
Encumbrances Payable	A-11	14,353,199	16,604,013
Prepaid Revenues	A-12	25,517	29,722
Interfunds Accounts Payable	A-8	30,732,176	38,902,375
Due to Private Industry Council			
Miscellaneous Reserves	A-13	<u>5,421,004</u>	<u>9,207,635</u>
		<u>76,139,850</u>	<u>86,972,162</u>
Reserve for Receivables	Contra	529,648	1,275,508
Fund Balance	A-1	<u>105,728,873</u>	<u>98,275,026</u>
		<u>182,398,371</u>	<u>186,522,696</u>
Federal and State Grant Fund:			
Commitments Payable	A-14	25,858,434	34,775,225
Grants Payable due to State of N.J.	A-19	419,743	
Reserve for State and Federal Grants - Appropriated	A-17	95,860,618	96,984,671
Reserve for State and Federal Grants - Unappropriated	A-18	<u>30,029,796</u>	<u>53,882,600</u>
		<u>152,168,591</u>	<u>185,642,496</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 334,566,962</u>	<u>372,165,192</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC

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

Current Fund

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 23,000,000	19,000,000
Miscellaneous Revenue Anticipated	159,975,658	169,906,461
Receipts from Current Taxes	347,570,634	347,570,636
Non-Budget Revenue	2,407,644	1,979,657
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	8,678,133	9,569,359
Adjustment of Accounts Payable		2,029
Cancellation of Accounts Payable	246,090	
Cancellation of Appropriated Grants	<u>4,991,373</u>	<u>83,656</u>
Total Revenues and Other Income	<u>546,869,532</u>	<u>548,111,798</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	140,243,960	144,466,140
Other Expenses	258,819,060	263,819,181
Capital Improvements	2,197,224	2,647,480
Debt Service	49,009,387	54,007,926
Deferred Charges and Statutory Expenditures	60,378,185	53,130,136
Grant Receivables Canceled	4,982,597	83,656
Refunds and Adjustments	<u>785,272</u>	<u>1,496,285</u>
Total Expenditures	<u>516,415,685</u>	<u>519,650,804</u>
Statutory Excess to Surplus	30,453,847	28,460,994
Fund Balance, January 1,	<u>98,275,026</u>	<u>88,814,032</u>
	128,728,873	117,275,026
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>23,000,000</u>	<u>19,000,000</u>
Fund Balance, December 31,	<u>\$ 105,728,873</u>	<u>98,275,026</u>

See accompanying notes to the financial statements.

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 23,000,000	23,000,000	
Miscellaneous Revenues:			
County Clerk	1,200,000	1,515,468	315,468
Clerk - Registry Division	4,000,000	3,680,811	(319,189)
Surrogate	300,000	333,993	33,993
Sheriff	1,000,000	1,441,329	441,329
Interest on Investments and Deposits	2,638,000	10,312,466	7,674,466
Road Opening Permits	550,000	521,895	(28,105)
Rental Income	300,000	335,097	35,097
State Aid - County College Bonds (N.J.S.A. 18A:64-22.6)	1,687,000	1,994,601	307,601
Supplemental Social Security Income	1,614,596	1,327,645	(286,951)
Weatherization Assistance Program (WAP) Bipartisan Infrastructure Law (BIL) Grant 2023	588,554	588,554	
LIHEAP Weatherization 2023	246,000	246,000	
LIHEAP Assistance 2023	850,823	850,823	
Heating Improvement (HIP) 2023	306,889	306,889	
Weatherization DOE 22/23	489,015	489,015	
Lead Remediation and Abatement Program (LRAP) 2023	1,500,000	1,500,000	
Preakness Gero-Psych Program 2022	9,641	9,641	
Preakness Gero-Psych Program 2023	357,491	357,491	
WIOA Adult 23/24	2,110,003	2,110,003	
WIOA Youth 23/24	2,272,924	2,272,924	
WIOA Dislocated Worker 23/24	1,345,415	1,345,415	
Workforce Learning Link Program 22/23	142,500	142,500	
Workforce Learning Link Program 23/24	237,500	237,500	
Work First NJ - TANF 23/24	1,277,000	1,277,000	
Work First NJ - GA/SNAP 23/24	1,002,000	1,002,000	
WIOA Data Reporting & Analysis 23/24	12,971	12,971	
County-Based Innovation Grant 2023	167,627	167,627	
County-Based Innovation Grant 2024	167,627	167,627	
Comprehensive Alcoholism & Drug Abuse Grant 2023	989,219	989,219	
Municipal Alliance Program 2023	242,095	242,095	
DMHAS Youth Leadership Grant 2023	68,880	68,880	
Law Enforcement Officers Training and Equipment Fund (LEOTEF) 2023	22,276	22,276	
Community Services Block Grant (PHLP) FY23	832,014	832,014	
Community Services Block Grant (PHLP) FY24	541,976	541,976	
County Environmental Health Act (CEHA) 2023	178,276	178,276	
COVID-19 Vaccination Supplemental Grant	90,000	90,000	
Enhancing Local Public Health Infrastructure 22/24	1,494,380	1,494,380	
County Health Infrastructure Program 2024	1,146,138	1,146,138	
County Right to Know Program 2024	15,213	15,213	
Childhood Lead Exposure Program 2024	625,000	625,000	
Overdose Fatality Review Teams 2024	75,000	75,000	
Strengthening Local Public Health Capacity Program 2024	89,365	89,365	
Clean Communities Entitlement 2023	97,231	97,231	

COUNTY OF PASSAIC

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Recycling Enhancement Act Entitlement 2021	623,700	623,700	
Radon Awareness Program 2022	2,000	2,000	
Food Security Planning Grant Program 2023	125,000	125,000	
Passaic County Film Festival 2023	3,325	3,325	
Passaic County Arts Center - Arts Programming 2023	10,300	10,300	
General Operating Support: Dey Mansion Washington's Headquarters 2023	40,000	40,000	
Passaic County Parks Commission Archives Project 2023	17,000	17,000	
Destination Marketing Organization 2023	213,000	213,000	
Lambert Tower Site Improvement Projects 2022	750,000	750,000	
Local Recreation Improvement Grant (LRIG) 2023	70,000	70,000	
PSE&G Electric Vehicle Charging Program 2022	7,500	7,500	
PSE&G Electric Vehicle Charging Program 2023	75,000	75,000	
NJ Equipment Modernization Program (NJEMP) 2023	93,690	93,690	
Aging Area Nutrition FY 2023	2,359,156	2,359,156	
Area Plan on Aging - Title III 2023	2,325,679	2,325,679	
Assistance Program (Casino Revenue Fund) 2023	1,329,259	1,329,259	
Senior Farmers Market Nutrition Program 2023	9,677	9,677	
State Health Insurance Program 2023	37,000	37,000	
2019 FTA Section 5310	125,000	125,000	
State/Community Partnership 2023	955,682	955,682	
Social Services for the Homeless 2024	1,025,000	1,025,000	
Planning & Information Service, Human Services Advisory Co.	172,064	172,064	
Child Behavioral Health Services 2023	52,397	52,397	
Transportation and TIP 2024	404,914	404,914	
National Prescription Opiate Litigation	735,105	735,105	
Bipartisan Safer Communities Act Disaster Response Crisis Counseling County Grant 2023	30,000	30,000	
C.S.B.G. Non-Discretionary 2022	2,398	2,398	
C.S.B.G. Non-Discretionary 2023	205,946	205,946	
C.S.B.G. Non-Discretionary 2024	312,460	312,460	
Social Services for the Homeless (Intensive Case Management) 2024	195,000	195,000	
Personal Assistance Services Program 2024	39,060	39,060	
Family Court Services 2023	278,149	278,149	
NJ Promise 2.0 Youth and Family Voice 2023	5,000	5,000	
Subregional Studies Program - Passaic County Strategic Infrastructure Investment 2023	300,000	300,000	
Subregional Transportation Planning Program 2023	132,048	132,048	
Subregional Transportation Planning - Supplemental Support 2023	15,000	15,000	
Community Development Block Grant 2023	965,848	965,848	
Emergency Management Agency Assistance 2023	55,000	55,000	
Hazard Mitigation Plan 2023	200,000	200,000	
UASI - Local Share 2023	259,000	259,000	
Sexual Assault Response Team/Forensic Nurse Examiner Program 2023	179,716	179,716	
Sexual Assault Response Team/Forensic Nurse Examiner Program 2024	174,643	174,643	
Victim Witness Advocacy (VOCA) 2023	538,409	538,409	
Insurance Fraud Reimbursement Program 2023	250,000	250,000	
Body Armor Replacement Fund P.C.P.O. 2023	4,368	4,368	

COUNTY OF PASSAIC

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
1610-133 Child - State Aid Grants 2023	200,000	200,000	
Justice Assistance Grant - Multi Narcotics Task Force	192,147	192,147	
Justice Assistance Grant - Multi Narcotics Task Force	118,133	118,133	
Opt for Help and Hope Grant Program 2023	333,333	333,333	
Operation Helping Hand 2023	105,263	105,263	
2023 Homeland Security (SHSP-Local Share)	284,040	284,040	
State Body Armor Replacement Fund Program - P.C.S.D. 2023	26,821	26,821	
Public Safety Answering Point (PSAP) Upgrades and Consolidation FY23	351,608	351,608	
CDC Detection and Mitigation of COVID-19 in Confinement Facilities 2021	34,857	34,857	
HUD Housing First NJ0329	264,524	264,524	
Emergency Rental Assistance - 2	95,674	95,674	
Data-Driven Decision Making – Organizational Enhancement 2023	20,000	20,000	
Passaic County Tenant Based Housing First NJ0364 2023	1,159,235	1,159,235	
HUD Housing First NJ0365-208	65,749	65,749	
Continuum of Care Program - Planning Grant 2023	139,205	139,205	
Passaic County Sponsor Based Housing First NJ0242	652,102	652,102	
Code Blue Support Funding FY24	145,000	145,000	
Local Assistance and Tribal Consistency Fund 2023	100,000	100,000	
County Aid - Road Resurfacing 2023	7,488,692	7,488,692	
2023 Local Bridge Fund Program Grant	2,940,658	2,940,658	
Added and Omitted Taxes	600,000	1,464,360	864,360
Board of Inmates at County - State		173,494	173,494
Intoxicated Driver Resource Center	123,075	207,545	84,470
Title IV D Parent Locator Program	800,000	999,191	199,191
Rental Revenue - Quarry	1,021,000	1,021,000	
Fringe Benefits	11,000,000	11,891,334	891,334
Indirect Costs - Grants	1,600,000	1,713,122	113,122
Preakness Hospital - Medicaid Reimbursements	29,000,000	34,957,959	5,957,959
American Rescue Plan - Lost Revenue	23,501,855	23,501,855	
Maintenance in Lieu of Rent - Martin Luther King - Social Services	100,000	198,256	98,256
State School Building Aid (Chapter 12)	1,500,000	1,776,091	276,091
Park Fees	3,000,000	3,441,908	441,908
Site Plan Fees	75,000	113,862	38,862
Radio Tower Rental	50,000	126,963	76,963
Due from Open Space Trust Fund - Lambert Castle Project	500,000	500,000	
Due from Open Space Trust Fund - Court House Renovation	450,000	450,000	
Due from Open Space Trust Fund - Springbrook Acres	250,000	250,000	
Reserve for Payment of Bonds	1,750,000	1,750,000	
City of Passaic - Information Technology	12,625	12,625	
Wanaque Board of Education - Information Technology	6,000	6,000	
Borough of Woodland Park - Public Health Services	73,500	36,435	(37,065)
Borough of Woodland Park - Information Technology	7,340	5,990	(1,350)
Borough of Haledon - Health Services	67,500	68,978	1,478
Borough of Wanaque - Public Health Services	68,500	118,358	49,858
City of Clifton - Hamilton House Operation	45,000	45,000	
Borough of Pompton Lakes - Information Technology	6,000	6,000	
Township of West Milford - Public Health Services	119,500	122,649	3,149

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Passaic County One Stop - Storage Rental	1,200	1,500	300
Township of Wayne - Management of Historic Sites	52,000	52,000	
County Hospital PILOT Program	1,882,450	1,882,453	3
Prospect Park - Health Services	18,000	18,000	
County Clerk P.L. 2001 C370	107,435	107,435	
Register P.L. 2001 C370	1,167,907	1,167,907	
Surrogate P.L. 2001 C370	110,000	110,000	
Sheriff P.L. 2001 C370	<u>202,506</u>	<u>202,506</u>	
Total Miscellaneous Revenues	<u>142,569,566</u>	<u>159,975,658</u>	<u>17,406,092</u>
Amount to be Raised by Taxation - County Purpose Tax	<u>347,570,634</u>	<u>347,570,634</u>	
Total Budget Revenues	<u>\$ 513,140,200</u>	<u>530,546,292</u>	<u>17,406,092</u>
Nonbudget Revenue		<u>2,407,644</u>	
		<u>\$ 532,953,936</u>	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS:					
Administration Executive					
Board of County Commissioners					
Salaries and Wages	410,000	410,000	386,371	23,629	
Other Expenses	75,000	75,000	50,370	24,630	
Contribution to Public Access Libraries	100,000	100,000	100,000		
County Administrator					
Salaries and Wages	530,000	570,000	561,657	8,343	
Other Expenses	460,000	460,000	420,085	39,915	
Finance Section					
Finance Department					
Salaries and Wages	1,507,000	1,407,000	1,376,858	30,142	
Other Expenses	383,430	408,430	385,581	22,849	
Audit	119,850	119,850	119,850		
Payroll Processing-Other Expenses	255,000	255,000	205,899	49,101	
Legal Department					
County Counsel					
Salaries and Wages	1,095,500	1,065,500	1,032,021	33,479	
Other Expenses	77,000	77,000	33,038	43,962	
Other Expenses Ethics	5,000	5,000	434	4,566	
County Adjuster					
Salaries and Wages	220,623	256,623	254,050	2,573	
Other Expenses	247,240	247,240	145,474	101,766	
Clerk of the Board					
Salaries and Wages	452,198	452,198	439,002	13,196	
Other Expenses	31,000	31,000	25,378	5,622	
Postage	180,000	180,000	140,111	39,889	
Personnel					
Salaries and Wages	813,639	583,639	553,506	30,133	
Other Expenses	233,030	233,030	149,689	83,341	
State and National Association of County Officials					
Other Expenses	15,536	15,536	15,535	1	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
County Clerk					
Salaries and Wages	864,114	864,114	845,412	18,702	
Other Expenses	20,000	20,000	10,241	9,759	
Elections - County Clerk					
Other Expenses	970,000	970,000	958,529	11,471	
County Register					
Salaries and Wages	1,412,214	1,412,214	1,248,837	163,377	
Other Expense	174,500	174,500	157,713	16,787	
Prosecutor's Office					
Salaries and Wages	18,312,416	17,254,416	16,492,285	762,131	
Other Expenses	906,191	906,191	868,823	37,368	
Countywide Police Radio					
Other Expenses	100,000	100,000	97,523	2,477	
Purchasing Department					
Salaries and Wages	672,000	682,000	679,811	2,189	
Other Expenses	45,000	45,000	44,804	196	
MIS Department (Finance Department)					
Other Expenses	1,931,127	1,931,127	1,896,949	34,178	
Building and Grounds					
Salaries and Wages	6,158,776	6,128,776	5,854,149	274,627	
Other Expenses	3,797,034	3,797,034	3,166,369	630,665	
Other Expenses - Welfare Board	453,000	453,000	414,974	38,026	
Other Expenses - Preakness Health Center	223,500	223,500	198,486	25,014	
Surrogate					
Salaries and Wages	1,254,972	1,254,972	1,115,977	138,995	
Other Expenses	81,761	81,761	70,679	11,082	
Insurances: Group Hospitalization, Medical					
Surgical, Major Medical for Employees	52,000,000	52,000,000	51,938,113	61,887	
Group Life Insurance for Employee	40,000	40,000	12,000	28,000	
Surety Bond Premium	5,000	5,000	3,180	1,820	
Worker's Compensation/Liability Trust	3,500,000	3,500,000	3,500,000		
Other Insurance	700,000	700,000	700,000		
Liability Insurance	4,500,000	4,500,000	4,500,000		
Drug Plan	15,000,000	15,000,000	14,398,294	601,706	
Dental Plan	900,000	900,000	544,907	355,093	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
REGULATION					
Sheriff's Office					
Salaries and Wages - Courthouse Security	17,547,795	13,547,795	13,244,773	303,022	
Salaries and Wages - Patrol	24,629,824	28,129,824	27,513,480	616,344	
Other Expenses - Courthouse Security	438,533	438,533	290,617	147,916	
Other Expenses - Patrol	2,101,753	2,101,753	2,016,505	85,248	
Weights and Measures					
Salaries and Wages	186,450	186,450	180,848	5,602	
Other Expenses	9,000	9,000	8,638	362	
Board of Taxation					
Salaries and Wages	402,200	404,200	403,962	238	
Office Expenses	15,900	15,900	14,337	1,563	
Medical Examiner					
State of New Jersey - Shared Service	1,900,000	1,900,000	1,850,000	50,000	
Indigent Burials	50,000	150,000	50,000	100,000	
Board of Elections					
Salaries and Wages	1,377,495	1,527,495	1,462,449	65,046	
Other Expenses	343,005	343,005	234,903	108,102	
Superintendent of Elections					
Salaries and Wages	1,886,000	1,886,000	1,886,000		
Other Expenses	639,500	639,500	602,825	36,675	
County Emergency Management					
Salaries and Wages	131,533	131,533	126,078	5,455	
Other Expenses	30,000	30,000	26,137	3,863	
Planning and Economic Development					
Salaries and Wages	480,425	480,425	470,310	10,115	
Other Expenses	54,805	54,805	53,900	905	
Construction Board of Appeals					
Contract Services	3,200	3,200	-	3,200	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund					
	Year Ended December 31, 2023				
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
CORRECTIONAL & PENAL					
Jail and Workhouse					
Salaries and Wages - Jail	21,211,356	21,211,356	16,191,291	5,020,065	
Other Expenses - Jail	1,732,531	1,732,531	1,256,028	476,503	
Other Expenses - Jail - Medical	3,231,402	3,231,402	1,285,807	1,945,595	
Salaries and Wages - Re-Entry Program	37,452	37,452		37,452	
Other Expenses - Re-Entry Program	50,000	50,000		50,000	
PUBLIC WORKS					
Roads and Bridges					
Salaries and Wages	3,500,000	3,525,000	3,505,317	19,683	
Other Expenses	1,900,000	1,889,600	1,491,501	398,099	
Engineering					
Salaries and Wages	1,218,671	1,168,671	1,121,724	46,947	
Other Expenses	18,100	18,100	17,543	557	
HEALTH & HUMAN SERVICES					
Human Services Advisory Council Community Grants	245,247	245,247	181,920	63,327	
Intoxicated Drivers Resource Center					
Salaries and Wages	58,600	58,600	41,571	17,029	
Other Expenses	26,104	26,104	23,737	2,367	
Human Services Department					
Salaries and Wages	743,012	743,012	702,266	40,746	
Mental Health Program					
Contractual	862,300	862,300	850,919	11,381	
Alcohol and Drug Addiction Program Contractual					
Salaries and Wages	26,408	26,408	25,998	410	
Other Expenses	169,651	169,651	163,878	5,773	
Maintenance of Patients in State Institutions					
Services for Special Needs Populations	5,500,000	7,500,000	4,927,455	2,572,545	
Welfare Board					
Administration - Other Expenses	11,783,720	11,783,720	11,783,720		
Administration - Fringe Benefits	5,700,000	5,700,000	5,700,000		
Supplemental Security Income	1,614,596	1,614,596	1,510,000	104,596	
Aid to Dependent Children (NJS 44:10-1st Seq) AFDC	532,243	532,243	532,243		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Department of Youth Services					
Other Expenses	18,500	18,500	15,942	2,558	
Other Expenses - Shelter Beds	265,000	265,000	265,000		
Other Expenses - Shared Services Essex County	2,210,000	2,210,000	1,764,000	446,000	
Other Expenses - Education	560,720	560,720	560,720		
Other Expenses - Medical	625,180	625,180	625,180		
Preakness Hospital					
Salaries and Wages	29,321,000	25,821,000	25,384,592	436,408	
Other Expenses	8,200,000	11,450,000	10,546,863	903,137	
Division of Senior Services, Disabilities, & Vets Affairs, Etc.					
Salaries and Wages	159,335	159,335	130,197	29,138	
Other Expenses	36,617	36,617	32,458	4,159	
County Health Department Chapter 329 P.L. 1975					
Salaries and Wages	584,040	584,040	372,496	211,544	
Other Expenses	68,400	68,400	41,162	27,238	
Mosquito Division					
Salaries and Wages	803,156	678,156	637,063	41,093	
Other Expenses	67,000	67,000	55,737	11,263	
RECREATION					
Parks & Recreation Department					
Salaries and Wages - Parks	4,221,731	3,971,731	3,884,051	87,680	
Salaries and Wages - Golf Course	1,763,482	1,563,482	1,506,181	57,301	
Other Expenses - Parks	938,364	1,038,364	1,003,647	34,717	
Other Expenses - Golf Course	578,686	578,686	557,596	21,090	
Cultural and Historical Affairs					
Salaries and Wages	675,000	815,000	758,161	56,839	
Other Expenses	81,875	81,875	75,731	6,144	
Passaic County Historical Society (NJS 40:32-6)					
Other Expenses	25,000	25,000	25,000		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
EDUCATION					
Superintendent of County Schools	552,771	552,771	529,655	23,116	
Salaries and Wages	27,965	38,365	35,900	2,465	
Other Expenses	7,044,594	7,044,594	7,044,594		
Passaic County Vocational School					
Rutgers Extension Services	71,677	71,677	71,677		
Salaries and Wages	188,480	188,480	74,182	114,298	
Other Expenses					
Passaic County Community College					
Other Expenses	17,500,000	17,500,000	17,500,000		
Reimbursement for Residents Attending Out of County Two Year College (N.J.S.18:A:64A-23)	175,000	175,000	75,359	99,641	
UNCLASSIFIED					
Purchase of Expendable Equipment	400,000	400,000	163,400	236,600	
Interlocal Agreement:					
Bergen & Hudson Counties - Housing of Inmates	1,498,145	1,498,145	1,498,145		
ARP - Bergen & Hudson Counties - Housing of Inmates	23,501,855	23,501,855	21,141,855	2,360,000	
Aid to Health and Welfare Councils (N.J.S. 40:23-8.28)	441,000	441,000	337,823	103,177	
Aid to Housing First	90,000	90,000	60,000	30,000	
Para-Transit					
Vehicle Maintenance	50,000	50,000	20,778	29,222	
Police Academy					
Salaries and Wages	676,095	621,095	469,678	151,417	
Other Expenses	122,000	122,000	89,570	32,430	
Debt Service Fees	50,000	50,000	11,500	38,500	
UTILITIES (40A:4-45 4H)					
Gasoline	1,500,000	1,500,000	1,156,386	343,614	
Telephone & Telegraph	1,100,000	1,100,000	833,246	266,754	
Natural Gas & Electric	4,500,000	4,500,000	4,304,301	195,699	
Heating Oil	35,000	35,000	-	35,000	
Water	600,000	600,000	517,551	82,449	
Garbage	350,000	500,000	377,365	122,635	
Street Lighting	475,000	575,000	486,342	88,658	
Sewer	600,000	600,000	30,159	569,841	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
PUBLIC & PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Matching Funds for Grants	150,000	150,000	108,012	41,988	
County Match					
Area Plan on Aging - Title III 2023	400,000	400,000	400,000		
Aging Area Nutrition 2023	1,000,000	1,000,000	1,000,000		
Assistance Program (Casino Revenue Fund) 2023	1,077,313	1,077,313	1,077,313		
Weatherization Assistance Program (WAP) Bipartisan Infrastructure Law (BIL) Grant 2023	588,554	588,554	588,554		
LIHEAP Weatherization 2023	246,000	246,000	246,000		
LIHEAP Assistance 2023	850,823	850,823	850,823		
Heating Improvement (HIIP) 2023	306,889	306,889	306,889		
Weatherization DOE 22/23	489,015	489,015	489,015		
Lead Remediation and Abatement Program (LRAP) 2023	1,500,000	1,500,000	1,500,000		
Preakness Gero-Psych Program 2022	9,641	9,641	9,641		
Preakness Gero-Psych Program 2023	357,491	357,491	357,491		
WIOA Adult 23/24	2,110,003	2,110,003	2,110,003		
WIOA Youth 23/24	2,272,924	2,272,924	2,272,924		
WIOA Dislocated Worker 23/24	1,345,415	1,345,415	1,345,415		
Workforce Learning Link Program 22/23	142,500	142,500	142,500		
Workforce Learning Link Program 23/24	237,500	237,500	237,500		
Work First NJ - TAINF 23/24	1,277,000	1,277,000	1,277,000		
Work First NJ - GA/SNAP 23/24	1,002,000	1,002,000	1,002,000		
WIOA Data Reporting & Analysis 23/24	12,971	12,971	12,971		
County-Based Innovation Grant 2023	167,627	167,627	167,627		
County-Based Innovation Grant 2024	167,627	167,627	167,627		
Comprehensive Alcoholism & Drug Abuse Grant 2023	989,219	989,219	989,219		
Municipal Alliance Program 2023	242,095	242,095	242,095		
DMHAS Youth Leadership Grant 2023	68,880	68,880	68,880		
Law Enforcement Officers Training and Equipment Fund (LEOTEF) 2023	22,276	22,276	22,276		
Community Services Block Grant (PHLP) FY23	832,014	832,014	832,014		
Community Services Block Grant (PHLP) FY24	541,976	541,976	541,976		
County Environmental Health Act (CEHA) 2023	178,276	178,276	178,276		
COVID-19 Vaccination Supplemental Grant	90,000	90,000	90,000		
Enhancing Local Public Health Infrastructure 22/24	1,494,380	1,494,380	1,494,380		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
County Health Infrastructure Program 2024	1,146,138	1,146,138	1,146,138		
County Right to Know Program 2024	15,213	15,213	15,213		
Childhood Lead Exposure Program 2024	625,000	625,000	625,000		
Overdose Fatality Review Teams 2024	75,000	75,000	75,000		
Strengthening Local Public Health Capacity Program 2024	89,365	89,365	89,365		
Clean Communities Entitlement 2023	97,231	97,231	97,231		
Recycling Enhancement Act Entitlement 2021	623,700	623,700	623,700		
Radon Awareness Program 2023	2,000	2,000	2,000		
Food Security Planning Grant Program 2023	125,000	125,000	125,000		
Passaic County Film Festival 2023	3,325	3,325	3,325		
Passaic County Arts Center - Arts Programming 2023	10,300	10,300	10,300		
General Operating Support: Dey Mansion Washington's Headquarters 2023	40,000	40,000	40,000		
Passaic County Parks Commission Archives Project 2023	17,000	17,000	17,000		
Destination Marketing Organization 2023	213,000	213,000	213,000		
Lambert Tower Site Improvement Projects 2023	750,000	750,000	750,000		
Local Recreation Improvement Grant (LRIG) 2023	70,000	70,000	70,000		
PSE&G Electric Vehicle Charging Program 2022	7,500	7,500	7,500		
PSE&G Electric Vehicle Charging Program 2023	75,000	75,000	75,000		
NJ Equipment Modernization Program (NJEMP) 2023	93,690	93,690	93,690		
Aging Area Nutrition FY 2023	2,359,156	2,359,156	2,359,156		
Area Plan on Aging - Title III 2023	2,325,679	2,325,679	2,325,679		
Assistance Program (Casino Revenue Fund) 2023	1,329,259	1,329,259	1,329,259		
Senior Farmers Market Nutrition Program 2023	9,677	9,677	9,677		
State Health Insurance Program 2023	37,000	37,000	37,000		
2019 FTA Section 5310	125,000	125,000	125,000		
State/Community Partnership 2023	955,682	955,682	955,682		
Social Services for the Homeless 2024	1,025,000	1,025,000	1,025,000		
Planning & Information Service, Human Services Advisory Co.	172,064	172,064	172,064		
Child Behavioral Health Services 2023	52,397	52,397	52,397		
Transportation and TIP 2024	404,914	404,914	404,914		
National Prescription Opiate Litigation	735,105	735,105	735,105		
Bipartisan Safer Communities Act Disaster Response Crisis Counseling County Grant 2023	30,000	30,000	30,000		
C.S.B.G. Non-Discretionary 2022	2,398	2,398	2,398		
C.S.B.G. Non-Discretionary 2023	205,946	205,946	205,946		
C.S.B.G. Non-Discretionary 2024	312,460	312,460	312,460		
Social Services for the Homeless (Intensive Case Management) 2024	195,000	195,000	195,000		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
Personal Assistance Services Program 2024	39,060	39,060	39,060		
Family Court Services 2023	278,149	278,149	278,149		
NJ Promise 2.0 Youth and Family Voice 2023	5,000	5,000	5,000		
Subregional Studies Program - Passaic County Strategic Infrastructure Investment 2023	300,000	300,000	300,000		
Subregional Transportation Planning Program 2023	132,048	132,048	132,048		
Subregional Transportation Planning - Supplemental Support 2023	15,000	15,000	15,000		
Community Development Block Grant 2023	965,848	965,848	965,848		
Emergency Management Agency Assistance 2023	55,000	55,000	55,000		
Hazard Mitigation Plan 2023	200,000	200,000	200,000		
UASI - Local Share 2023	259,000	259,000	259,000		
Sexual Assault Response Team/Forensic Nurse Examiner Program 2023	179,716	179,716	179,716		
Sexual Assault Response Team/Forensic Nurse Examiner Program 2024	174,643	174,643	174,643		
Victim Witness Advocacy (VOCA) 2023	538,409	538,409	538,409		
Insurance Fraud Reimbursement Program 2023	250,000	250,000	250,000		
Body Armor Replacement Fund P.C.P.O. 2023	4,368	4,368	4,368		
1610-133 Child - State Aid Grants 2023	200,000	200,000	200,000		
Justice Assistance Grant - Multi Narcotics Task Force	192,147	192,147	192,147		
Justice Assistance Grant - Multi Narcotics Task Force	118,133	118,133	118,133		
Opt for Help and Hope Grant Program 2023	333,333	333,333	333,333		
Operation Helping Hand 2023	105,263	105,263	105,263		
2023 Homeland Security (SHSP-Local Share)	284,040	284,040	284,040		
State Body Armor Replacement Fund Program - P.C.S.D. 2023	26,821	26,821	26,821		
Public Safety Answering Point (PSAP) Upgrades and Consolidation FY23	351,608	351,608	351,608		
CDC Detection and Mitigation of COVID-19 in Confinement Facilities 2021-2024	34,857	34,857	34,857		
HUD Housing First NJ0329	264,524	264,524	264,524		
Emergency Rental Assistance - 2	95,674	95,674	95,674		
Data-Driven Decision Making - Organizational Enhancement Program 2023	20,000	20,000	20,000		
Passaic County Tenant Based Housing First NJ0364 2023	1,159,235	1,159,235	1,159,235		
HUD Housing First NJ0365-208	65,749	65,749	65,749		
Continuum of Care Program - Planning Grant 2023	139,205	139,205	139,205		
Passaic County Sponsor Based Housing First NJ0242	652,102	652,102	652,102		
Code Blue Support Funding FY24	145,000	145,000	145,000		
Local Assistance and Tribal Consistency Fund 2023	100,000	100,000	100,000		
County Aid - Road Resurfacing 2023	7,488,692	7,488,692	7,488,692		
2023 Local Bridge Fund Program Grant	2,940,658	2,940,658	2,940,658		
Total Operation (item 8(A))	399,013,020	399,013,020	375,529,789	23,483,231	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Contingent	50,000	50,000	24,980	25,020	
Total Operation Including Contingent Detail:	399,063,020	399,063,020	375,554,769	23,508,251	
Salaries and Wages	145,968,960	140,243,960	131,459,754	8,784,206	
Other Expenses (Including Contingent)	253,094,060	258,819,060	244,095,015	14,724,045	
Capital Improvements	1,475,000	1,475,000	948,623		526,377
Acquisition of Various Equipment	815,000	815,000	815,000		
Vietnam Veterans Memorial	100,000	100,000	93,270		6,730
Carpet Replacement	375,000	375,000	340,331		34,669
MIS - Storage Upgrades	2,765,000	2,765,000	2,197,224		567,776
Total Capital Improvements					
County Debt Service					
Payment of Bond Principal					
County College Bonds	4,000,000	4,000,000	3,760,000		240,000
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	1,500,000	1,655,000	1,655,000		
Vocational School Bonds	2,850,000	2,850,000	2,820,000		30,000
Other Bonds	22,583,995	22,428,995	21,420,000		1,008,995
Interest on Bonds					
County College Bonds	900,000	900,000	718,971		181,029
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	300,000	340,000	339,601		399
Vocational School Bonds	1,500,000	1,500,000	1,344,345		155,655
Other Bonds	5,900,000	5,860,000	5,604,135		255,865
Interest on Notes					
Passaic County Utilities Authority	4,125,000	4,125,000	4,103,507		21,493
PCIA Loans					
Prosecutors Building	450,000	450,000	446,762		3,238
Peapack Healthcare Center	5,425,000	5,425,000	5,424,627		373
Nike Base Maintenance Garage	1,400,000	1,400,000	1,372,439		27,561
Total County Debt Service	50,933,995	50,933,995	49,009,387		1,924,608

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Deferred Charges and Statutory Expenditures					
Deferred Charges to Future Taxation - Capital					
Due from Open Space Trust Fund:	3,500,000	3,500,000	3,500,000		
Court House Renovation					
Springbrook Acres	450,000	450,000	450,000		
Lambert Castle/Carriage House Restoration	250,000	250,000	250,000		
Statutory Charges:	500,000	500,000	500,000		
Contribution to:					
Public Employees' Retirement System	19,671,456	19,671,456	19,671,456		
Defined Contribution Retirement Plan (DCRP)	100,000	100,000	87,319	12,681	
County Pension and Retirement Fund	1,300,000	1,300,000	1,299,364	636	
Social Security System (O.A.S.I.)	13,500,000	13,500,000	12,563,526	936,474	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	350,000	350,000	72,726	277,274	
Police and Firemen's Retirement System	20,756,729	20,756,729	20,756,728	1	
Total Deferred Charges & Statutory Expenditures	60,378,185	60,378,185	59,151,119	1,227,066	
Total General Appropriations	<u>\$ 513,140,200</u>	<u>513,140,200</u>	<u>485,912,499</u>	<u>24,735,317</u>	<u>2,492,384</u>
Adopted Budget		471,593,121			
Added by N.J.S.A. 40A:4-87		41,547,080			
	<u>\$</u>	<u>513,140,201</u>			
	Cash \$		407,439,863		
	Reserve for Encumbrances		14,353,199		
	Transfer to Other Trust Fund Reserve		25,000		
	Transfer to Self Insurance Trust Fund Reserves		7,997,535		
	Deferred Charges to Future Taxation - Capital Ord. #14-06		3,500,000		
	Grants Appropriated		52,596,902		
	\$		<u>485,912,499</u>		

See accompanying notes to financial statements.

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2023 and 2022

		<u>Ref.</u>	<u>2023</u>	<u>2022</u>
	<u>Assets</u>			
Other Trust Fund:				
Cash		B-1	\$ <u>60,921,886</u>	<u>53,696,724</u>
			<u>60,921,886</u>	<u>53,696,724</u>
Confiscated Trust Fund:				
Cash		B-1	<u>1,833,828</u>	<u>1,837,636</u>
			<u>1,833,828</u>	<u>1,837,636</u>
Self Insurance Fund:				
Cash		B-1	<u>60,573,863</u>	<u>48,277,334</u>
			<u>60,573,863</u>	<u>48,277,334</u>
Community Development Grant Fund (Unaudited):				
Cash		B-1	<u>3,467,874</u>	<u>3,855,619</u>
			<u>3,467,874</u>	<u>3,855,619</u>
Total Assets			\$ <u><u>126,797,451</u></u>	<u><u>107,667,313</u></u>

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Other Trust Fund:			
Various Trust Deposits	B-2	\$ 2,964,181	1,439,431
Reserve for Dedicated Revenues	B-3	39,268,783	37,353,517
Reserve for Open Space Expenditures	B-4	18,688,922	14,903,776
		<u>60,921,886</u>	<u>53,696,724</u>
Confiscated Trust Fund:			
Reserve for Confiscated Trust Fund	B-5	1,833,828	1,837,636
		<u>1,833,828</u>	<u>1,837,636</u>
Self Insurance Fund:			
Reserve for Workmen's Compensation	B-6	8,675,614	7,767,169
Reserve for Health Benefits	B-7	24,662,526	18,568,172
Reserve for Liability Insurance	B-8	27,235,723	21,941,993
		<u>60,573,863</u>	<u>48,277,334</u>
Community Development Grant Fund (Unaudited):			
Reserve for:			
Housing Voucher Program	B-9	3,392,482	3,780,227
Section 8	B-10	75,392	75,392
		<u>3,467,874</u>	<u>3,855,619</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>126,797,451</u>	<u>107,667,313</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC
Comparative Balance Sheet-Regulatory Basis
General Capital Fund
December 31, 2023 and 2022

<u>Assets</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Cash	C-2/C-3	\$ 38,891,487	70,080,045
Grants Receivable	C-4	5,500,000	45,479,180
Accounts Receivable - Due from State/PCTI Biotech Facility	C-5	8,662,467	
Deferred Charges to Future Taxation:			
Funded	C-6	311,665,000	342,146,000
Unfunded	C-7	<u>70,709,546</u>	<u>57,113,996</u>
Total Assets		<u>\$ 435,428,500</u>	<u>514,819,221</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-14	\$ 246,610,000	272,541,000
Capital Leases Payable	C-15	65,055,000	69,605,000
Improvement Authorizations:			
Funded	C-8	42,599,476	91,624,223
Unfunded	C-8	34,769,456	27,563,688
Commitments Payable	C-9	11,692,498	16,735,523
Capital Improvement Fund	C-10	11,831,470	12,356,470
Reserve for Payment of Bonds and Notes	C-11	9,893,847	11,629,062
Reserve for Grants Receivable	C-13		4,055,187
Fund Balance	C-1	<u>12,976,753</u>	<u>8,709,068</u>
Total Liabilities		<u>\$ 435,428,500</u>	<u>514,819,221</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2023 and 2022 of \$70,709,546 and \$57,113,996, respectively.

See accompanying notes to the financial statements.

COUNTY OF PASSAIC
Statement of Changes in Fund Balance-Regulatory Basis
General Capital Fund
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Balance - January 1,	\$ 8,709,068	9,154,841
Increased by:		
Premium on Bond/Note Sales	204,169	38,337
Improvement Authorizations Cancelled	4,165,599	5,109,134
Capital Acquisitions Reserve Cancelled	<u>55,323</u>	<u>55,323</u>
	<u>4,369,768</u>	<u>5,202,794</u>
	13,078,836	14,357,635
Decreased by:		
Cancellation of Receivables		629,400
Premium on Ch. 12 Bond Sale - State of NJ	102,083	19,167
Improvement Authorizations - Ord. 2022-05	<u>5,000,000</u>	<u>5,000,000</u>
	<u>102,083</u>	<u>5,648,567</u>
Balance - December 31,	\$ <u><u>12,976,753</u></u>	<u><u>8,709,068</u></u>

See accompanying notes to the financial statements.

COUNTY OF PASSAIC

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>General Fixed Assets:</u>		
Land	\$ 329,579,008	329,742,821
Buildings and Building Improvements	372,055,657	343,371,017
Machinery and Equipment	88,336,530	96,442,568
Construction in Progress	<u>63,629,465</u>	<u>76,090,726</u>
	<u>\$ 853,600,660</u>	<u>845,647,132</u>
 Investment in Fixed Assets	 <u>\$ 853,600,660</u>	 <u>845,647,132</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC, N.J.
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 accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the County of Passaic 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 accounting principles generally accepted in the United States of America. 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 County accounts for its financial transactions through the following separate funds and account group which differ from the fund structure required by GAAP.

A. Reporting Entity

The County of Passaic (the "County") was organized under an act of the New Jersey Legislative on February 7, 1837 and operates under an elected Freeholder form of County government. On August 21, 2020, Senate Bill 855 changed the title from Freeholder to Commissioner. The County's major operations include the County judiciary system; law enforcement, recreation, road and bridge maintenance and construction, the County correctional and penal system, health and welfare, education 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 be 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 counties 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 County does not include the operations of the autonomous agencies including the Passaic County Utilities Authority, Passaic County Community College, Vocational-Technical High School, Employees Retirement System, Welfare Board and the Private Industry Council of Passaic County which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

COUNTY OF PASSAIC, N.J.
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 County 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 County 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 County has the following funds and account group:

Current Fund - This fund is used to account for the resources and expenditures for governmental operations of a general nature, including Federal and State grants for operations.

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

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

Confiscated Trust Fund - This fund is created to account for assets seized by local and county law enforcement agencies. Any seized assets forfeited are allocated to the respective agencies or returned upon the conclusion of each legal case filed.

Self-Insurance Fund - This fund is used to account for expenditures for Worker's Compensation and General Liability insurance claims and premiums.

Community Development Grant Fund - This fund is used to account for grant proceeds and related expenditures for Housing and Urban Development Grant Entitlements.

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

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

COUNTY OF PASSAIC, N.J.
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, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the County of Passaic. Under this method of accounting revenues are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for counties by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units.

Property Tax Revenues - Real property taxes are assessed to each municipality within the County, based upon a County wide assessment at true equalized value. Taxes are payable in four quarterly installments on February 15, May 15, August 15 and November 15. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the municipality for the preceding year. The installment due the third and fourth quarters is determined by taking the full tax as levied for the current year against the municipality, less the amount previously charged as the first and second installments, the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 6% per annum. In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable are realized as revenue when collected. Since delinquent taxes are fully reserved, no provision has been made to estimate that portion of the taxes receivable that are uncollectible. GAAP requires property tax revenues to be recognized in the account period when they become subsequent 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 County'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 County's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

COUNTY OF PASSAIC, N.J.
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, (continued)

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

Trust Funds
General Capital Fund

The governing body shall introduce and approve the annual budget not later than March 31, of the fiscal year. The budget shall be adopted not later than April 28, 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 County 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 County. 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 Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During the years ended December 31, 2023 and 2022, the Governing Body approved additional revenues and appropriations of \$41,547,080 and \$54,313,176, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2023 and 2022.

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.

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 does not exist under GAAP.

COUNTY OF PASSAIC, N.J.
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, (continued)

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.

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

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 to bonds or obligations of, or guaranteed by, the Federal Government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase.

Incurred But Not Reported (IBNR) Reserves - The County has not created a reserve for any potential unreported losses which have taken place but in which the County has not received notices or report of losses. Additionally, the County has not recorded a liability for those claims filed, but which have not been paid. GAAP requires the establishment of reserves for such potential claims.

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the County 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 projects. According to N.J.S.A. 40A:2-4, the County may levy taxes on all taxable property within the local unit to repay the debt. Annually, the County raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

COUNTY OF PASSAIC, N.J.
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, (continued)

General Fixed Assets - The County of Passaic 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 accepted 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.

Fixed assets purchased after December 31, 1989 are stated at cost.

Fixed assets purchased prior to December 31, 1989 are stated as follows:

Land	Assessed Value
Buildings	Fair Market Value (Replacement Cost at Time of Acquisition or construction Completion)
Equipment	
Acquired Prior to 12/31/85	Replacement Cost
Acquired After 12/31/85	Actual Cost Where Available or Estimated Replacement
Construction Work in Progress	Actual Cost

No depreciation has been provided for in the financial statements.

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 County 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 financial statements in order to provide an understanding of changes in the County’s financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

COUNTY OF PASSAIC, N.J.
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, (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 County'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 County.

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 County 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 County, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the County.

COUNTY OF PASSAIC, N.J.
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, (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 County, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the County.

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 County 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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COUNTY OF PASSAIC, N.J.
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 County'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- of the County's bank balance of \$353,993,471 and \$370,870,323, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The County 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.

Concentration of Credit Risk

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3. COUNTY DEBT

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

					Amounts Due
<u>2023</u>	Balance <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2023</u>	Within <u>One Year</u>
Bonds Payable - General					
Obligation Debt	\$272,541,000	\$3,724,000	\$29,655,000	\$246,610,000	\$31,052,000
Capital Leases	69,605,000		4,550,000	65,055,000	4,745,000
Other Liabilities:					
Compensated Absences	18,633,699	4,334,405	5,568,381	17,399,723	
New Jersey:					
Deferred Pension	<u>3,191,123</u>	<u> </u>	<u>1,120,261</u>	<u>2,070,862</u>	<u>1,214,959</u>
	<u>\$363,970,822</u>	<u>\$8,058,405</u>	<u>\$40,893,642</u>	<u>\$331,135,585</u>	<u>\$37,011,959</u>
<u>2022</u>	Balance <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2022</u>	Amounts Due <u>Within One Year</u>
Bonds Payable - General					
Obligation Debt	\$297,966,000	\$4,970,000	\$30,395,000	\$272,541,000	\$26,655,000
Capital Leases	73,970,000		4,365,000	69,605,000	4,550,000
Other Liabilities:					
Compensated Absences	21,516,851	1,598,853	4,482,005	18,633,699	
New Jersey:					
Deferred Pension	<u>4,264,572</u>	<u> </u>	<u>1,073,449</u>	<u>3,191,123</u>	<u>1,120,261</u>
	<u>\$397,717,423</u>	<u>\$6,568,853</u>	<u>\$40,315,454</u>	<u>\$363,970,822</u>	<u>\$32,325,261</u>

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are general obligation bonds, backed by the full faith and credit of the County. 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.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's debt is summarized as follows:

	<u>2023</u>	<u>2022</u>
Issued		
General		
Bonds, Notes and Loans	\$246,610,000	\$272,541,000
Bonds Authorized by Another Public Body		
Guaranteed by the County	<u>133,622,178</u>	<u>143,129,920</u>
Total Issued	<u>380,232,178</u>	<u>415,670,920</u>
Authorized But Not Issued		
General		
Bonds, Notes and Loans	<u>70,709,546</u>	<u>57,113,996</u>
Total Issued and Authorized But Not Issued	<u>450,941,724</u>	<u>472,784,916</u>
Less: Funds Temporarily Held to Pay Bonds		
and Notes	9,893,847	11,629,062
Receivables from Other Public Authorities	8,775,000	7,475,000
Additional Borrowing for County College	13,777,000	13,570,000
Refunding Bonds	8,680,000	9,555,000
Bonds Authorized by Another Public Body		
Guaranteed by the County	<u>133,622,178</u>	<u>143,129,920</u>
Total Deductions	<u>174,748,025</u>	<u>185,358,982</u>
Net Debt	<u><u>\$276,193,699</u></u>	<u><u>\$287,425,934</u></u>

The summarized statement of debt condition which follows is extracted from the County's Annual Debt Statement, indicates a statutory net debt of .434% and .498% at December 31, 2023 and 2022, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General debt	<u>\$450,941,724</u>	<u>\$174,748,025</u>	<u>\$276,193,699</u>
<u>2022</u>			
General debt	<u>\$472,784,916</u>	<u>\$185,358,982</u>	<u>\$287,425,934</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
2% of equalized valuation basis (county)	\$1,272,610,891	\$1,155,221,774
Net debt	<u>276,193,699</u>	<u>287,425,934</u>
Remaining Borrowing Power	<u><u>\$996,417,192</u></u>	<u><u>\$867,795,840</u></u>

The County's long-term debt consisted of the following at December 31, 2022 and 2021:

Paid by Current Fund:

General Obligation Bonds

	<u>2023</u>	<u>2022</u>
\$4,389,000, 2010 Bonds, due in annual installments of \$200,000 to \$374,000 through July 31, 2027, interest at various rates from 1.660% to 6.540%	\$1,381,000	\$1,681,000
\$23,155,000, 2012 Bonds, due in annual installments of \$1,025,000 to \$2,050,000 through Apr. 1, 2026, interest at various rates from 2.00% to 3.00%	6,150,000	8,200,000
\$17,650,000, 2013 Refunding Bonds, due in annual installments of \$1,265,000 to \$2,595,000 through Feb. 1, 2026, interest at various rates from 1.25% to 4.00%	6,620,000	8,455,000
\$2,875,000, 2014 Series A College Bonds, due in annual installments of \$175,000 to \$235,000 through June 15, 2028, interest at various rates from 2.00% to 5.00%	1,120,000	1,335,000
\$2,875,000 2014 Series B College Bonds, due in annual installments of \$175,000 to \$235,000 through June 15, 2028, interest at various rates from 2.00% to 5.00%	1,120,000	1,335,000
\$22,201,000, 2014 Bonds, due in annual installments of \$965,000 to \$1,921,000 through December 1, 2029, interest at various rates from 2.00% to 4.00%	10,846,000	12,516,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$979,000, 2014 Vocational School Bonds, due in annual installments of \$40,000 to \$80,000 through December 1, 2029, interest at various rates from 2.00% to 4.00%	\$479,000	\$559,000
\$3,940,000, 2014 Series B College Bonds, due in annual installments of \$275,000 to \$515,000 through December 1, 2024, interest at various rates from 2.50% to 3.00%	515,000	1,015,000
\$36,570,000, 2015 General Obligation Refunding Bond, due in annual installments of \$2,735,000 to \$4,050,000 through February 1, 2028, interest at various rates from 3.00% to 5.00%	18,700,000	21,950,000
\$1,600,000, 2015 County College Bonds, Series 2015A, due in annual installments of \$105,000 to \$200,000 through July 1, 2025, interest at various rates from 2.00% to 4.00%	400,000	595,000
\$1,600,000, 2015 County College Bonds, Series 2015B, due in annual installments of \$105,000 to \$200,000 through July 1, 2025, interest at various rates from 2.00% to 4.00%	400,000	595,000
\$11,600,000, 2015 General Improvement Bond, due in annual installments of \$710,000 to \$1,400,000 through December 1, 2028, interest at various rates from 1.50% to 4.00%	5,660,000	6,435,000
\$2,000,000, 2015 County Vocational School Bond, due in annual installments of \$100,000 to \$200,000 through December 1, 2027, interest at various rates from 1.50% to 4.00%	800,000	1,000,000
\$1,500,000, 2016 County College Bonds, Series 2016A, due in annual installments of \$105,000 to \$210,000 through July 1, 2026, interest at various rates from 1.00% to 2.00%	575,000	735,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$1,500,000, 2016 County College Bonds, Series 2016B, due in annual installments of \$105,000 to \$210,000 through July 1, 2016, interest at various rates from 1.00% to 2.00%	\$575,000	\$735,000
\$24,025,000, 2016 General Obligation Refunding Bond, due in annual installments of \$1,030,000 to \$2,100,000 through December 1, 2031, interest at various rates from 2.00% to 5.00%	15,665,000	17,315,000
\$8,150,000, 2016 County Vocational School Bond, due in annual installments of \$350,000 to \$700,000 through December 1, 2031, interest at various rates from 2.00% to 5.00%	5,025,000	5,550,000
\$2,500,000, 2016 County College Bonds, due in annual installments of \$210,000 to \$335,000 through December 1, 2025, interest at various rates from 2.00% to 5.00%	685,000	1,010,000
\$1,500,000, 2017 County College Bonds, Series 2017A, due in annual installments of \$105,000 to \$210,000 through July 1, 2027, interest at various rates from 2.00% to 3.00%	735,000	885,000
\$1,500,000, 2017 County College Bonds, Series 2017B, due in annual installments of \$105,000 to \$210,000 through July 1, 2027, interest at various rates from 2.00% to 3.00%	735,000	885,000
\$7,385,000, 2017 General Obligation Refunding Bond, due in annual installments of \$405,000 to \$660,000 through December 1, 2031, interest at various rates from 2.00% to 4.00%	4,705,000	5,195,000
\$36,000,000, 2017 County Vocational School Bond, due in annual installments of \$1,245,000 to \$2,385,000 through December 1, 2037, interest at various rates from 2.00% to 4.00%	27,780,000	29,275,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$1,015,000, 2017 County Vocational School Bond, due in annual installments of \$65,000 to \$120,000 through December 1, 2037, interest at various rates from 2.00% to 4.00%	\$550,000	\$640,000
\$1,600,000, 2018 County College School Bond, due in annual installments of \$105,000 to \$210,000 through June 1, 2028, interest at various rates from 3.00% to 4.00%	965,000	1,125,000
\$1,600,000, 2018 County College School Bond, due in annual installments of \$105,000 to \$210,000 through June 1, 2028, interest at various rates from 3.00% to 4.00%	965,000	1,125,000
\$15,557,000, 2018 General Obligation Refunding Bond, due in annual installments of \$800,000 to \$1,357,000 through December 1, 2033, interest at various rates from 2.00% to 4.00%	11,357,000	12,237,000
\$1,600,000, 2018 County Vocational School Bond, due in annual installments of \$110,000 to \$205,000 through December 1, 2028, interest at various rates from 2.00% to 4.00%	920,000	1,075,000
\$4,843,000, 2018 County College School Bond, due in annual installments of \$275,000 to \$533,000 through December 1, 2031, interest at various rates from 2.00% to 4.00%	2,363,000	2,883,000
\$3,200,000, 2019 County College School Bond, Series 2019A, due in annual installments of \$170,000 to \$300,000 through May 1, 2033, interest at various rates from 2.00% to 4.00%	2,490,000	2,675,000
\$3,200,000, 2019 County College School Bond, Series 2019B, due in annual installments of \$170,000 to \$300,000 through May 1, 2033, interest at various rates from 2.00% to 4.00%	2,490,000	2,675,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$23,520,000, General Improvement Bonds, Series 2019A, due in annual installments of \$1,300,000 to \$1,675,000 through December 1, 2035, interest at various rates from 1.00% to 4.00%	\$18,230,000	\$19,575,000
\$2,935,000, County Vocational School Bonds, Series 2019B, due in annual installments of \$160,000 to \$255,000 through December 1, 2033, interest at various rates from 1.00% to 4.00%	2,235,000	2,425,000
\$4,235,000, County College Bonds, Series 2019C, due in annual installments of \$525,000 to \$560,000 through December 1, 2027, interest at various rates from 1.00% to 4.00%	2,135,000	2,660,000
\$12,300,000, Energy Savings Improvement Bonds, Series 2019D, due in annual installments of \$600,000 to \$1,100,000 through December 1, 2034, interest at various rates from 1.00% to 4.00%	8,680,000	9,555,000
\$9,510,000, General Obligation Refunding Bonds, Series 2020, due in installments of \$130,000 to \$2,615,000 through October 1, 2024, interest at rate of 5.00%	2,615,000	5,065,000
\$31,550,000, General Improvement Bonds, Series 2020A, due in annual installments of \$1,500,000 to \$3,000,000 through November 1, 2035, interest at various rates from 0.05% to 3.00%	27,050,000	28,550,000
\$975,000, County Vocational School Bonds, Series 2020B, due in annual installments of \$75,000 to \$120,000 through November 1, 2030, interest at various rates from 2.00% to 3.00%	735,000	820,000
\$2,475,000, County College Bonds, Series 2020C, due in annual installments of \$200,000 to \$315,000 through November 1, 2030, interest at various rates from 2.00% to 3.00%	1,845,000	2,065,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$4,090,000, County College Bonds, Series 2021A, due in annual installments of \$355,000 to \$475,000 through February 15, 2031, interest at various rates from 0.25% to 2.00%	\$3,370,000	\$3,735,000
\$4,090,000, County College Bonds, Series 2021B, due in annual installments of \$355,000 to \$475,000 through February 15, 2031, interest at various rates from 0.25% to 2.00%	3,370,000	3,735,000
\$36,250,000, General Improvement Bonds, Series 2021, due in annual installments of \$1,800,000 to \$3,000,000 through November 1, 2036, interest at various rates from 1.25% to 3.00%	32,600,000	34,450,000
\$3,750,000, County College Bonds, Series 2021B, due in annual installments of \$505,000 to \$570,000 through November 1, 2028, interest at various rates from 1.25% to 3.00%	2,730,000	3,245,000
\$2,485,000, County College Bonds, Series 2022A, due in annual installments of \$225,000 to \$280,000 through February 15, 2032, interest at various rates from 2.00% to 4.00%	2,260,000	2,485,000
\$2,485,000, County College Bonds, Series 2022B, due in annual installments of \$225,000 to \$280,000 through February 15, 2032, interest at various rates from 2.00% to 4.00%	2,260,000	2,485,000
\$1,862,000, County College Bonds, Series 2023A, due in annual installments of \$165,000 to \$202,000 through February 15, 2033, interest at various rates from 3.00% to 4.00%	1,862,000	

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. COUNTY DEBT, (continued)		
\$1,862,000, County College Bonds, Series 2023B, due in annual installments of \$165,000 to \$202,000 through February 15, 2033, interest at various rates from 3.00% to 4.00%	<u>1,862,000</u>	<u> </u>
	<u>\$246,610,000</u>	<u>\$272,541,000</u>

The County's principal and interest for long-term debt issued and outstanding at December 31, 2023 is as follows:

	<u>Bonds</u>		
Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$31,052,000	\$7,227,765	\$38,279,765
2025	28,596,000	6,204,436	34,800,436
2026	29,454,000	5,203,624	34,657,624
2027	25,547,000	4,295,985	29,842,985
2028	24,605,000	3,437,067	28,042,067
2029-2033	78,871,000	8,780,051	87,651,051
2034-2037	<u>28,485,000</u>	<u>1,305,700</u>	<u>29,790,700</u>
	<u>\$246,610,000</u>	<u>\$36,454,628</u>	<u>\$283,064,628</u>

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COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 4. CAPITAL LEASES PAYABLE

In 2012, the County entered into a \$57,425,000 refunding capital lease agreement for the Preakness Healthcare Center capital lease to take advantage of debt savings. In 2015, the County entered into a \$19,550,000 refunding capital lease agreement for the Preakness Healthcare Center capital lease and a \$3,510,000 refunding capital lease agreement for the Prosecutor's Office to take advantage of debt savings. In 2018, the County entered into a \$14,530,000 capital lease for the Department of Public Works for building improvements. Annual debt service requirements for these capital leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$4,745,000	\$2,436,544	\$7,181,544
2025	4,990,000	2,193,794	7,183,794
2026	4,785,000	1,956,869	6,741,869
2027	4,975,000	1,761,750	6,736,750
2028	5,150,000	1,587,775	6,737,775
2029-2033	28,745,000	4,925,379	33,670,379
2034-2036	<u>11,665,000</u>	<u>498,945</u>	<u>12,163,945</u>
	<u>\$65,055,000</u>	<u>\$15,361,056</u>	<u>\$80,416,056</u>

NOTE 5. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2023 and 2022.

<u>2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Land	\$329,742,821	\$365,360	\$529,173	\$329,579,008
Buildings and Building Improvements	343,371,017	31,942,257	3,257,617	372,055,657
Machinery and Equipment	96,442,568	4,540,294	12,646,332	88,336,530
Construction in Progress	<u>76,090,726</u>		<u>12,461,261</u>	<u>63,629,465</u>
	<u>\$845,647,132</u>	<u>\$36,847,911</u>	<u>\$28,894,383</u>	<u>\$853,600,660</u>

<u>2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Land	\$328,943,853	\$798,968	\$	\$329,742,821
Buildings and Building Improvements	341,062,687	2,354,507	46,177	343,371,017
Machinery and Equipment	86,966,689	11,016,302	1,540,422	96,442,569
Construction in Progress	<u>78,290,716</u>	<u>10</u>	<u>2,200,000</u>	<u>76,090,726</u>
	<u>\$835,263,945</u>	<u>\$14,169,787</u>	<u>\$3,786,599</u>	<u>\$845,647,133</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 6. INTERFUND BALANCES AND ACTIVITIES

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

<u>\$30,732,177</u>	Due to the Federal and State Grant Fund from the Current Fund for grants receivable.
<u>\$30,732,177</u>	

NOTE 7. FUND BALANCES APPROPRIATED

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

	<u>2024</u>	<u>2023</u>
Current Fund	<u>\$23,000,000</u>	<u>\$23,000,000</u>

NOTE 8. ACCUMULATED VACATION AND SICK PAY (UNAUDITED)

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

The maximum sick leave benefits an employee is entitled to at retirement is \$12,000, except for law enforcement who are extended to \$15,000. Employees are entitled to carryover one year vacation time (with certain exceptions).

It is estimated that the current cost of such unpaid compensation, which was not audited by us would approximate \$17,399,723 and \$18,633,699 at December 31, 2023 and 2022, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. The County has accumulated reserves to offset annual costs of \$3,706,428 and \$4,012,732 at December 31, 2023 and 2022, respectively.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM

Description of Plans:

County 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.

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:

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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.

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.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

The County'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	\$19,671,456	\$20,756,729	\$87,319
2022	18,079,254	18,800,882	67,453
2021	17,015,229	18,525,408	64,713
2020	15,865,777	17,045,465	66,923

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.

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COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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 County had a liability of \$141,886,945 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County'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, 2023, the County's proportion was 0.9795863056 percent, which was an increase/(decrease) of (0.0409770493) percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the County recognized pension expense of \$19,671,456. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,356,622	\$579,988
Changes of assumptions	311,697	8,598,957
Net difference between projected and actual earnings on pension plan investments	653,408	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	<u>741,895</u>	<u>7,440,344</u>
Total	<u><u>\$3,063,622</u></u>	<u><u>\$16,619,289</u></u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (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)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) 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	\$(7,491,100)
2024	(4,181,244)
2025	5,843,009
2026	(1,045,668)
2027	17,784

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 5.08, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,080,204,730	\$1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,606,489,066	15,091,376,611
County's Proportion	0.9795863056%	1.0205633549%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (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)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. 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 July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (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)

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, 2023) 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	5.00%	9.22%
Emerging Market Equity	1.25%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.22%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (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)

Discount Rate

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

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, 2023, 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, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
County's proportionate share of the pension liability	\$185,067,617	\$141,886,945	\$105,134,483

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (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)

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2023, the County had a liability of \$161,405,248 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County'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, 2023, the County's proportion was 1.460841880 percent, which was an increase/(decrease) of (0.05794098) percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2023, the County recognized pension expense of \$20,756,729. 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	\$6,911,050	\$7,697,598
Changes of assumptions	348,370	10,898,722
Net difference between projected and actual earnings on pension plan investments	8,220,065	-
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>2,211,781</u>	<u>10,285,957</u>
Total	<u>\$17,691,266</u>	<u>\$28,882,277</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) 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	(\$6,281,328)
2024	(6,028,045)
2025	9,698,513
2026	(834,148)
2027	297,728
Thereafter	30,445

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 6.16, 6.22, 6.17, 5.90, 5.92 and 5.73 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,753,080,638	\$2,163,793,985
Collective deferred inflows of resources	1,966,439,601	2,805,919,493
Collective net pension liability	13,084,649,602	13,483,472,009
County's Proportion	1.4608418800%	1.5187828600%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

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, 2023) 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, 2023 are summarized in the following table:

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Discount Rate

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

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, 2023, 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, 2023		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
County's proportionate share of the pension liability	\$236,587,744	\$161,405,248	\$98,796,190

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, the County 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 County 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 County's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2023 and 2022, the State proportionate share of the net pension liability attributable to the County for the PFRS special funding situation is \$29,740,794 and \$30,939,366, respectively. For the years ended December 31, 2023 and 2022, the pension system has determined the State's proportionate share of the pension expense attributable to the County for the PFRS special funding situation is \$3,382,954 and \$3,569,584, respectively, which is more than the actual contributions the State made on behalf of the County of \$3,401,201 and \$3,851,801, respectively. The State's proportionate share attributable to the County 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 County's financial statements.

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.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

County's Employee's Retirement System (Est. 1949)

The System's designated purpose is to provide retirement allowances and other benefits to its members. The County of Passaic Employees' Retirement System was established on January 1, 1949 under Chapter 310, P.L. 1948 until 1966 when it became subject to Chapter 210, P.L. 1966. The Plan is a defined benefit plan covering employees of the County employed by the County prior to July 1, 1967. The System's Board of Commissioners is responsible for its organization and administration.

The following information is provided by the County with the actuarially determined contribution amount and liabilities using the same funding method as required by GASB Statements 67 and 68.

Benefits under the Employees' Retirement System of the County of Passaic are outlines in Article IB of Chapter 10 of Title 43, "Employees of Counties of 300,000 to 325,000 Inhabitants", and include provisions of 1974 Assembly, No. 1484, 1978 Assembly, No. 225, 1981 Assembly, No. 274 and 1994 Assembly, No. 764. We have not been provided with any other legislation and assume that there has been none.

Eligibility:	All persons employed by the County prior to July 1, 1966 were eligible to become members of this System. The System was closed to persons employed on or after July 1, 1966.
Salary:	<p>Salary, used in determining the amount of a benefit under the System, means the average annual salary or compensation earned by a member during the final three years of service as a county employee.</p> <p>An exception is that, for members who were transferred from certain prior retirement systems and for members who elect to receive a non-contributory veteran pension, Salary means the total annual salary received during the final year of service as a county employees.</p>
Age & Service Retirement:	<p>A member who has attained age 55 and completed 20 years of service or who has completed 35 years of service regardless of age is entitled to retire and receive a pension equal to 50% of Salary.</p> <p>In addition, a member who has attained age 55 and completed 25 years of service is entitled to an additional 1% of Salary for each year of service over 25 years up to age 70.</p>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

A retiring veteran may elect to withdraw 100% of his or her total employee contributions without interest and receive, in lieu of the above pension, a non-contributory pension equal to 50% of Salary.

Disability Retirement:

A member who become permanently and totally disabled will be entitled to retire and receive a pension equal to 2.5% of Salary multiplied by number of years of his or her service up to a maximum of 20 years.

However, if the disability is the result of injury, accident or sickness arising out of and in the course of employment, the pension will be equal to 50% of Salary regardless of the amount of service.

For members who were transferred from certain prior retirement systems, the pension is equal to 50% of Salary regardless of the reason for the disability.

Death In Service:

Upon the death of an employee member, an annual survivorship benefit is payable to the surviving Widower or Widow, as long as he or she remains unmarried, or any minor children up to age 18, as the case may be.

The survivorship benefit is equal to 2.5% of Salary multiplied by the number of years of service, not to exceed 25% of the member's final compensation at the time of death, except for a \$2,500 minimum annual benefit.

For members who were members of certain prior retirement systems, the annual survivorship benefit is equal to 50% of Salary regardless of the cause of death.

Death After Retirement:

Upon the death of a member after age and service or disability retirement, 50% of the retired member's pension will be continued to the surviving Widower or Widow, as long as he or she remains unmarried, or any minor children up to age 18, as the case may be.

For members who were members of certain prior retirement systems, the annual survivorship benefit is equal to 50% of the member's final compensation at the time of retirement.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

However, in no event will such pension payable at death exceed 25% of the member's final compensation at the time of retirement, except for a \$2,500 minimum annual benefit.

There is no pension payable pursuant to the death of a member who elects a non-contributory pension.

Widow or Widower:

A surviving Widower or Widow will qualify for a death benefit if he or she was married to the employee prior to the employee's retirement. Also, he or she must have married the employee before the employee attained age 50, unless the employee continues in the employment of the County as an active member of the System for at least five years after such marriage.

Termination:

If a member's employment is terminated after having completed at least 20 years of service, and before he is age 55, he may elect to receive 100% of his total employee contributions without interest, or a deferred pension commencing at age 55 equal to 50% of Salary times the ratio of his service divided by the service he would have accrued at age 55.

Alternatively, he may elect to receive a pension to commence immediately equal to 50% of Salary reduced on an actuarial equivalent basis for commencement prior to age 55.

If such a member dies after his pension has become payable, the same survivorship benefit is payable as is payable for a member who dies after age and service or disability retirement.

Member Contributions:

Each employee member is required to contribute 6% of Salary.

County Contributions:

The County is required to contribute 10% of its employees' Salaries, plus an additional 1% in each succeeding fiscal year (accumulatively) after 1966 until the Actuary of the Retirement System certifies to the County that the County's contributions, together with the contributions of the members and all earnings, are sufficient to meet the liabilities of the Retirement System on a fully funded reserve basis.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Increase: Pension payments to most retired employees and beneficiaries are adjusted each year by a percentage equal to 60% of the change in the Consumer Price Index.

Pension payments to retired employees who are receiving a general non-contributory pension are adjusted by 50% of the change in the Consumer Price Index.

Pension payments to retired employees who elect a non-contributory veterans pension are not entitled to an annual adjustment.

Actuarial Assumptions: **Interest Rate:** 3.00% *(Pre and post-retirement)*

As the plan assets are very limited, a very significant portion of the plan liabilities are an obligation of the County. The interest rate reflects the average cost to the County for obtaining funding over the past 20 years. The 20-year High Grade municipal bond rate was used as the basis for the cost of funds. As of December 31, 2022, S&P Municipal Bond 20-year High Grade Index was 4.31%

Mortality: Pub-2010 GE amt-weighted
projected generationally using
scale MP-2021

The Society of Actuaries developed new mortality tables specifically for governmental employees

Salary Scale: N/A

There are no active employees covered by the plan.

Cost of Living: 3.00% from 2023 through 2027
and 2.00% thereafter.

To reflect current inflation rates and the Federal Reserves projected long-term inflation rate of 2.00%, the COLA assumption was revised to 3.00% for the next five years and 2.00% thereafter.

Load for Ancillary Benefits: None

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Changes from last Valuation: The mortality improvement projection scale was updated from MP 2020 to MP2021. This table is the most recent available scale released by the Society of Actuaries.

The COLA rate was updated from 2.00% to 3.00% for the next five years and 2.00% thereafter.

The valuation results are summarized below:

Number of Plan Members:		
Actives		\$ -0-
Retired Members & Beneficiaries		<u>37</u>
Total		<u>37</u>
Present Value of Benefits:		
Active Members	\$ 0	
Retired Members	<u>11,601,156</u>	
Total		\$11,601,156
Plan Assets		<u>4,146,751</u>
Excess (deficiency) of assets over liabilities		<u>(\$7,454,405)</u>

Annual pension payments to retirees totaled \$1,481,477. The average payment was \$40,040. All eligible members are now retired and in pay status. Pension payments are increased annually (after the first three years of retirement). The rate of increase is provided by the State Retirement Bureau. We have assumed an annual increase of 3.00% in our valuation. The aggregate total of future pension payments will decrease as a result of the death of any retirees or beneficiaries currently in pay status. The average age of the pensioners was 88.

Based on current and projected annual payments, it is recommended that the fund maintain at least \$1.473 million in liquid assets for the next five years.

The valuation was based on an assumed rate of return of 3.00%. There was no change to the underlying mortality Pub-2010 GE amount-weighted table but the mortality improvement projection scale was changed from Scale MP-2020 to Scale MP-2021. In our opinion, these assumptions are reasonable for valuation purposes.

The last actuarial valuation performed for this plan was as of December 31, 2022. It included 37 retirees and 9 active participant. As of that date, plan assets were \$4,146,751 and plan liabilities were \$11,601,156 resulting in a deficit of \$(7,454,405). The valuation was based on an assumed rate of return of 3.00%.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 10. SELF-INSURANCE WORKMEN'S COMPENSATION PLAN

The County has established a workmens compensation plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan. The County also budgets funds in each year's budget to meet current claims. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2023 and 2022. These reserve amounts are \$8,675,614 for 2023 and \$7,767,169 for 2022. Exhibit B-6 summarizes the 2023 transactions of the plan.

NOTE 11. SELF-INSURANCE LIABILITY PLAN

The County has established a liability trust reserve for the purpose of funding payments that may arise from any general, auto or other liability claims against the County on a self-insured basis. The County funds the entire cost of the plan. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2023 and 2022. These reserve amounts are \$27,235,723 for 2023 and \$21,941,993 for 2022. Exhibit B-8 summarizes the 2023 transactions of the plan.

NOTE 12. SELF-INSURANCE HEALTH BENEFITS PLAN

The County has established a Health Benefits plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$350,000 per employee per year, with any excess benefit being reimbursed through a Re-Insurance Agreement with Sun Life Assurance Company (through 2022) and Independence Life & Annuity Company (2023 and forward) for an unlimited amount per employee per year. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2023 and 2022. These reserve amounts are \$24,662,526 for 2023 and \$18,568,172 for 2022.

NOTE 13. CLAIMS AND JUDGEMENTS

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2023 and 2022, significant amounts of grant expenditure have not been audited by the various grantor agencies but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 14. RELATED PARTY TRANSACTIONS

In March 1987, the County of Passaic organized the Passaic County Utilities Authority (the “Authority”). The purpose of the Authority is to implement the County’s Solid Waste Management Plan. The following is a synopsis of the County’s related party transactions with the Authority.

a. Overlapping Debt/Contingent Liability

The Authority has issued several series of bonds over the years since 1987 pursuant to a resolution of the authority adopted on August 12, 1987 and entitled, “*The Passaic County Utilities Authority General Bond Resolution Authorizing the Issuance of Solid Waste Disposal Revenue Bonds*”, as amended and supplemented as necessary in connection with each bond issuance (collectively, the “Landfill Resolution”).

- \$33,015,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012 (the “2012 Refunding Bonds”) outstanding in the amount of \$21,365,000 consisting of \$13,285,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012A and \$8,080,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012B (Federally Taxable)

- \$14,930,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2018 outstanding in the amount of \$12,755,000.

- \$8,270,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2014B - Taxable outstanding in the amount of \$5,675,000.

NOTE 15. LITIGATION

General Litigation

In the opinion of Nadege D. Allwaters, Esq., County Counsel, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance or the delivery of the Obligations or the levy or the collection of any taxes to pay the interest on or the principal of the Obligations, or in any manner questioning the levy or the collection of taxes, or affecting the validity of the Obligations or the levy or the collection of taxes. Neither the authority or the proceedings for the issuance of the Obligations nor the title of any of the present officers of the County to their respective offices is being contested. Neither the corporate existence or boundaries of the County is being contested; no authority or proceedings for the issuance of the Obligations has or have been repealed, revoked or rescinded; and all actions or proceedings in regard to the issuance of the Obligations taken by governing body subsequent to the adoption of the Open Public Meetings Act of New Jersey have been in compliance with said Act.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

LITIGATION AFFECTING THE PASSAIC COUNTY UTILITIES AUTHORITY

A discussion of certain pending litigation that could have an adverse impact on the financial condition of the Authority is set forth below and has been provided by McManimon, Scotland & Baumann, LLC, General Counsel to the Authority.

- 1. In the Matter of the Petition of the Passaic County Utilities Authority for a Ruling Regarding the Continuing Obligation of Pen Pac, Inc. to Provide Transfer Station Services and for the Establishment of Rates for Such Transfer Station Services**, DEP Docket No. SR92101003J and OAL Docket No. 00788-93N

PenPac, Inc. v. Passaic County Utilities Authority, Docket No. PAS-L-2040-05 (Superior Court of New Jersey, Law Division — Passaic County) (Appellate Docket No. A-3861-06T3) (Certification Denied, New Jersey Supreme Court Docket No. 62,832); and,

PenPac, Inc. v. Passaic County Utilities Authority, Docket No. PAS-L-2615-08 (Superior Court of New Jersey, Law Division — Passaic County).

Determination of Underrecovery

From December 12, 1992 to approximately November 11, 1997, PenPac, Inc. (“PenPac”) provided solid waste transfer station services to the Authority pursuant to an interim rate, which was subject to eventual adjustment to account for over recovery by the Authority, or under recovery by PenPac. A Verified Petition in the administrative matter, which is the first case captioned above, was filed by the Authority on or about October 12, 1992 with DEP to establish the rates in question. Essentially, the Authority claimed that it was entitled to an over recovery in excess of \$5,000,000 from PenPac. PenPac in turn claimed that it was entitled to an under recovery in excess of \$20,000,000 (inclusive of interest) from the Authority. The administrative proceedings sought to establish a final rate for the transfer services in question for the years 1993, 1994, 1995 and 1996.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

Hearings before an administrative law judge commenced in November, 1996 and concluded at the end of May, 1997. On April 12, 1999, the administrative law judge hearing the matter issued her Initial Decision, awarding approximately \$8,000,000 to PenPac as an under recovery for services rendered. The Initial Decision was a recommended decision, which was submitted to the Commissioner of the DEP for consideration and the issuance of a Final Decision.

On July 5, 2000, the Commissioner of the DEP issued his Summary Order memorializing the decision of the DEP. The Summary Order reduced the award to PenPac from the recommended award of \$8,000,000 to \$3,238,792. The Summary Order further provided that there would be no further rate proceedings for years after 1996. The Summary Order did not include a full list of findings of fact and conclusions of law, which were set forth in the Commissioner's Final Decision. The Final Decision was appealed to the Appellate Division of the Superior Court by the Authority.

The Appellate Division entered a decision affirming the DEP Commissioner's Summary Order awarding PenPac \$3,238,792, plus interest in the amount of \$256,313. The Appellate Division also remanded the matter to the DEP for a determination of rate underrecovery for that portion of calendar year 1997 during which PenPac provided transfer station services, and for a determination of the overall rate of interest on the entire award¹. Certification of that decision was sought to the New Jersey Supreme Court, and ultimately denied.

Entry of August 2005 Judgment and Post-Collection Efforts (1st of 2 PenPac Judgments)

PenPac thereafter filed a Complaint in Superior Court, captioned PenPac, Inc. v. Passaic County Utilities Authority, Docket No. PAS-l-2040-05 (Superior Court of New Jersey, Law Division - Passaic County, the second case listed above), seeking to have the administrative

¹ On remand, the NJDEP determined that PenPac was entitled to an additional \$1.3 million of underrecovery for services rendered for portions of calendar year 1997, as well as for interest on the overall award (the "Remand Award"). The Remand Award was reduced to judgment on March 5, 2009 in the third matter listed above, **PenPac, Inc. v. Passaic County Utilities Authority**, Docket No. PAS-L-2615-08 (Superior Court of New Jersey, Law Division - Passaic County). Post-judgment efforts are ongoing, primarily and directly, against the County of Passaic at this time, discussed *infra*. Nonetheless, the unsatisfied portion of both judgments remain obligations of the Authority, despite its financial condition and regardless of collection efforts against the County.

² As well as since the entry of the Remand Award in 2009 constituting the Second Judgment against the Authority.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

underrecovery decision, as affirmed by the Appellate Division, reduced to a judgment in the Superior Court. On August 15, 2005, the Passaic County Superior Court entered a judgment against the Authority in the amount of the Commissioner's Decision, as affirmed, plus interest (total judgment amount of \$3,495,105).

Since the entry of the August 15, 2005 judgment in PenPac's favor², PenPac has engaged in various efforts to enforce the judgment and collect upon it from the Authority (and, as of 2012, against the County of Passaic as well - see *infra*). As a result of the Authority's financial condition, including the amount of outstanding debt, its inability to generate operating revenues in the wake of the judicial rulings in *Atlantic Coast Demolition & Recycling, Inc. v. Atlantic County Bd. Of Chosen Freeholders*, 112 F.3d 652 (3d Cir. 1997), amended, 135 F.3d 891 (3d Cir. 1998) (the "Atlantic Coast" decisions) and its obligations to the Authority's bondholders, the Authority has consistently taken the position that its limited monetary assets are pledged to the bondholders and should be applied to reduce debt service. Therefore, the Authority has maintained that PenPac's judgment for underrecovery may not be satisfied out of the Authority's monetary assets. The Authority has argued consistently in State court that State law clearly provides that the assets of a county or municipal utilities authority are exempt from levy and execution, and are otherwise pledged to its bondholders in either event. They are not available to satisfy unsecured judgment creditors. Stated simply, the Authority has argued that its assets are pledged to the superior priority of the bondholders, and are not subject to seizure by an unsecured judgment creditor such as PenPac.

Nonetheless, PenPac, as part of its collection efforts, in the Fall of 2006 made an application to the Superior Court for mandamus relief to compel the Authority to pay the judgment from its available monetary assets, or to otherwise provide for payment. The Authority resisted that application, and opposed it for the reasons set forth in the previous paragraph, focusing largely on the pledge of monetary assets first and foremost to the Authority's bondholders. The Court granted the relief sought by PenPac as a threshold matter, and thereafter held a plenary hearing on January 3-4, 2007 to establish the extent of the Authority's known assets, and the degree to which they are pledged to bondholders as argued by the Authority, or otherwise were potentially available to pay PenPac's 2005 Judgment. The Authority argued that PenPac was precluded from levying against the assets of the Authority, or otherwise obtaining an order to compel payment of the August, 2005 judgment from those assets. After the January, 2007 hearing, during which evidence and testimony were taken with respect to the Authority's assets and financial condition, the Court reserved decision.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

March 12, 2007 Order Directing Turnover and Assignment of Assets to PenPac

On March 2, 2007, the Court issued a written opinion, which ordered the implementation of mandamus relief by way of ordering the Authority to 1) turnover \$701,230.41 in Bank of New York accounts to PenPac; 2) to turnover \$1,702,220.84 in Bank of America accounts to PenPac; and 3) to assign all future income derived from the Passaic Investors mortgage receivable, held by the Authority, to PenPac. That decision was memorialized by Order entered on March 12, 2007. The March 12, 2007 Order effectively transferred all of the Authority's known monetary assets to PenPac, excepting only certain Bank of New York accounts associated with the Authority's active and outstanding 1999 and 2004 Series Bonds (as well as any account associated with an active bond issue, such as the 2008 Bonds), which the trial court found were validly pledged to the bondholders and thus not subject to turnover. The rest of the assets were found to be free and available to satisfy PenPac's Judgment.

The Authority authorized appeal of this decision first to the Superior Court Appellate Division (which affirmed), and then to the New Jersey Supreme Court. The New Jersey Supreme Court refused to grant Certification to hear the case, rendering the trial court's March 2007 determination final as of September 5, 2008. At that point, the stay of the trial court's decision was dissolved.

Compliance with the March 12, 2007 Order of the Trial Court: Turnover of Assets and Assignment of Mortgage Receivable Income

As a result of the finality of the March 12, 2007 Mandamus Order by exhaustion of available appellate review, the Authority adopted a resolution at a special meeting held on September 25, 2008 to comply with the terms of that Order, and; 1) turned over \$701,230.41 in bondholder restricted Bank of New York accounts to PenPac; 2) turned over \$1,702,220.84 in allegedly unrestricted Bank of America accounts to PenPac; and, 3) assigned all future income derived from the Passaic Investors mortgage receivable, held by the Authority, to PenPac³.

³ That Mortgage has now been paid and amortized in full.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

Future of PenPac Litigation - Collection Efforts directly against County of Passaic

As noted above, the Remand Award was also reduced to judgment in the amount of approximately \$1.3 million on March 5, 2009 in the third matter listed above, **PenPac, Inc. v. Passaic County Utilities Authority**, Docket No. PAS-L-2615-08 (Superior Court of New Jersey, Law Division — Passaic County). PenPac, is still owed payment by the Authority with respect to the balance due on the 2005 judgment, and the entire 2009 Remand Award judgment. What is outstanding does not include post-judgment interest, which accrues pursuant to the New Jersey Rules of Court.

In 2010, PenPac undertook limited, additional post-judgment discovery against the Authority. However, no additional assets were discovered or found (as expected in the light of the 2008 turnover of assets), and no additional post-judgment activity has been taken against the Authority since. None is imminently anticipated.

In 2011, PenPac brought a direct legal action against the County of Passaic to collect on these Judgments. Since the Authority has no available assets, PenPac's collection efforts naturally turned to the County of Passaic - as had been long anticipated. PenPac's lawsuit had asserted various legal theories under which it maintained the County is responsible for the Judgments - contractual debts of the Authority - despite the absence of direct contractual privity with the County. Among them was a theory that the Authority should be dissolved by *de facto* merger with the County of Passaic, and all of its debts assumed by the County - including the PenPac Judgments. That suit was captioned PenPac, Inc. v. County of Passaic, Docket No. PAS-L-2635-11, and was brought in the Superior Court in Passaic County. The County had retained outside, separate counsel to defend against that action.

After discovery, in August of 2012 both the County and PenPac moved for summary judgment. The parties fully briefed the issues in the case - including notably, the inability of the courts to independently dissolve a county utilities authority subject to State oversight, which has outstanding debt. Oral argument was heard in that case on October 23, 2012, on both summary judgment motions. On October 25, 2012, Judge Chiocca in Passaic County dismissed all Counts of PenPac's action against the County for the reasons delivered in an oral opinion.

PenPac then appealed that dismissal to the Appellate Division of the Superior Court. After a full briefing of the issues by both Parties, the Appellate Division, by written decision issued on December 27, 2013, affirmed the trial court's dismissal of the action against the County in its entirety. The Appellate Division found that there was no indication that the County had assumed the PenPac Judgments as a matter of law.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

On or about January 28, 2014, PenPac petitioned the New Jersey Supreme Court for a grant of certification to review the December 27, 2013 decision of the Appellate Division. That application was subsequently denied bringing an end to PenPac's collection activities against Passaic County.

The Judgments, however, remain outstanding obligations of the Authority as of this date. However, there is no provision for their payment, and the Authority has no further assets that may be seized to satisfy these Judgments. In consequence, the Authority anticipates no further post-judgment collection against it by PenPac with respect to these Judgments. And, having exhausted post-judgment collection activities against Passaic County, PenPac has no further recourse against that entity either. No further activity is anticipated at this point in time against the Authority, or the County, respecting these Judgments, barring some material change in circumstances.

2. Plaintiff v. County of Passaic, *et al.*

This is a case involving a motor vehicle accident where a tree fell onto a vehicle being driven by the Plaintiff on Route 23 in or about West Milford, New Jersey from land adjoining the highway which abuts County Park property. The location of the tree is disputed, as well as the maintenance and trimming obligations of the Defendants, which include the State of New Jersey and the NJDOT.

Plaintiff asserts claims for personal injury and property damage arising from a collision with his vehicle when his vehicle was struck by a tree which fell from the adjoining verge along the highway.

Plaintiff originally sought \$15,000,000 in mediation in February of 2023. At mediation in May 2024, the demand was reduced to \$5,000,000. Discovery is complete and summary motions have been made at this time. Based on the views of outside council, the likelihood of an unfavorable outcome is reasonably possible and the range of potential loss is unable to be estimated at this time.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

3. Plaintiffs v. County of Passaic, et al.

In the matter, the plaintiffs allege that between 2018 and 2019 the defendant engaged in pervasive and severe sexual abuse, mental abuse, sexual harassment and offensive behavior directed at the plaintiffs. The complaint was filed on October 4, 2021, and the case is scheduled for trial on November 11, 2024. Based on the views of outside council, the likelihood of an unfavorable outcome is reasonably possible and the range of potential loss is unable to be estimated at this time.

Workers' Compensation Cases

At this time, the County is defending various workers' compensation matters that are open and active for the County of Passaic.

NOTE 16. ARBITRAGE REBATE

The County sometimes temporarily reinvests the proceeds of its tax-exempt debt in higher yielding taxable investments which is referred to as arbitrage by the federal tax code. In certain situations, the County is permitted to keep the extra earnings that result from arbitrage. Otherwise, any excess earnings resulting from arbitrage must be rebated to the federal government. Federal law requires that arbitrage be calculated and rebated at the end of each five-year period that tax-exempt debt is outstanding.

NOTE 17. RISK MANAGEMENT

The County 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 County has obtained insurance coverage to guard against these events which will provide minimum exposure to the County should they occur. During the 2023 calendar year, the County did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS

Basis of Valuation

This valuation has been based upon census, plan design and financial information provided by the County. Census includes 1,777 participants currently receiving retiree benefits, and 1,763 active participants of whom 356 are eligible to retire as of the valuation date. The average age of the active population is 46 and the average age of the retiree population is 67.

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

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2021 report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

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COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP number OPEB requirements taken from the July 1, 2021 report from Aon Consultants.

Key Actuarial Assumptions

<i>Mortality</i>	<i>December 31, 2021 - RP 200 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement December 31, 2022 - PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of service</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>2.06% Based on the Bond Buyer 20 Index December 31, 2021 3.72% Based on the Bond Buyer 20 Index December 31, 2022</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Travel</i>	<i>Medical: 5.3% in 2022, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026 Drug: 6.5% in 2022, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2022 medical and prescription drug premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (46) and scaled to each age based on the medical cost aging factors. At age 65, scaling of rates is discontinued.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

- Retiree contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by The County increased annually by the rate of medical trend.
- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2022 payroll is \$137.488 million.

Results of Valuation

- *Total OPEB Liability and Net OPEB Liability*

The Total OPEB Liability (“TOL”) is the actuarial accrued liability. The Net OPEB Liability (“NOL”) is the TOL less the Fiduciary Net Position (assets). Since there are no plan assets to offset the liability, the two are equal.

Total OPEB Liability Active	\$465,329,846
Total OPEB Liability Retired	\$1,276,894,860
Total OPEB Liability	\$1,742,224,706
Plan Fiduciary Net Position	\$ 0
Net OPEB Liability	\$1,742,224,706
Net Position/OPEB Liability	\$ 0.00%

- *Total OPEB Expense*

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

- *Sensitivity – Impact of 1% Change in Discount Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase by 1% per annum, the NOL would decrease and if it were to decrease by 1% the NOL would increase.

- *Sensitivity – Impact of 1% Change in Trend Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If medical trend were to increase by 1% per annum, the NOL would increase and if it were to decrease by 1% the NOL would decrease.

NET OPEB LIABILITY

The components of the Net OPEB Liability as of December 31, 2022 are as follows:

Total OPEB Liability	\$1,742,224,706
Plan Fiduciary Net Position	\$ 0
Net OPEB Liability	\$1,742,224,706
Net Position/OPEB Liability	\$ 0.00%

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

1% Decrease <u>(2.72%)</u>	Current Discount Rate <u>(3.72%)</u>	1% Increase <u>(4.72%)</u>
\$2,026,594,039	\$1,742,224,706	\$1,522,534,235

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE MEDICAL INFLATION RATE

1% Decrease <u></u>	Current Health Care Trend Rate <u></u>	1% Increase <u></u>
\$1,560,780,403	\$1,742,224,706	\$1,926,833,324

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Total OPEB Liability and Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB</u>	<u>Plan</u>	
	<u>Liability</u>	<u>Fiduciary</u>	
	<u>(a)</u>	<u>Net</u>	<u>Net OPEB</u>
		<u>Position</u>	<u>Liability</u>
		<u>(b)</u>	<u>(a) - (b)</u>
Balances as of 12/31/2021*	\$1,939,468,680	\$0	\$1,939,468,680
Changes for the Year			
Service Cost	11,454,667		11,454,667
Interest on Total OPEB Liability	39,684,355		39,684,355
Changes in Benefits	0		0
Difference Between Expected and Actual Experience	(31,472,528)		(31,472,528)
Changes in Assumptions	(167,913,818)		(167,913,818)
Employer Contributions			
Employee Contributions			
Net Investment Income			
Benefit Payments, Including Employee Refunds	(48,996,650)		(48,996,650)
Administrative Expenses			
Other Changes	<u>0</u>		<u>0</u>
Net Changes	(197,243,974)		(197,243,974)
Balances as of 12/31/2022	<u>\$1,742,224,706</u>	<u>\$0</u>	<u>\$1,742,224,706</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Total OPEB Expense Calculation as of 12/31/2022

Service Cost	\$11,454,667
Interest on Total OPEB Liability - Over Measurement Period	39,684,355
Benefit Changes (if any)	0
Recognition of Experience Changes	(2,351,855)
Recognition of Assumption Changes	9,851,706
Recognition of Investment Gain or Loss	0
Projected Investment Income	0
Employee Contributions	0
Administrative Expense	0
Other Changes	0
Total GASB 75 OPEB Expense Recognized	\$58,638,873

Note: Employer contributions and benefit payments have NO Direct impact on expense.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Interest on Total OPEB Liability

	Amount (a)	Time Period* (b)	Interest* (c)	Calculation (a)x(b)x(c)
Beginning of Year Total OPEB Liability	\$1,939,468,680	1.0	0.0206	\$39,953,055
Service Cost (positive number)	11,454,667	1.0	0.0206	235,966
Benefit Payments (negative number)	(48,996,650)	0.5	0.0206	(504,665)
Employee Refunds (if any) (negative number)	0	0.5	0.0206	<u>0</u>
Interest on Total OPEB Liability				<u><u>\$39,684,356</u></u>

*A half year is used because benefits and employee refunds occur throughout the year.

Summary of Deferred Outflows and Inflows to OPEB Expense

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences Between Expected and Actual Experience	\$ 0	(\$29,120,673)
Changes of assumptions	<u>236,816,941</u>	<u>(173,083,610)</u>
TOTAL	<u><u>\$236,816,941</u></u>	<u><u>(\$202,204,283)</u></u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Amounts Reported as Deferred Outflows and Inflows Related to OPEB Expense

For Fiscal Year Ending:

31-Dec-23	7,499,851
31-Dec-24	7,499,851
31-Dec-25	7,499,851
31-Dec-26	7,499,851
31-Dec-27	7,499,851
Thereafter	(2,886,597)

NOTE 19. 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 County of Passaic is \$97,473,818 which will be available for use until December 31, 2024.

NOTE 20. SUBSEQUENT EVENTS

The County has evaluated subsequent events through August 1, 2024, the date which the financial statements were available to be issued and no other items were noted for disclosure.

COUNTY OF PASSAIC
COMPARATIVE BALANCE SHEETS - CURRENT FUND

	(Unaudited) Balance December 31, 2024	Balance December 31, 2023	Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020
ASSETS					
Cash	163,607,954	181,868,048	185,247,188	173,753,163	166,380,569
Deposits - Health Benefits					3,431,592
	<u>163,607,954</u>	<u>181,868,048</u>	<u>185,247,188</u>	<u>173,753,163</u>	<u>169,812,161</u>
Change Fund	675	675			675
Federal and State Grants Receivable	<u>112,889,872</u>	<u>121,436,414</u>	<u>146,740,121</u>	<u>134,381,062</u>	<u>110,153,143</u>
	<u>276,498,501</u>	<u>303,305,137</u>	<u>331,987,309</u>	<u>308,134,225</u>	<u>279,965,979</u>
Receivables With Full Reserves					
Revenue Accounts Receivable	529,648	529,648	1,275,508	901,018	1,190,135
Interfund Receivable				44,665	
	<u>529,648</u>	<u>529,648</u>	<u>1,275,508</u>	<u>945,683</u>	<u>1,190,135</u>
Total Assets	<u>277,028,149</u>	<u>303,834,785</u>	<u>333,262,817</u>	<u>309,079,908</u>	<u>281,156,114</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	27,992,310	24,735,317	19,425,050	14,796,082	27,876,830
Accounts Payable	1,196,769	872,636	2,803,367	1,966,975	1,076,613
Encumbrances Payable	46,618,791	40,211,633	51,379,238	54,005,200	87,330,111
Due to Payroll Fund					1,926
Grants Due to State		419,743			
Miscellaneous Reserves	8,595,536	5,446,521	9,237,357	10,033,318	4,754,376
Reserve for State and Federal Grants					
Appropriated	78,433,796	95,860,618	96,984,671	106,823,835	73,842,671
Unappropriated	<u>31,205</u>	<u>30,029,796</u>	<u>53,882,600</u>	<u>31,694,783</u>	<u>178,453</u>
Total Liabilities	<u>162,868,407</u>	<u>197,576,264</u>	<u>233,712,283</u>	<u>219,320,193</u>	<u>195,060,980</u>
Reserve for Receivables	529,648	529,648	1,275,508	945,683	1,190,135
Fund Balance	<u>113,630,094</u>	<u>105,728,873</u>	<u>98,275,026</u>	<u>88,814,032</u>	<u>84,904,999</u>
Total Liabilities, Reserves and Fund Balance	<u>277,028,149</u>	<u>303,834,785</u>	<u>333,262,817</u>	<u>309,079,908</u>	<u>281,156,114</u>

COUNTY OF PASSAIC

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE

	(Unaudited) Balance December 31, 2024	Balance December 31, 2023	Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	23,000,000	23,000,000	19,000,000	19,000,000	19,000,000
Miscellaneous Revenue Anticipated	175,121,689	159,975,658	169,906,461	258,646,162	232,263,068
Receipts from Current Taxes	354,410,095	347,570,634	347,570,636	347,570,666	347,570,634
Nonbudget Revenues	2,323,785	2,407,644	1,979,657	3,555,833	2,682,823
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	11,929,158	8,678,133	9,569,359	9,804,182	16,632,813
Prior Year Interfund Returned					
Cancellation of Liabilities	15,358,566	5,237,463	85,685	80,282,908	2,395,602
Total Revenues	<u>582,143,293</u>	<u>546,869,532</u>	<u>548,111,798</u>	<u>718,859,751</u>	<u>620,544,940</u>
Expenditures					
Budget Appropriations	535,281,789	510,647,816	518,070,863	615,663,222	591,927,398
Cancellation of Federal and State Grants Receivable	15,236,028	4,982,597	83,656	80,167,916	2,081,922
Adjustments/Refunds	724,255	785,272	1,496,285		141,685
Interfunds Advanced				119,580	
Total Expenditures	<u>551,242,072</u>	<u>516,415,685</u>	<u>519,650,804</u>	<u>695,950,718</u>	<u>594,151,005</u>
Excess (Deficit) in Revenue	30,901,221	30,453,847	28,460,994	22,909,033	26,393,935
Adjustment to Income Before Fund Balance Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding					
Statutory Excess to Fund Balance	30,901,221	30,453,847	28,460,994	22,909,033	26,393,935
Fund Balance, January 1	<u>105,728,873</u>	<u>98,275,026</u>	<u>88,814,032</u>	<u>84,904,999</u>	<u>77,511,064</u>
	136,630,094	128,728,873	117,275,026	107,814,032	103,904,999
Decreased by:					
Utilization as Anticipated Revenue	23,000,000	23,000,000	19,000,000	19,000,000	19,000,000
Fund Balance, December 31	<u><u>113,630,094</u></u>	<u><u>105,728,873</u></u>	<u><u>98,275,026</u></u>	<u><u>88,814,032</u></u>	<u><u>84,904,999</u></u>

COUNTY OF PASSAIC
COMPARATIVE BALANCE SHEETS - GENERAL CAPITAL FUND

	(Unaudited) Balance December 31, 2024	Balance December 31, 2023	Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020
ASSETS					
Cash	42,867,067	38,891,487	70,080,045	104,201,429	46,615,008
Due From PCIA (DPW Building)					2,324,200
State Aid	6,887,113	5,500,000	45,479,180	46,410,345	37,802,971
Due From Friends of the Parks	1,005,097				
Due From State of NJ-PCTI Biotech Facility	2,782,947	8,662,467			
Deferred Charges to Future Taxation					
Funded	287,822,000	311,665,000	342,146,000	371,936,000	355,602,809
Unfunded	87,334,358	70,709,546	57,113,996	52,714,847	69,165,195
Total Assets	<u>428,698,582</u>	<u>435,428,500</u>	<u>514,819,221</u>	<u>575,262,621</u>	<u>511,510,183</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Serial Bonds	227,512,000	246,610,000	272,541,000	297,966,000	277,404,000
Loan Payable					48,809
Bond Anticipation Notes				14,480,000	18,480,000
Improvement Authorizations					
Funded	26,679,750	42,599,476	91,624,223	44,956,661	50,585,831
Unfunded	50,611,378	34,769,456	27,563,688	75,666,886	24,964,840
Capital leases Payable	60,310,000	65,055,000	69,605,000	73,970,000	78,150,000
Encumbrances Payable	16,537,468	11,692,498	16,735,523	26,692,811	18,973,738
Capital Improvement Fund	21,336,470	11,831,470	12,356,470	13,906,470	5,105,470
Other Reserves	16,830,995	9,893,847	15,684,259	18,468,952	29,514,279
Fund Balance	8,880,521	12,976,753	8,709,068	9,154,841	8,283,216
Total Liabilities, Reserves and Fund Balance	<u>428,698,582</u>	<u>435,428,500</u>	<u>514,819,231</u>	<u>575,262,621</u>	<u>511,510,183</u>

COUNTY OF PASSAIC
COMPARATIVE STATEMENTS OF FUND BALANCE

	(Unaudited) Balance December 31, 2024	Balance December 31, 2023	Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020
Balance, January 1,	12,976,753	8,709,068	9,154,841	8,283,216	7,369,586
Increased by:					
Premiums on Bond/Note Sales	33,304	204,169	38,337	1,271,525	913,630
Cancellations		4,165,599	5,109,134	41,000	
Cancellation of Reserve			55,323		
	13,010,057	13,078,836	14,357,635	9,595,741	8,283,216
Decreased by:					
Improvement Authorization Appropriation	4,000,000		5,000,000	400,000	
Premium/State Share	16,649	102,083	19,167	40,900	
Canceled Receivables	112,887		629,400		
Balance, December 31,	8,880,521	12,976,753	8,709,068	9,154,841	8,283,216

APPENDIX B

FORM OF APPROVING LEGAL OPINION

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APPENDIX B

[Proposed Form of Bond Counsel Opinion]

July ___, 2025

Board of County Commissioners
County of Passaic, New Jersey

Dear Board Members:

We have acted as bond counsel in connection with the issuance of \$2,870,000 aggregate principal amount of bonds consisting of \$1,435,000 aggregate principal amount of County College Bonds, Series 2025A (the "Series 2025A Bonds") and \$1,435,000 aggregate principal amount of County College Bonds, Series 2025B (County College Bond Act, P.L. 1971, c.12) (the "Series 2025B Bonds") (collectively, the "Bonds") by the County of Passaic, a political subdivision of the State of New Jersey (the "County"). The Bonds are dated July 1, 2025 and comprise two issues of registered bonds. The Bonds bear interest from their date, payable on each February 15 and August 15, commencing February 15, 2026 (each, an "Interest Payment Date"), in each year until maturity.

The Series 2025A Bonds are payable in annual installments on February 15 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$125,000	%	2031	\$145,000	%
2027	125,000		2032	155,000	
2028	130,000		2033	160,000	
2029	135,000		2034	160,000	
2030	135,000		2035	165,000	

The Series 2025B Bonds are payable in annual installments on February 15 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$125,000	%	2031	\$145,000	%
2027	125,000		2032	155,000	
2028	130,000		2033	160,000	
2029	135,000		2034	160,000	
2030	135,000		2035	165,000	

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), Chapter 64A of Title 18A, Education, of the New Jersey Statutes, as amended, a bond ordinance adopted by the Board of County Commissioners of the County on February 25, 2025 (Ord. No. 2025-02) and resolutions adopted by the Board of County Commissioners of the County on May 13, 2025.

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

The County has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The County's Tax

Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The County, in executing the Tax Certificate, will certify to the effect that the County expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the bond ordinance and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Director of Finance of the County of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond of each issue and have assumed that all of the other Bonds have been similarly executed and authenticated. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

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

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the County enforceable in accordance with their terms, except

as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases. The Series 2025B Bonds are entitled to the benefits of the County College Bond Act, N.J.S.A. 18A:64A-22.1 et seq.

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

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

Very truly yours,

Rogut McCarthy LLC